Risk Management Strategy

2021 - 2024

Title	Risk Management Strategy
Who should use this	AVJB Staff
Author	SAC/Assessor & ERO
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At Ayrshire Valuation Joint Board, we have a clear and ambitious vision of what we want to achieve for our People and our organisation and what we will do to support them. The Board's Corporate Plan sets out a framework to ensure that Ayrshire Valuation Joint Board is the best it can be for all people and the organisation to have the opportunity to reach their full potential.

Delivering on the Boards Corporate Plan requires a strong commitment to Risk Management and an understanding of how to overcome a wide range of challenges. This Strategy supports the Strategic Risk Register by outlining the framework which will be used to ensure that identified risks are managed, monitored and scrutinised in an effective manner.

Accountability and responsibility for Risk Management is clearly defined and allocated at Board and Management levels. The process is scrutinised by the Corporate Governance Forum (CGF) which includes the Assessor & ERO, Head of Valuation Services & Assistant ERO and the Principle Administration & IT Officer and endorsed by Board Members.

This Strategy is implemented by the CGF in a manner that promotes best practice and aids overall performance improvement, which in turn links to the Boards Corporate Plan.

Context

The Risk Management Strategy is underpinned by the Boards Strategic Core Objectives as set out in the Corporate Plan:

Goal 1
Service Delivery in accordance with Statutory Requirements

Goal 2
Best Value and Improvement

Goal 3
Sound Governance

Goal 4
Consultation

Goal 5
Supported and Motivated Colleagues

Effective Risk Management is crucial in the achievement of these objectives and we recognise the need to integrate workforce and financial planning with the assessment of risk.

The Assessor and Electoral Registration Officer is fully committed to the principles of Risk Management and seek to promote a culture at Ayrshire Valuation Joint Board that encourages continued endeavour in this area. They will aim to ensure that the following methodology, systems and monitoring framework is fully embedded across the Board and integral to the management of activities.

1.0 Background

Risk Management can be defined as the identification, analysis and control of risks, which threaten the assets, service delivery and achievement of agreed Board objectives.

It is the process whereby organisations methodically address the risks attached to their activities with the goal of overcoming challenges and achieving sustained benefit within each activity.

This Strategy compliments the Strategic Risk Register presented to the Board at six monthly intervals. It details the intended continued development required to take Risk Management to an improved level.

The Board is committed to implementing this Strategy in a consistent manner and will continue to promote a sensible approach to Risk Management which supports the delivery of Boards plans and strategies.

There are many types of risks which can affect the Board's ability to deliver its objectives and these have been categorised for further reference at **Appendix 1**.

The efficient management of risk is a key requirement of Corporate Governance as reflected within the Board's own Delivering Good Governance Framework.

2.0 Aim and Purpose

The purpose of this Strategy is to ensure that the Board manages threats and opportunities effectively and is therefore in a stronger position to deliver the various Board Plans. It aims to identify those risks which may affect the achievement of agreed objectives or threaten the assets of the organisation. Such assets include people, property, infrastructure, financial and other resources. Reputation, relationships with the public and the ability to perform statutory or voluntary functions are also crucial to good performance in Risk Management.

The Strategy aims to provide a consistent approach and effective framework for managing risk to a tolerable level across the Board.

3.0 Objectives and Scope

3.1 Key Risk Management objectives are listed as follows:

- Continue to integrate Risk Management into the culture of the organisation and raise awareness of the need to manage risk more effectively through established, robust risk management systems.
- Ensure that Risk Management is not undertaken in isolation, but is intrinsically linked to Board decision making and Performance Planning.
- Establish clear roles, responsibilities and a reporting framework for managing risk across the organisation for both the CGF and Board Members.
- Manage risk in accordance with best practice, aiming to deliver improved service, promotion of people management, health, safety and welfare, environmental sustainability, forward planning, preservation of reputation and reduced liability.

3.2 These objectives will be achieved by:

- Raising awareness of the need for effective Risk Management by providing updates and advice in Board Member updates every 6 months, or as Board meetings allow.
- Continuing to consider the threats to the achievement of agreed Boards Service Plan objectives when developing risk mitigations.
- Supporting the ongoing development, monitoring and updating of the 'live' Strategic Risk Register through the use of the Board's 'SharePoint' platform.
- Utilising the agreed 'Risk Reporting' framework, established in line with the Board Corporate Governance, which defines the roles and responsibilities that the CGF have in relation to Risk Management.
- Supporting the position whereby the CGF are clearly outlining the risk implications of Board decisions when preparing Board Reports as a means of ensuring fully informed decision making.
- Considering Risk in its broadest sense, taking cognisance of all categories of Risk where applicable, (see **Appendix 1**).

