South Downs
National Park Authority

Risk Management Policy & Guidance

Version 1.1

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Contents

1 Introduction

1.1 Effective risk management is an essential an integral part of planning and decision-making for any successful organisation.

1.2 Risk is the combination of the **probability** of an event happening and the **consequences** of that event happening. There are a variety of events that could have an effect, either positive or negative, on the operations or outcomes of an organisation.

1.3 Managing risk is an iterative process and assists an organisation in making informed choices. It forms a key part of the organisation's leadership and governance framework and is fundamental to the effective management of an organisation.

1.4 Risk can come from any number of sources, including:

1.5 Risk management is the combination of the culture, processes and structures through which an organisation considers and manages potential opportunities and adverse effects. When being done effectively it supports an organisation's use of resources, assists in securing the authority's assets and supports the authority's continued financial and organisational well-being. It also acts to safeguard an organisation, its customers and the interests of its stakeholders, by identifying and managing threats to the achievement of its objectives.

1.6 Through this policy and guidance, the Authority aims to:

1.7 The role of this policy and guidance is to support staff and Members in identifying, assessing, mitigating and recording risk. It is not exhaustive and further guidance and support can be sought from the Head of Governance. The Projects and Performance Team can also support with risk management within individual projects.

2 Effective Risk Management

2.1 The UK Government's 'Orange Book' on the management of risk states that "Public Sector organisations cannot be risk averse and be successful". Therefore, effective risk management is vital if the Authority is to meet its aims and objectives, deliver public services, and achieve value for money.

2.2 The Orange Book sets out five key principles for effective risk management which this policy and guidance will support the embedding of.

a) Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

b) Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

c) Risk management shall be collaborative and informed by the best available information and expertise.

d) Risk management processes shall be structured to include:

   i. risk identification and assessment to determine and prioritise how the risks should be managed;

   ii. the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;

   iii. the design and operation of integrated, insightful and informative risk monitoring; and,

   iv. timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

e) Risk management shall be continually improved through learning and experience.

2.3 Risk Management needs to be proportionate to the level of risk in the organisation and the activities it undertakes. It should be aligned to existing corporate systems and needs to be practised at all levels across the Authority, including when it is working with others.

2.4 This risk management policy and the procedures set out are in place to enable risks to be identified and managed at the most appropriate level and for risk management to take place at the Authority in line with the principles set out above. This relies on officers, as required:

- Having a basic understanding of the principles of risk management;
- Completing and reviewing risk registers;
- Following escalation processes to report significant risks to more senior management levels; and
- Knowing their roles and responsibilities in relation to a project, team, directorate, or the Authority as a whole.

2.5 The Senior Leadership Team undertakes an annual radar / PESTEL assessment of overarching risks to the Authority to ensure the Authority's approach to risk management remains appropriate and the Corporate Risk Register takes account of these risk as needed.

3 Risk Registers

3.1 A Risk Register is a list of risks which could affect the achievement of the Authority's objectives or service delivery. The Authority's risk registers consider all risk categories and identify, analyse, and manage potential risks. The risk categories address both internal and external issues and risks.

3.2 Risk registers support the discussion and proper consideration of risks and help foster a positive and proactive culture of risk management across the Authority. They also lead to a better understanding of the risks and issues facing the Authority, the mitigations required, and the resources needed to deliver the mitigations.

3.3 The Authority has a Corporate Risk Register which:

- Is developed by senior managers across the organisation with emerging risks and mitigation added as appropriate;
- Is reviewed regularly by senior managers and the Policy & Resources Committee;
- Prioritises risks, identifies mitigations, and reviews the direction of travel of those risks.

3.4 The Authority has Directorate Level Risk Registers:

- Which are developed by the directorate management teams;
- Which are reviewed regularly by the directorate management teams
- From which any significant risks are escalated to the corporate risk register.

3.5 Risk registers may also be developed for particular areas of the Authority and its work or for particular projects. They should be maintained for all significant projects and pieces of work. Initial escalation from these registers would be to the relevant directorate risk register.

3.6 Risk registers should set out:

- Reference number - a unique number that does not change when the register is updated;
- Description of the risk;
- Owner - the person responsible for monitoring and updating the risk.
- Inherent Likelihood - the probability of the risk taking place without mitigations in place ;
- Inherent Impact - the severity of the impact if the risk takes place without mitigations in place;
- Mitigation - the measures the Authority is taking or has taken to reduce the chance of the risk actually occurring or the consequences if it does;
- Residual Likelihood - the probability of the risk taking place with mitigations in place;
- Residual Impact - the severity of the impact if the risk takes place with mitigations in place.

