



**AXE BRUE, PARRETT &  
NORTH SOMERSET LEVELS  
INTERNAL DRAINAGE BOARDS**

**GOVERNANCE  
RISK MANAGEMENT POLICY**

Version 3.0

Approved by the Boards:		
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To be reviewed every 3 years

# RISK MANAGEMENT POLICY

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# RISK MANAGEMENT POLICY

## 1. Purpose, Aims and Objectives

### 1.1. Purpose

The Board seeks to manage opportunities and threats to its ability to achieve objectives and deliver safe, compliant services to the community. This Policy applies to all Members, officers, contractors and partners acting for or on behalf of the Board and covers strategic, operational, financial, legal, health and safety, environmental, reputational and information risks. See attached Risk Management Policy Statement, Appendix A.

### 1.2. Aims and Objectives

- **Embed risk management in governance, decision making and service planning.**
- **Adopt a systematic, proportionate approach based on best practice.**
- **Protect people, assets, services and reputation.**
- **Ensure clear accountability, timely reporting and demonstrable assurance.**
- **Maintain business continuity for critical services.**

### 1.3 The Board will achieve these aims and objectives by:

- **Establishing clear roles, responsibilities and reporting lines within the organisation for risk management.**
- **Incorporating risk management in the Board's decision making and operational management processes.**
- **Providing proportionate training and developing necessary skills and expertise.**
- **Developing a resource allocation framework to target resources for risk management.**
- **Developing toolkits, procedures and guidelines for use across the Board.**
- **Measuring performance of risk management activities against objectives and reporting outcomes to the Board.**
- **Making partners and service providers aware of the Board's expectations on risk through contract terms and supplier management.**

1.4 The Board's Risk Management Strategy is based on the following definition: *'Risk is the threat that an event or action will adversely affect the organisation's ability to achieve its objectives and to successfully execute its strategies'*.

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## 2. Accountabilities, Roles and Reporting Lines

2.1. A framework has been implemented that has addressed the following issues:

2.1.1. The different types of risk – Strategic and Operational

2.1.2. Where it should be managed

2.1.3. Corporate, and Operational roles and accountabilities

2.1.4. The need to drive the policy throughout the Board

2.1.5. Prompt reporting of accidents, losses, changes etc.

### 2.2 Roles and responsibilities (summary):

- **Board:** sets risk appetite and tolerance, approves policy and oversees major risk exposure. Owner of Board data (**Data Controller**) with actions by **Data Protection Lead**.
- **Chair:** ensures escalation routes operate and receives urgent risk briefings.
- **CEO/Clerk:** is responsible for the risk management framework, maintains the corporate risk register, ensures quarterly executive reviews and prepares the annual risk report for the Board.
- **Responsible Financial Officer (RFO):** owns financial controls and fraud risk mitigation.
- **Health & Safety Lead:** owns H&S risk assessments, incident reporting and training.
- **Data Protection Lead:** owns information risk, GDPR compliance and breach response.
- **Data Protection Officer:** provides advice and ensures compliance with legislation and policy
- **Operational Managers:** identify operational risks and maintain evidence of controls.
- **Risk Owners:** named for each register entry; responsible for mitigation actions and reporting progress.
- **Internal Auditor:** provides independent assurance over risk management arrangements and control effectiveness.

## 3. Skills and Expertise

### Training

3.1 The Board will provide proportionate risk management training: induction for Members and officers, annual refreshers for key roles and targeted courses (H&S, GDPR, procurement and contract management). Training records will be retained and reviewed annually.

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3.2 Training will include seminars focusing on best practice in risk management and awareness courses will also focus on specific risks in areas such as the following:

3.2.1 Partnership working

3.2.2 Project management

3.2.3 Employment Law

3.2.4 Operation of Board vehicles and equipment

3.2.5 Manual labour tasks e.g. Health and Safety issues

### **4 Embedding Risk Management**

4.2 Risk management is an important part of the service planning process. This will enable both strategic and operational risk, as well as the accumulation of risks from a number of areas to be properly considered. Over time the Board aims to be able to demonstrate that there is a fully embedded process.

4.3 This strategy and the information contained within the appendices provides a framework to be used by all levels of staff and Members in the implementation of risk management as an integral part of good management.

### **5 Risks and Decision Making Process**

5.2 Risk needs to be addressed at the point at which decisions are being taken. Where Members and Officers are asked to make decisions they should be advised of the risks associated with recommendations being made. The training described in the preceding section will enable this to happen.

5.3 The Board will need to demonstrate that it took reasonable steps to consider the risks involved in a decision.

5.4 A template has been developed for use with all significant decision reports.

5.5 There needs to be a balance struck between efficiency of the decision making process and the need to address risk. Risk assessment is seen to be particularly valuable in options appraisal. All significant decision reports to the Board or Standing Committee (including new and amended policies and strategies) should include an assessment of risk to demonstrate that risks (both threats and opportunities) have been addressed.

5.6 This process does not guarantee that decisions will always be right but it will demonstrate that the risks have been considered and the evidence will support this.

### **6 Risk Evaluation and Control**

6.2 A Risk Register should be used to record the Board's objectives and the risks to achieving these. Once these have been identified an assessment of the impact and likelihood of occurrence is made using knowledge of current controls and assurances and a risk score determined. Any gaps in controls and/or assurance should then be identified and an action plan for improvement developed. A format for the register is attached as Appendix C.