3.3 The Key Risk Management outcomes for Ayrshire Valuation Joint Board are:

- A consistent and evidence based approach to managing risk across the organisation.
- Clarity and transparency in respect of decision making.
- Reduction in financial costs associated with losses due to service interruption, litigation, insurance premiums and claims.
- More effective service delivery organised in a manner that meets stakeholders' expectations and preserves the reputation of the organisation.
- Consideration of the implications of anticipated legislative or regulatory demands to assist efficient allocation of resources by proactive identification of potential risks.
- Protection of employees, service users, contractors and members of the public.
- Protection of property, equipment and other assets.

3.4 The measures of success are likely to be:

- No Health & Safety incidents/accidents
- No litigation with regard to Health & Safety/lower premiums
- Possible financial savings in respect of above
- Positive external scrutiny and reporting from enforcement agencies, internal / external audit and other partner organisations or stakeholders.

3.5 Scope of Risk Management Strategy

All Board Services are included within the scope of the Risk Management Strategy and should utilise the agreed Risk Management approach when considering any obstacles preventing the achievement of the Boards Service Plan objectives.

The methodology should equally apply to the risks associated with any specific Strategic or Project Plans.

The management of Risk should be determined by focussing on key Risk priority areas and resources allocated accordingly.

4.0 Risk Management – Organisational Responsibility

The overall responsibility for ensuring that the Board has effective Risk Management arrangements lies with the Corporate Governance Forum (CGF) supported by the Management Team and South Ayrshire Council.

Board Structure – CGF

Helen McPhee
Assessor and Electoral Registration Officer

John McConville
Head of Valuation Services and Assistant ERO

Harry McCormick
Principal Admin Officer and IT Development Officer

Levels of involvement are outlined as follows: -

4.1 CGF

The CGF are responsible for the ongoing identification, profiling and management of strategic risks with the Management Team reporting operational risk at the MTM.

The Strategic Risk Register is discussed quarterly at the CGF and reported on a 6 monthly basis to the Board and this is recorded through CGF and Board minutes.

The CGF and Management Team also highlight new Risks and ensure that these are added, where appropriate, to the Strategic Risk Register or other project specific registers.

On a quarterly basis the CGF are asked to agree the Key Risks, consider the effectiveness of Risk mitigations and endorse the work proposed by Risk Owners to mitigate those risks which have been identified as significant.

4.2 Board Meetings

The Board has responsibilities which include monitoring and review of Corporate Governance arrangements. A report on progress in respect of Strategic Risk Management is prepared for the Board on a 6 monthly basis. Members are asked to endorse the work being undertaken in mitigation and approve the Board's Strategic Risk Register.

An understanding of the agreed significant Risks is crucial for Board Members who have a key role to play in the Board's decision making process. Support of the action being taken by the CGF is vital as well as an understanding of the potential impact to the organisation should activity in respect of mitigating the key risks not be supported.

4.3 Assessor and Electoral Registration Officer

Responsibilities include the delivery of the Risk Management Strategy and the regular monitoring of progress in terms of embedding risk management systems. In addition to this, the Assessor and Electoral Registration Officer will;

- Enable the review and implementation of the Board's Risk Management Strategy,
- Ensure the provision of ongoing support and advice across the Board as required,
- Provide regular reports to Board Members on progress in respect of Risk Management across Board activities in line with the agreed reporting framework,

These defined responsibilities will ensure that Board Members and appropriate levels of personnel are made aware of the risks incurred through service provision which may impact on the achievement of Board objectives. The structure will ensure that the ownership of Risk is retained at the level best placed to manage the risk effectively.

5.0 Risk Context

Risk Management at Ayrshire Valuation Joint Board is closely aligned to Insurance, Health and Safety and Business Continuity Management. These different areas act as support mechanisms in relation to the Risk Management Process.

SAC Internal Auditors also play a role in scrutinising the mitigations implemented by the CGF, therefore the approach to Corporate Governance and the relationship between Risk Management and SAC Internal Audit must also be recognised.

The agreed approach to the assessment of Risk at Ayrshire Valuation Joint Board is undertaken on the basis of existing control measures and mitigations.

Board reporting includes consideration to 'Risk Implications' in respect of the decision making process.

5.1 Code of Corporate Governance

Within the Board's Delivering Good Governance Framework, the Assessor and Electoral Registration Officer is responsible for ensuring that effective Risk Management arrangements are in place and being taken forward in line with the Board's Risk Management Strategy.