3.7 All risks included on either the Directorate or Corporate Risk Registers are recorded on a central register to ensure they are monitored appropriately. Risks are usually managed and escalated in line with sections 5 and 6, however, some risks may be monitored at a higher level that their residual risk might indicate due to their strategic importance.

3.8 Guidance on the Authority's risk registers and the templates for them are available from the Head of Governance.

4 Risk Categories

4.1 Set out below are some examples of risk categories (drawn from The Orange Book) that could be considered when reviewing risk registers. They are intended as a prompt the list below is not comprehensive. These will also not all apply to all situations, but they provide a starting point to consider the risks relating to a particular issue. Once identified, a risk should be recorded as appropriate and the impact matrix (set out in section 5) should be used to assess the potential impact and likelihood of the risk.

Professional / Managerial	• Recruitment/Retention of qualified staff • Investing in Training • Skill mix • Over reliance on key officers • Ability to implement change • Management of partnership working
Economic / Financial	• Impact of national economic position • Failure of major project(s) • Missed business and service opportunities • Failure to prioritize, allocate appropriate budgets and monitor • Inefficient/ineffective processing of documents
Social	• Meeting the needs of disadvantaged communities • Tracking the changes in population base • Employment opportunities • Regeneration • Partnership working • Life-long learning
Technology	• Functionality and reliability of IT systems - impact on service delivery • Inability to implement change • Obsolescence of technology • Technology strategy
Data / Information	• Non-compliance with GDPR • Data security / information governance issues • Data loss or misused • Cybersecurity failure/hacking or ransomware
Governance / Legislative	• Unclear plans and priorities • Ineffective oversight and decision making framework • Meeting statutory duties/deadlines • Acting within the Authority's legal powers • Breach of confidentiality/Data Protection Acts requirements/Information governance • Implementation of legislative change

Contractual	• Over reliance on key suppliers/contractors • Ineffective contract management • Contractor failure • Lack of existing markets
Equalities	• Workforce Composition – across all persons who provide a service on behalf of the organisation and in its partnership work • Appropriate recognition of the diversity of Service Users/Customers, staff/volunteers, e.g. age, ethnicity, gender, disability, religion • Ensuring consistent minimum standards to meet legislative duties (incl. training, sharing policies & best practice) • Altering working practices as necessary to meet diverse needs and ensure no discrimination • Ability to demonstrate equalities in action (incl. methods to monitor, evaluate and review)
Political	• Impact of Strategic Priorities on business activities • Clarity & cohesion in decision making • Impact of Central Government policy on local policy/local initiatives
Environmental / Sustainability	• Sustainability/Climate Change • Waste Disposal/Recycling Strategies • Crime & Disorder Act implications • Impact on quality of life in the Park • Impact on transport network and other transport issues
Customer	• Appropriate consultation • Quality of customer care • Access to services • Views of Service Users • Political support, e.g. Members
Fraud and Corruption	• Appropriate segregation of duties • Security of Data • Hospitality/Gifts Policy, Record Keeping and Monitoring • Trends of working (e.g. unusual lone or late working) or sickness absence (potentially fraudulent) • Verification/Validation checks e.g. before staff/contractor appointments, cash transactions

5 Impact Matrix

Severity

5.1 Once a risk has been identified it is necessary to assess the likely impact, or severity, of that risk, this can be done using this matrix. Each individual risk should be assessed on its own merits and the score noted. This will form a key part of the total risk score.

Severity Descriptor	Risk Scoring Guidance
Insignificant (1)	Insignificant disruption to community services, including transport services and infrastructure. No disruption to service delivery, unlikely to cause complaint or instigate litigation. None or minimal financial burden (less than £5k) which can be resolved at local / department level, minor interruption to income generation, no permanent loss. Insignificant impact on environment. Organisation's reputation remains intact.
Minor (2)	Minor localised disruption to community services or infrastructure for less than 24 hours. Minor disruption to service delivery, complaint possible, litigation unlikely. Minimal financial burden or disruption to income generation (between £5k - £50k). Can be resolved at line manager / service manager level through usual budgetary measures. Minor impact on environment with no lasting effects. Minimal impact on organisation's reputation.
Moderate (3)	Localised disruption to infrastructure and community services, damage confined to a specific location or to a number of locations, but requires additional resources. Moderate disruption to service delivery, high potential for complaints, litigation possible, but not certain. Moderate financial burden (between £50k - £250k). Interruption to income generation lasting less than 14 days, majority of income recoverable but at additional cost. Limited impact on environment with short-term or long-term effects. Moderate impact on organisation's reputation.
Major (4)	Requires support for local responders with external resources, significant damage that impacts on and means possible breakdown of some local community services. Significant disruption to service delivery service closure for 1-7 days, complaints expected, litigation expected. Major financial burden (between £250k - £500k). Can include significant extra clean up and recovery costs**.** Significant impact on environment with medium to long term effects. Major impact on organisation's reputation / national adverse publicity.