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6.3 The Risk Score is obtained using the risk matrix below:

### RISK ASSESSMENT MATRIX

		Likelihood					
		1	2	3	4	5	6
Impact	6						
	5						
	4						
	3						
	2						
	1						

	Low Risk
	Medium Risk
	High Risk

The high, medium and low categories for impact and likelihood are defined as follows:

#### IMPACT

- 1 – Insignificant (*No noticeable cost increase or reduction in quality of outputs*)
- 2 – Minor (*Minor consequences in quality of outputs or any associated losses and or financial implications will be low (<10%). Negligible effect on service delivery (1 day). Minor First-Aid injury or discomfort to an individual or several people. Isolated individual personal detail compromised/revealed. NB A number of low incidents may have a significant cumulative effect and require attention*).
- 3 – Moderate (*10-20% cost increase or reduction in quality of outputs, a number of areas affected, Pollution incident contained on-Site*)
- 4 – Significant (*May have a noticeable effect on the operation/service delivery. May result in significant financial loss (<£100,000). Will cause a degree of disruption (1 – 5 days) or*

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*impact on the public. Significant injury to an individual or several people. Adverse effect on projects/significant slippage. Some individual personal details compromised/revealed. Adverse publicity in local press)*

- 5 – Major (*Major effect on ability to sustain outputs due to financial or resource (staffing) implications. Disablement injury, Significant impact on Budget (<£500,000), Release of pollution off-Site*)
- 6 - Catastrophic (*May have a catastrophic effect on the operation/service delivery. May result in unrecoverable financial loss (over £1M) and/or major service disruption (+ 14 days) or impact on the public. Death of an individual or several people. Complete failure of project or extreme delay (over 6 months). Many individual personal details compromised/revealed. Adverse publicity in national press)*)

### LIKELIHOOD

- 1 - Rare
- 2 - Highly Unlikely
- 3 - Unlikely
- 4 - Possible
- 5 - Likely
- 6- Almost Certain

Using the risk matrix produces a risk rating score that will enable risks to be prioritised using one or more of the “four T’s”. Scores are gained by multiplying impact level by likelihood level.

Each Risk may be addressed based on the internal Control Measures available. There are 4 key aspects of addressing Risk:

- Tolerate - accept the risk
- Treat - take cost effective in-house actions to reduce the risk
- Transfer - let someone else take the risk (e.g. by insurance or passing responsibility for the risk to a contractor) Transfer must be evidenced by contract terms and insurance certificates.
- Terminate - agree that the risk is too high and do not proceed with the project or activity.

## 7 Supporting Innovation and Improvement

7.1 Risk-informed innovation is supported where pilots, exit criteria and mitigation plans are in place and Board approval is obtained for residual risks above appetite.

7.2 Risk Management will be incorporated into the business planning process for the Board with a risk assessment of all business aims being undertaken as part of the annual Estimates process. Business continuity risks and critical service recovery time objectives must be recorded and tested.

7.3 The Board’s internal auditor will have a role in reviewing the effectiveness of control measures that have been put in place to ensure that risk management measures are working. Internal audit will provide an annual assurance opinion on the adequacy of the risk management framework and sample controls.

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## Appendix A

### RISK MANAGEMENT STRATEGY STATEMENT

The Board believes that risk is a feature of all businesses. Some risks will always exist and can never be eliminated: they therefore need to be appropriately managed.

The Board recognises that it has a responsibility to manage hazards and risks and supports a structured and focused approach to managing them by approval of a Risk Management Strategy.

In this way the Board will improve its ability to achieve its strategic objectives and enhance the value of services it provides to the community.

### The Boards Risk Management objectives are to:

- Embed risk management into the culture and operations of the Board
- Adopt a systematic approach to risk management as an integral part of service planning and performance management
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Ensure all employees have clear responsibility for both the ownership and cost of risk and the tools to effectively reduce / control it

### These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the organisation for risk management
- Incorporating risk management in the Board's decision making and operational management processes
- Reinforcing the importance of effective risk management through training
- Incorporating risk management considerations into Service / Business Planning, Project Management, Partnerships & Procurement Processes
- Monitoring risk management arrangements on a regular basis

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### **The Benefits of Risk Management include:**

- Safer environment for all
- Improved public relations and reputation for the organisation
- Improved efficiency within the organisation
- Protect employees and others from harm
- Reduction in probability / size of uninsured or uninsurable losses
- Competitive Insurance Premiums (as insurers recognise the Board as being a “low risk”)
- Maximise efficient use of available resources.

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## Appendix B

### RISK MANAGEMENT POLICY DOCUMENT

Risk management is central to the Board's governance. Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives.

Members should:

- Take steps to identify and update key risks facing the Board;
- To decide on their tolerance to and appetite for risk
- Evaluate the potential consequences to the Board if an event identified as a risk takes place; and
- Decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

This Risk Management Policy document is designed to be a living document which will be continually updated when new risks are identified or when existing risks change.

The assessment of potential impact will be classified as high, medium or low. At the same time it will assess how likely a risk is to occur and this will enable the Board to decide which risks it should pay most attention to when considering what measures to take to manage the risks.

After identifying and evaluating risks the responsible officer will need to decide upon appropriate measures to take in order to avoid, reduce or control the risks or their consequences.

## Appendix C

### RISK REGISTER FORMAT

Risk Title	Description	Current Controls	Current Score	Mitigating Actions	Owner	Target Date	Target Score
		<i>What controls are in place to mitigate these Risks?</i>		<i>What additional Control Measures can help rectify the situation?</i>			