5.2 Internal Audit

SAC Internal Audit and risk professionals share a common goal, to improve internal control through the management of risk. SAC Internal Audit will assess the effectiveness of the Board's internal controls and review Risk Management as part of the Audit Plan.

5.3 Insurance

Insurance is one method the Board's uses to transfer Risk. Claims against the Board are closely monitored by the CGF to assess their number and nature, and how these link to identified risks recorded through the Board's Strategic Risk Register.

The Board also ensures cover for the Assessor and Electoral Registration Officer.

5.4 Business Continuity Management (BCM)

This underpins Risk Management and is concerned with how the Board can respond to and overcome disruption in the event of adverse incidents whilst continuing to deliver key services at an agreed, pre-determined level. It is the low probability, high impact risk that, if occurred, could result in the failure of key services or systems.

Ayrshire Valuation Joint Board's Business Continuity Strategy has been adopted and rolled out across the Board. Business Continuity Plan has been developed for all identified critical services.

5.5 Health & Safety

There are clear and well established links between Health & Safety and Risk Management at Ayrshire Valuation Joint Board. Through the Boards Service Level Agreement, South Ayrshire Council's Occupational Health strategies and initiatives can also influence Risk Management.

6.0 Risk Management – The Process

The Risk Management process follows six steps as follows:

- Risk identification
- Risk evaluation
- Risk ownership
- Risk mitigation
- Risk monitoring
- Risk reporting

A pro-forma Risk Register template is available at **Appendix 2**.

6.1 Risk Identification

Any significant Risks facing the Board should be identified and assessed at an appropriate level in order that there is a clear understanding of how they might affect service delivery or impact service users, employees or other stakeholders. This process acts as a prompt for informed decision making on mitigation and clarity on associated timescales.

Risk identification is focussed on the key risks which may impact the achievement of Boards Service Plan.

					Availability of Financial Information	AVJB Under-funding					
			Boundary Changes	Brexit	Capital Budget	Catastrophic Technology Failure	Complaints	Conduct and Corruption			
		Conflict with Variable Demand for Services	Data Breach	Data Protection	Efficiency	Elections	Extended Hours	FOI Requests			
	IER Under-funding	Inadequate Senior Management	Inadequate Systems	KPIs	Lands Tribunal Referrals and Appeal Disposal	Legislation Changes	Lone Working	Low Staffing Levels	Operational Deadlines	Partnerships	
Print Deadlines	Records Management	Recruitment	Reducing Budgets	Reserves	Review of CT	Review of NDR	Service Delivery	Software	Staffing	Training	Workforce Plan

Further description of each of the above categories can be found at Appendix 1

It has been agreed that identified risks be considered in themes. For Ayrshire Valuation Joint Board risks are identified as falling within the scope of one of the following three themes;

Supply and Resources
Governance and Legislation
Protection

6.2 Risk Evaluation

When a Risk has been identified the causes and potential effects should be noted for information on the Strategic Risk Register, (see **Appendix 2**).

An evaluation is then undertaken on the potential impact of the consequences should this Risk occur and how likely the risk is to materialise.

The text in the table below should be used to decide on the severity of impact versus the likelihood of Risk.

Risk Rating				
Impact		**x**	**Likelihood**	
1	Minor		1	Unlikely
2	Moderate		2	Possible
3	Major		3	Likely
4	Critical		4	Very Likely
5	Catastrophic		5	Almost Certain

When selecting **impact**, it is important that a holistic analysis of the categories of Risk outlined at **Appendix 1** be considered. This will assist in understanding how the issue could impact the Board. It can be helpful to utilise a standard 'severity matrix and cost impact analysis' for this purpose. Please see **Appendix 3** for additional guidance.

When selecting **likelihood**, a consideration of historical information, external drivers, trends and statistics can be useful in determining an appropriate level.

The agreed approach to the assessment of Risk at Ayrshire Valuation Joint Board is undertaken *taking into account* existing control measures and mitigations.

Risk Rating = Impact x Likelihood

Risk Analysis Matrix

Risk Analysis Matrix Risk Rating = Impact x Likelihood					
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Impact				

Risk Rating	
Red Zone	High
Amber Zone	Medium
Green Zone	Low

The Board is committed to Risk reduction where this is feasible and Risk owners will seek to implement mitigations – in addition to those which may already be in place – as a means of reducing Risk exposure to all those who may be affected by Board undertakings. There is an agreed objective therefore, to reduce 'Risk Ratings' where this can be achieved. Consideration can be given to the 4 'T's in Risk Management – Treat, Transfer, Tolerate or Terminate.