Catastrophic (5)	Extensive damage to properties and built environment in affected areas. General & widespread displacement of people for prolonged duration. Community unable to function without significant support. Very significant disruption to service delivery service closure for more than 7 days or closure of multiple services, complaints certain, litigation certain. Very significant financial burden (greater than £500k). Extensive clean up and recovery costs. Serious long-term impact on environment and / or permanent change. Catastrophic impact on organisation's reputation. International adverse publicity.

Likelihood

5.2 The likelihood of a risk occurring can be assessed using the table below. Each individual risk should be assessed on its own merits and the score noted. This will form a key part of the total risk score.

Likelihood Descriptor	Risk Scoring Guidance
Almost Certain (5)	The event is expected to occur in most circumstances.
Likely (4)	There is a strong possibility the event will occur.
Possible (3)	The event might occur at some time.
Unlikely (2)	Not expected, but a slight possibility.
Rare (1)	Highly unlikely. It could happen but probably never will.

Risk Assessment

5.3 For Risk Assessment, it is necessary to show how the Risk Rating (Likelihood x Impact scores) was reached. This risk matrix should be used:

	IMPACT				
LIKELIHOOD	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain (5)	**5**	**10**	**15**	**20**	**25**
Likely (4)	**4**	**8**	**12**	**16**	**20**
Possible (3)	**3**	**6**	**9**	**12**	**15**
Unlikely (2)	**2**	**4**	**6**	**8**	**10**
Rare (1)	**1**	**2**	**3**	**4**	**5**

5.4 Once the inherent risk has been scored in terms of likelihood and impact, mitigations should be put in place to impact either the severity or likelihood (or both) of the risk. Mitigations could include a change in the allocation of resources, communications, changes to processes or procedure, etc. It is up to you to identify and put in place relevant mitigations to bring the risk level down to an acceptable level.

5.5 Residual Risk, which is the risk level that remains after mitigations have been put in place, should be managed as follows:

GREEN – risk is considered minimal.

YELLOW – managed by manager / lead officer. Basic mechanisms to manage risk should be in place.

ORANGE – managed by Directorate Management Team. Robust plans to mitigate and manage the risk in place. May be included on the Corporate Risk Register.

RED – managed by Directorate Management Team and overseen by Senior Leadership Team. Robust plans to mitigate and manage the risk in place. Included on the Corporate Risk Register.

5.6 It may not always be possible to reduce the risk score to a lower risk rating, however, that does not necessarily mean that it should stop the Authority from undertaking the activity. The Authority has set out its appetite for risk in section 7 (below). This risk appetite will guide and support the Senior Leadership Team and Members in their decision making.

6 Escalation of Risks

6.1 It is important that the Authority's risks are aggregated so the Authority has a comprehensive and accurate understanding of the overall level of risk to which it is exposed at any one time. This requires the escalation of risks as appropriate.

6.2 A risk should be escalated if mitigations cannot bring the residual risk level down to a manageable level in line with the table set out in paragraph 5.3.

6.3 The process to escalate a risk is that, following assessment of the risk, the lead officer should refer any significant risk to a more senior management level based on the levels set out in paragraph 5.5.

7 Risk Appetite

7.1 The Authority's risk appetite is a statement of the level of risk it is willing to accept across the range of its activities. It enables the organisation to better understand its approach to issues of risk and assists Members and the Senior Leadership Team in their decision making.

7.2 It will assist senior managers to better assess if additional mitigations or actions are required to address risks to bring them within an acceptable level. It also helps support the Authority to take advantage of opportunities where it is willing to accept a higher level of risk, rather than them being missed due to an overly cautious approach.

7.3 The Authority's appetite for risk is set by Members through this policy and is included as part of the regular risk register reporting to the Policy and Resources Committee. The statement is set out below and individual risk categories are 'scored' using the following risk appetite scale:

Averse Avoidance of risk and uncertainty is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

Minimal Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

Cautious Preference for safe options that have low degree of inherent risk and some potential for benefit. Willing to tolerate a degree of risk in selecting activities where we have identified it is likely to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

Open Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of risk. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Eager Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

7.4 **Risk Appetite Summary**

The Authority seeks to operate within a relatively wide overall risk range.

One of the Authority's key cultural values is that of innovation and the Authority seeks and encourages innovative approaches in the delivery of its purposes and duty wherever possible and appropriate. This includes being open to options and activities which may include some risk but are likely to result in better value for money in the delivery of its services. This is underpinned by a strong governance framework which ensures proper consideration of legal risks and delivery of effective decision making, oversight, and performance management.

