

# Risk Management Strategy

## 1. Introduction

- 1.1 North Eastern Inshore Fisheries and Conservation Authority (NEIFCA) recognises its responsibility to manage risk in order to successfully achieve the Authority's objectives, maximise opportunity and minimise threats. This is also reflected in national guidance advice to Inshore Fisheries and Conservation Authorities.
- 1.2 Risk cannot always be eliminated and this strategy provides a structured approach to enable the Authority to identify, manage and monitor the most significant risks it faces. From an operational perspective it also provides a framework for applying a more 'risk based' approach to its activities.
- 1.3 The aim of this strategy is to manage risk and to successfully integrate risk management into existing business and management processes. Risk management is a key part of the Authority's corporate governance arrangements and also provides assurance to meet the requirements of the Accounts and Audit Regulations 2003.

## 2. Objectives

- 2.1 The objectives of the risk management strategy are to –
- Embed risk management in the culture of NEIFCA including the Authority's decision making, strategic planning, policy, project and service delivery arrangements.
  - Manage risk in accordance with best practice, ensuring key strategic and operational risks are identified, monitored and controlled.
  - Raise awareness of the need for risk management both within the Authority and with key partners and suppliers of goods and services.
  - Enable the Authority to anticipate and respond to change.
  - Prevent injury, damage and loss, thus reducing the cost of risk.

## 3. Roles and Responsibilities

- 3.1 All Members and employees should have regard to risk when carrying out their duties. Risk management is part of all decisions at both manager and Member level and all Authority processes. The key roles within the risk management process are -

NEIFCA	To oversee the effective management of risk by Authority officers
Clerk	To champion risk management and ensure it is embedded throughout the Authority. To develop the Authority's risk management policy and strategy To report to Members on risk management
Senior Management Team	To ensure the Authority manages risk effectively through the development and implementation of the strategy. To identify, manage and monitor the strategic risks faced by the Authority.

IFC Officers	To manage risk effectively in their particular areas of service delivery.
Clerk and Treasurer	To support the Authority and its services in the effective development, implementation and review of the risk management strategy

3.2 Responsibilities and reporting requirements are set out in more detail in Annex A.

#### 4. Risk Definitions

4.1 Risk is the chance of something happening that will have an impact on objectives.

4.2 Risks can be divided into two main categories –

**Strategic risks** – that need to be taken account of in judgements about the Authority’s medium to long term goals.

**Operational risks** – day to day risks in the delivery of a service.

4.3 Examples of strategic and operational risks are listed at Annex B. The two are interlinked with the potential for operational risks to become a strategic risk for the Authority.

#### 5. Risk Management Process

5.1 There are four key stages to the risk management process, which will be recorded and monitored through the use of risk registers –

- **Identification**

The Authority will identify both strategic and operational risks that can affect achievement of its strategic and service objectives.

- **Assessment**

Risks will be assessed for impact and likelihood using a scoring matrix. Both the gross risk (before controls) and the net risk (following the implementation of controls) will be assessed.

- **Control**

Mitigating controls will be identified for all medium and high scoring risks and action plans developed where controls need to be improved. Consideration must be given to the anticipated benefits in relation to the estimated costs in deciding whether it is cost effective to introduce the proposed controls/initiatives. Risks and controls will be allocated to a risk owner for monitoring and review.

- **Monitoring and Review**

Strategic and operational risk will be reviewed and reported at least every 6 months by the risk owners.

#### 5.2 Strategic Risk Process

Identification and assessment of strategic risks will form part of the corporate business planning process. A full review of the strategic risk register will be undertaken every six months by the Clerk, Chief & Deputy Chief Officers and the Authority to ensure all risks associated with the delivery of strategic objectives have been identified and assessed.

Risks will be allocated a risk owner and will be reviewed every six months together with any outstanding actions required. This review will be reported to the Authority.

The Clerk and Chief Officer will be responsible for identifying any new risks and providing the link with any changes in operational risk that need to be reflected in the strategic risk register.

### 5.3 **Operational Risk Process**

The identification, assessment and control of operational risks will form part of the service planning process.

The Chief & Deputy Chief Officers, together with the IFC Officers, will be responsible for reviewing registers and controls on a six monthly basis through management teams and updating registers accordingly.

The Authority will gain an understanding of key operational risks through the performance monitoring process and will monitor that the operational risk register is updated.

The Clerk and Chief Officer will be required to provide an annual assurance statement on the effectiveness of controls and management of risk within their area. These statements will contribute to the assurance required for the Authority's Statement on Internal Control.

### 5.4 **Project and Procurement Risk Process**

Projects will be managed using appropriate methodology. Project managers will identify and assess the risks associated with the project and mitigating controls and document these in a risk register. The register will be maintained and updated throughout the life of the project and be reported to the Chief Officer on a regular basis.

The risks associated with a particular procurement will be considered and documented.

## 6. **Corporate Business Processes**

6.1 Risk management will continue to be embedded in all the Authority's key business processes including –

- Long term financial planning and annual budget setting processes.
- Authority Performance planning processes.
- Policy and decision making processes.
- Strategic planning processes.
- Operational delivery

## 7. **Training and Communication**

7.1 Risk management training will be provided to officers identified in Annex A.

7.2 The Clerk and Treasurer will provide support and advice on risk management throughout the Authority.

## 8. **Measuring Effectiveness**

8.1 The effectiveness of this process will be reported through the Statement of Intent Control.

**9. Monitoring and Reporting**

- 9.1 Assurance on the effectiveness of controls over key strategic and operational risks will also be provided by the Audit Section.
- 9.2 The strategy and action plan will be reviewed annually.