- Treat - Mitigate the risk (standard practice)
- Transfer - To insurers, contractors or 3rd Party (caveat on liability)
- Tolerate - See paragraph 7
- Terminate - Cease the activity (not often feasible in a Public Sector).

The Risk appetite is intentionally not defined in respect of a specific score. The nature of the Assessor & ERO operations is such that the organisation may be forced to tolerate a number of Risks in relation to service delivery because they are statutory obligations on the part of the Assessor & ERO to deliver.

Tolerance may be required on Risks which feature within the amber zone, and such tolerance is generally accepted where all reasonable mitigations have been considered and implemented.

As a general 'rule of thumb', however, the appetite of the organisation is such that Risks scoring 4 or below will be tolerated unless there are quick and reasonable solutions to reduce the rating further.

There is a commitment to ensure that Risks featuring in the red zone, or at the higher end of the amber zone will be managed and mitigated by Risk Owners.

6.3 Risk Ownership

The next step is concerned with nominating a Risk Owner to manage the Risk. This will normally be a member of the CGF who has the responsibility for the delivery of the service activity or the people or assets associated with the Risk. They are usually best placed to control or influence the Risk Management process and have an obligation to report on progress.

6.4 Risk Mitigation

Risk control is concerned with taking action to reduce the impact and/or likelihood of the Risk.

Those undertaking the Risk assessment process should record the mitigations that already exist to manage the identified Risk. In doing so they should be confident that these existing mitigations have been fully implemented, are working effectively and are evidence based.

The next step is the most crucial in the Risk Management process. The CGF must give consideration to the feasibility of additional mitigations. It is essential to ensure that any actions agreed to reduce Risk exposure are realistic and achievable, rather than aspirational. They should be recorded on the Risk Register with clear timescales identified for their implementation. (see **Appendix 2**).

It is also important that the Risk Owner is aware that they are responsible for progressing these mitigations within the timescales prescribed. Again, this step in the process should be evidence based.

6.5 Risk Monitoring

It is important to monitor progress on Risk Management regularly and assess the effectiveness of any existing or additional mitigations. It is also necessary to consider whether the nature of risk has changed over time.

At the CGF, Risk Owners are requested to provide updates on the status of each Risk on a quarterly basis. It is anticipated that the CGF will monitor progress regularly and that Risk mitigation will be a regular feature of CGF and Management Team meetings.

The Risk Register is collated and coordinated by the CGF Team and presented to the Board on a 6 monthly basis.

6.6 Risk Reporting

Risk reporting is used to communicate Risk to different levels across the Board. Successful implementation of the Risk Management Strategy relies on a robust reporting framework which allows for the scrutiny of Risk Register at appropriate levels.

Ayrshire Valuation Joint Board - Risk Reporting			
Document	**Frequency**	**Month**	**Approval Body**
Strategic Risk Register	6 Monthly	March/ September	Joint Board
Strategic Risk Register	Quarterly	March/June/September/December	CGF

In summary the Risk Management Process and agreed mitigations should form part of an agreed action plan that can measurably contribute to future Risk mitigation. The overall effectiveness should be monitored and risk reduction outcomes or indicators made available for scrutiny and audit purposes as required.

7.0 Risk Tolerance

The Board is likely to concede that certain Risks have to be accepted and that there are no reasonable measures that can be taken to provide further control or mitigation. Such decisions may be based on resource restrictions or an acceptance that the Risk itself is out with the control of the organisation. Continued risk monitoring is undertaken should such situations arise.

Those with responsibility for the Risk Management process, must be fully aware of the potential impact and consequences of accepting any Risk, and ensure diligence in respect of monitoring arrangements to track any changes to risk rating.

8.0 Strategy Review

A formal review of Ayrshire Valuation Joint Board's Risk Management Strategy will be undertaken regularly by the Assessor and Electoral Registration Officer - taking into consideration any government initiatives, changing legislation and best practice.

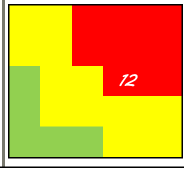
The robustness of the Board's Risk Management processes is assessed by the CGF.