Some of the Authority's operations require a cautious approach to ensure a reliable service that engenders public trust and does not unduly risk the Authority's reputation, for example, in the day-to-day delivery of its statutory planning service. However, the Authority remains open to innovative solutions and approaches which lead to significant benefits for the Authority and the public in the delivery of these services.

The Authority strives to ensure the best use of public funds and, therefore, takes a cautious approach in the general management of its finances whilst remaining alert to opportunities for efficiency savings, better value for money in service delivery, and opportunities for income generation.

The areas of lowest risk appetite for the Authority are in fulfilling its responsibilities to the personal safety and security of people. It is acknowledged that in some areas of delivery, such as at Seven Sisters Country Park, there are risks that are balanced with the delivery of activities and services to the public alongside the conservation and enhancement of nature and the landscape. Nevertheless, at all times the Authority will ensure a tight risk profile in relation to health and safety risks.

Risk Category	Optimal Risk Position	Tolerable Risk Position
Strategy	Cautious	Open
Operations & Service Delivery	Open	Open
Governance & Legal	Minimal	Cautious
Financial	Cautious	Open
People	Minimal	Open
Health & Safety	Minimal	Cautious
Assets	Minimal	Cautious
Technology	Cautious	Open
Data & Information	Averse	Minimal
Reputational	Cautious	Open

8 Roles and Responsibilities for Risk Management

8.1 The table below sets out roles and responsibilities for different levels of people involved in delivering risk management at the Authority.

Who	Roles & Responsibilities
Managers, employees and any person working with the Authority	• Identify, assess and report risks within their areas • Practice risk management in their day to day activities • Identify the need for escalation of risks through their line manager
Managers	• Oversee the effective implementation of risk management within their area in accordance with the agreed principles and framework • Reflect significant changes to how they are operating and take actions to mitigate the likelihood and impact of risks • Bring any escalated risks, which they are not able to manage at their level, to the Senior Leadership Team's attention for inclusion in the Corporate Risk Register
Operational Management Team	• Responsible for reviewing the Corporate Risk Register
Head of Governance	• Leads the management of the Authority's corporate risk processes
Senior Leadership Team	• Responsible for the maintenance of a sound system of internal control • Manage the strategic risks faced by the Authority • Provide leadership and support to promote a culture in which risks are managed with confidence at the lowest appropriate level • Accountable for ensuring that effective risk management and risk mitigation measures are in place to provide assurance to stakeholders • Management of risks to achieve the Authority's objectives and provision of assurance that internal controls are effective within the Authority and across partnership working • Promote a culture in the Authority that encourages risk in line with the risk appetite
Policy and Resources Committee	• To ensure the robustness of risk management arrangements within the Authority
Members	• Members have a role in ensuring decisions made include due consideration of risks which affect the achievement of the Authority's objectives.

9 Glossary

- **Identification** (of risks) – Process to find and characterise risk.
- **Mitigation** of risk – Process of selection and implementation of measures to mitigate or address risks. These could include:
    - Transfer the risk to a third party
    - Tolerate the risk. Do nothing as the investment in controls is judged to be likely to prevent the risk occurring or the risk is assessed as being so unlikely to materialise that further investment in controls offers poor value for money
    - Treat the risk. Agree controls to put in place to manage the risk
    - Take the Opportunity. Risk manage innovation or change for positive outcomes
    - Terminate the risk. Stop the activity or function in which the risk resides.
- **Review and reporting** (of risks) – the process to determine the effectiveness of risk measures and the ongoing relevance of the risk.
- **Risk** – the combination of the probability of an event and its consequences.
- **Inherent Risk** – The risk that exists before any mitigations /control is put in place.
- **Residual Risk** – The risk that remains after mitigations /Control is put in place.
- **Risk Escalation / De-escalation** – Report a risk of greater severity to the management level above.
- **Risk Management** – co-ordinated activities to identify, prioritise and manage risks that could affect the achievement (positively or negatively) of objectives. It is done by evaluating the probability of an event and its consequences, identifying the measures the organisation already has in place to manage identified issues (risks), prioritising the risk and then taking any further action to control these risks effectively. The adequacy of the control measures should be monitored and the control measures reviewed as necessary. Implementation of risk management strategies should result in more effective strategic planning and decision making, better utilisation of resources, and better cost control.
- **Risk Management Principles** – set of high level principles to be uniformly observed in the implementation of risk management
- **The Orange Book** – Guidance on the management of risks in public bodies from the UK Government.