**10. Links to other policies and strategies**

- 10.1 Insurable retained risk will be managed by the Treasurer in accordance with the risk financing strategy.

## Roles and Responsibilities

Group/Individual	Role	Responsibilities
NEIFCA	To oversee the effective management of risk by the Authority officers	<ul style="list-style-type: none"> <li>▪ To gain an understanding of risk management and its benefits</li> <li>▪ To require officers to develop and implement an effective framework for risk management.</li> <li>▪ To participate in the identification and assessment of strategic risks.</li> <li>▪ To ensure strategic risks are being actively managed on a six monthly basis.</li> <li>▪ To receive an annual report on the implementation of the risk management strategy</li> </ul>
Clerk	<p>To champion risk management and ensure it is embedded throughout the Authority.</p> <p>To develop the Authority's risk management policy and strategy.</p> <p>To report to Members on risk management.</p>	<ul style="list-style-type: none"> <li>▪ To gain and understanding and champion risk management and its benefits throughout the Authority.</li> <li>▪ Develop the risk management strategy and processes within the Authority.</li> <li>▪ To take responsibility for the implementation of the risk management strategy.</li> <li>▪ Monitor and review the effectiveness of the risk management strategy and report to the Authority on the effectiveness of the strategy.</li> </ul>
Senior Management Team	<p>To ensure the Authority manages risk effectively through the development and implementation of the strategy.</p> <p>To identify, manage and monitor the strategic risks faced by the Authority.</p>	<ul style="list-style-type: none"> <li>▪ To gain an understanding of risk management and its benefits</li> <li>▪ Determine and implement the risk management strategy and process.</li> <li>▪ Determine the Authority's risk appetite and identify and prioritise key strategic and crosscutting risks</li> <li>▪ Determine control action, assign responsibility and monitor and review strategic risks</li> <li>▪ Agree any resources required to support the work corporately</li> </ul>

<p>Chief &amp; Deputy Chief Officers and IFC Officers</p>	<p>To ensure risk is managed effectively in each service area in accordance with the risk management strategy.</p>	<ul style="list-style-type: none"> <li>▪ To gain an understanding of risk management and its benefits</li> <li>▪ To identify, assess, control and monitor service specific risks in accordance with the risk management strategy.</li> <li>▪ Identify and communicate service specific risks that need to be considered within the risk register reviews.</li> <li>▪ To provide an annual assurance statement on the effectiveness of controls and management of risk in their service area.</li> </ul>
<p>Clerk/Treasurer</p>	<p>To support the Authority in the effective development, implementation and review of the risk management strategy</p>	<ul style="list-style-type: none"> <li>▪ Develop the risk management strategy and processes within the Authority.</li> <li>▪ Co-ordinate the results of the risk monitoring and report to the Authority.</li> <li>▪ Assist Chief Officer in undertaking risk management activity via training and/or direct support</li> <li>▪ Provide assurance that risk management process is being implemented across the Authority and that controls in operation over key strategic risks are effective.</li> </ul>

## Categories of Risk

The risk categories given below are examples and neither prescriptive nor exhaustive. They provide a framework for identifying and categorising a broad range of risks, which may overlap and cannot be viewed in isolation.

### Strategic Risks

Risks that need to be taken into account in judgements about the medium to long-term goals and objectives of the Authority. These may be:

- **Political:** those associated with a failure to deliver either local or central government policy, or to meet the local administration's commitments. Examples include – wrong strategic priorities, decisions based on incomplete or faulty information, too slow to innovate.
- **Economic:** those affecting the ability of the Authority to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro-level economic changes, or the consequences of proposed investment decisions.
- **Social:** those relating to the effects of changes in demographic, residential or socio-economic trends on the Authority's ability to deliver its objectives;
- **Technological:** those associated with the capacity of the Authority to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Authority's ability to deliver its objectives;
- **Legislative:** those associated with current or potential changes in national or European law;
- **Environmental:** those relating to the environmental consequences of progressing the Authority's strategic objectives (e.g. in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc);
- **Competitive:** those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value;
- **Customer/Citizen:** those associated with the failure to meet the current and changing needs and expectations of customers and citizens.
- **Reputational:** those associated with action or decisions taken by the Authority, which can damage its reputation at local or national level.

### Operational Risks

Risks that managers and staff will encounter in the daily course of their work. These may be:

- **Professional:** those associated with the particular nature of each profession (e.g IFC Officers, damage to marine sites or fish and shellfish stocks resulting from poorly managed activities or poor enforcement of appropriate regulations);
- **Financial:** those associated with financial planning and control and the adequacy of insurance cover;
- **Legal:** those related to possible breaches of legislation;

- **Physical:** those related to fire, security, accident prevention and health and safety (e.g. hazards/risks associated with buildings, vehicles, plant and equipment or assault and intimidation of officers);
- **Contractual:** those associated with the failure of contractors to deliver services or products to the agreed cost and specification;
- **Technological:** those relating to a reliance on operational equipment (e.g. IT systems or equipment and machinery);
- **Environmental:** those relating to pollution events, damage and degradation to protected sites such as European Marine Sites or Marine Conservation Zones or impacts on stocks resulting from illegal activities or over-exploitation.
- **Human Resources:** those associated with staffing issues (e.g. recruitment/retention, sickness management, change management);
- **Reputational:** those associated with actions taken by individual services, which can damage the Authority's reputation at local or national level.