APPENDIX 1

RISK CATEGORY	THEME	DESCRIPTION OF RISK
Availability of Financial Information	Supply and Resources	Breach each of Regulations
AVJB Underfunding	Supply and Resources	Failure to deliver statutory duties
Boundary Changes	Governance and Legislation	Associated with failure to delivery Government Policy, to meet statutory duties
Brexit	Governance and Legislation	Possible Recruitment issues
Capital Budget	Supply and Resources	Failure to modernise and transform AVJB
Catastrophic Technology Failure	Supply and Resources	Failure to deliver services: reputational risk
Complaints	Governance and Legislation	Failure to meet legislative requirements: reputational risk
Conflict with Variable Demand for Services	Supply and Resources	Failure to meet statutory requirements: customer dissatisfaction
Data Protection	Governance and Legislation	Potential legal proceedings
FOI Requests	Governance and Legislation	Failure to fulfil statutory requirements
Inadequate Senior Management	Supply and Resources	Failure to corporately deliver
KPIs	Supply and Resources	Customer satisfaction levels lowered
Legislation Changes	Governance and Legislation	Failure in statutory duties
Lone Working	Protection	Failure to adequately protect staff
Low Staffing Levels	Supply and Resources	
Records Management	Governance and Legislation	Failure to meet requirements; data breach, FOI issues
Reserves	Supply and Resources	No protection against unplanned overspends
Review of CT	Governance and Legislation	Resource Pressures
Review of NDR	Governance and Legislation	Resource Pressures
Workforce Plan	Governance and Legislation	Failure to plan for future requirements

Guidance – Sample Risk Register

Risk	***1.1***	*Theme*	***Supply and Resources***	*Title*	***Service Delivery***	*Managed by*	***Management Team***

Ownership	***Potential Risk***	***Cause***	***Potential Effect***	***Risk Score***	***Current Mitigations***
Who is accountable and responsible for managing the risk	What could go wrong?	What may have caused this risk?	Possible outcomes or adverse effects?	***3 x 4 = 12*** 	What is already in place to manage the risk?

Proposed Mitigations (with dates)		***Timescale***	***Status***	***Progress Bar***
1.	What is planned to mitigate the risk further? (and when it is due to be completed)	<enter date>		33% *Increased from…?*

A status icon (Figure 3) is displayed along with a calculation from Risk Owners on percentage completion of the mitigating actions. This information is closely scrutinised by the Management Team and this assists in determining decisions on reducing or increasing Risk Ratings utilising the matrix at Figure 1. New Risk identification is considered against a broad range of Risk types and these are represented at Figure 2. Risk types are cross-cutting and not considered in isolation.

Figure 1: Risk Themes

1.0 Governance and Legislation	**2.0 Protection**	**3.0 Supply and Resources**

Risk Rating

Impact		**x**	**Likelihood**	
1	Minor		1	Unlikely
2	Moderate		2	Possible
3	Major		3	Likely
4	Critical		4	Very Likely
5	Catastrophic		5	Almost Certain

Figure 2: Status

✔	Completed
▶	On Target
⚠	Not on target – some concerns
●	Not on target – major concerns
⚙	Not yet started

APPENDIX 3

AYRSHIRE VALUATION JOINT BOARD: <u>Severity Matrix and Cost Impact Analysis</u>

Severity Scores and Descriptors	1 Minor	2 Moderate	3 Major	4 Critical	5 Catastrophic
Life &Limb	Near miss incident or minor injury to employee, service user or member of the public	Injury / Ill health to employees, service users or members of the public resulting in lost time or small compensation claim	Serious injury or ill-health to employees, service users or members of the public. Board liable	May result in a number of significant injuries and cases of ill-health to employees, service users or members of the public	Single or multiple fatality as a result of Board activity, fatal accident enquiry, enforcement litigation etc.
Infrastructure & Property	Minor disruption in operational terms to infrastructure / property	Some damage, impacting on service delivery, costs beyond excess covered by insurance	Loss of use of infrastructure / property for limited period / no alternative arrangements in place	Significant loss of use of infrastructure / property for prolonged period	Complete loss of use of infrastructure / property – rebuild / restructure required.
Business Continuity	Reasonable back up arrangements in place, minor downtime of service /system	Support of services and systems deemed to be borderline – downtime inevitable	Security of systems and performance of services cannot be achieved to a required standard – systems vulnerable and downtime occurs	Significant impact - medium term loss of service and / or system	Complete inability to provide system / service prolonged downtime / no backup in place
Reputation	Minor localised dissatisfaction affecting reputation in pockets	Some public embarrassment but limited damage to service users or reputation	Local adverse public embarrassment leading to considerable damage	Regional or national adverse publicity, loss of confidence in the organisation	Highly damaging adverse publicity, loss of confidence in the Board, Scottish Government and / or Audit Scotland involvement
Finance	1% (or less) Budget	1 - 3% Budget	3 - 4% Budget	4- 5% Budget	>5% Budget