

Committee: High Weald AONB Joint Advisory Committee

Date: 11 March 2011

Title of Report: Risk Management

By: AONB Business Manager

Purpose of Report: To consider key risks and their management.

RECOMMENDATIONS

Members are recommended to:

1. Request that the Management Board meet to review significant risks as required and develop options for their management.
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Supporting Information

1. BACKGROUND

1.1 As part of the process of producing the High Weald Joint Advisory Committee's annual external accounts 10 control objectives are assessed. One of the control objectives is:

- Significant risks to achieving High Weald objectives are recorded, assessed and the adequacy of arrangements reviewed.

1.2 The key risks to the Joint Advisory Committee are set out in Appendix A.

1.3 Given that the Joint Advisory Committee's work is reliant on partnership contributions and external funding the cause of the most significant risks is financial.

2. RISKS 2010/11

2.1 In line with audit recommendations a review of risk management in 2010/11 has been undertaken.

2.2 A risk that materialised during 2010/11 was the in-year reduction in Natural England's contribution to the JAC partnership of 5%.

2.2 The resulting deficit was managed through reducing the sum available for grants under the Sustainable Development Fund 2010/11 and reducing the scope of new Unit-led projects.

3. KEY RISKS 2011/12

3.1 A reduction of 5.4% in the Natural England contribution requires savings to be made to address the arising budget deficit.

3.3 The savings have been achieved by planning a reduction in the JAC's core communication activity. The following activities will no longer be undertaken: production of

the High Weald Anvil; production of media releases; public presentations; and development and delivery of interpretation projects.

3.4 In 2011/12 the impact of these savings will be mitigated through the work of the self-financing projects whose project officers all undertake communication activities.

4. KEY RISKS 2012/13 AND BEYOND

4.1 Further reductions in contributions by the partnership towards the JAC's core business will mean that the JAC will be unable to maintain the current level of work under the Business Strategy 2010/14 headings:

- Preparing, monitoring and reviewing the AONB Management Plan
- Co-ordinating action and enabling delivery of the AONB Management Plan by individuals and communities
- Providing advice and guidance to partners on CroW, Section 85
- Adding value to partner's wider landscape and environmental objectives within the AONB
- Enabling the JAC to be an effective champion for the High Weald.

4.2 The key risks to note are:

- In 2012 many self-financing projects will end. There will therefore be limited scope for project activity to fill work gaps left by a reduced core budget.
- Without 'local' match funding it will be difficult to secure external funding from grant-aiding bodies such as the Heritage Lottery Fund for new self-financing projects.
- Funding uncertainty means that it is hard to forecast the number or scale of self-financing projects from 2012/13. This makes it harder to plan the level of core resource that may be required to support such projects.

4.3 A risk assessment of reducing activity under each business strategy heading needs to be undertaken to identify priorities and make decisions about resources. Such an assessment will need to consider the scope or otherwise to mitigate the risks.

5. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

5.1 Risk management systems in line with East Sussex County Council policy are in place.

5.2 For 2011/12 the impact of reducing contributions to core work can be mitigated through the JAC's role self-financing projects.

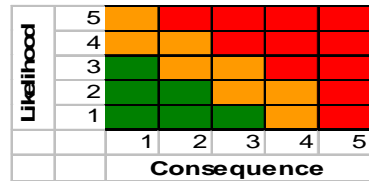
5.3 From 2012/13 there will be limited scope for further savings without more radical changes to the JAC's operations.

5.4 The JAC will need to prioritise core functions so that decisions about resources can be made and areas for further savings identified.

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Risk Log

Likelihood Ranking	1 = Improbable (<10%); 2 = Unlikely (10-30%); 3 = Less than Likely (30-50%); 4 = More than Likely (50-80%); 5 = Probable (>80%)
Consequence Ranking	1 = Minor; 2 = Moderate; 3 = Significant; 4 = Substantial; 5 = Grave



Control Rating	
1. Excessive	Controls exceed the level required to manage the risk
2. Optimal	Controls are comprehensive & commensurate with the risk. All controls are working as intended.
3. Adequate	Some shortfall in level of controls but these do not materially affect the level of residual risk.
4. Inadequate	Weaknesses & inefficiency in controls do not treat the risk as intended.

Risk no	Risk What can go wrong	Root Causes How it can go wrong	Owner	Inherent Risk			Controls / Mitigating Actions Preventative & reactive control measures	Control Owner	Residual Risk		
				Likelihood	Consequence	Matrix Zone			Control Rating	Likelihood	Consequence
	Format: EVENT leading to CONSEQUENCE resulting in EFFECT ON PROJECT OBJECTIVES						Format: What action; How frequent				
1	Reduced activity/service due to reducing budgets 2012/13 and beyond. JAC with a reducing profile as a champion for the High Weald. Less proactive work to enable public understanding, management and enjoyment of the AONB.	Public sector spending cuts to Defra and local authorities leading to a further reduction in the JAC's budget.	AONB Director	5	4	Red	Unit direction to take into account direction of government and local authorities. JAC members and officers involved in and supportive of partnership and able to lobby internally for funds. JAC chair on behalf of partnership to lobby for maintaining contributions. Alternative sources of core income sought. Options to reduce costs e.g. accommodation without impacting on service explored. Planned reduction in scope of JAC's work programme.	AONB Director	3	5	Red
2	High Weald MoA unsigned and partnership arrangements weakened.	Failure to reach unanimity on Defra/NE partnership agreement.		5	4	Red	LA representatives provided with an opportunity to comment/amend MoA prior to NE circulation to LAs for signing.	AONB Director	3	3	Amber

3	Unit unable to attract external funding for delivery of projects that meet AONB Management Plan Objectives	Public sector cuts resulting in difficulties securing funds to match external grants such as those from the Heritage Lottery Fund. Without commitment from 'local' partners bids not feasible/weak. Unit objectives do not align with grant-aiding bodies objectives. Competition. Target audiences for grant-aiding bodies do not exist within the High Weald.	SM/JL	3	4	Amber	Local authorities lobbied to maintain PEF or other funds in order that there is local match funds that can attract external funds and enable projects to be developed. Clear understanding of grant-aiding bodies objectives developed. Unit direction to take into account direction of grant-aiding bodies. Fundraising expertise within the Unit developed and maintained. Alternative fundraising options explored.	AONB Director	3	3	4	Amber
4	IT needs not met, Unit unable to work efficiently and undertake research activity, fewer outputs, direction of JAC work programme compromised	Poor link to ESCC network results in slow machine operation, inability to download GIS data, update website etc.	AONB Director	3	3	Amber	Technical and financial feasibility of IT upgrade at WEC 2 explored. Alternative accommodation options explored.	AONB Director	3	2	2	Green
5	Loss of HLF grant aid due to partners defaulting on WFRPS	Poor planning by partners. Loss of partner's match funding. Lack of institutional support for partners projects. HLF policy constraints.	WFR Board	4	3	Red	Clear understanding of grant-aiding bodies objectives developed. Alternative partners sought and projects proposed. Unit-led projects developed to fill gaps arising from partner underspend.	WFR Board	3	3	3	Amber
6	Loss of grant aid due to self-financing project outputs not being met	Project staff seeking and securing new jobs as contract end date approaches.	AONB Director	4	3	Amber	Support and funding secured for retention bonuses. Longer notice periods for project staff. Projects developed and managed to ensure that the delivery of key/complex outputs are not planned for the end of the contract. Flexibility built into core staff work programmes in order that there is capacity to 'finish' self-financing projects if required.	AONB Director	3	3	3	Green