Governance

Risk Management Strategy 2024 - 2027

This document replaces the Commissioners' 2020 risk management documentation and outlines how the Board, sub-Committees, Members and officers/employees govern the Commissioner's risks.

<u>Risk Management Principles</u>

The five key principles from the UK Government's <u>'Orange Book'</u> shall be used in a proportionate manner, recognising Internal Drainage Boards as small public authorities with limited resources.

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.
E. Risk management shall be continually improved through learning and experience.

<u>Risk Definition</u>

A risk is the threat that an event or action will adversely affect the Commissioners' ability to achieve their statutory responsibilities; remain viable and sustainable; deliver any wider objectives and; manage their reputation.

Risk is a function of the likelihood or probability of the event occurring versus the impact. A risk that materialises is no longer a risk, it is an issue.

<u>Risk Categorisation</u>

The MLC Board and its sub-Committees will consider corporate, tactical risks and strategic risks that are within its control and/or influence to address.

Tactical risks will tend to be short term time horizon risks that are specific to the Commissioners and within their control to address (ie it has the capacity, capability, finance, information, technology and responsibility).

Strategic risks will tend to be more generic to the IDB sector, local IDB community or catchment/landscape scale, and potentially longer term in their time horizon. These are less likely to be within the Commissioners' control to mitigate but will be within collective influence by IDBs working together with other relevant authorities and through the Association of Drainage Authorities (ADA).

Risk (and Issue) Management Choices

The following four standard categories of risk response will be considered:

Terminate (heaviest strategy) - the risk will not be allowed to occur.
Treat - the risk may occur, but its impact or likelihood will be lessened through mitigating actions.
Transfer - the ownership of the risk will be formally moved to someone else not currently the risk. manager. *The new owner may decide to terminate, treat or tolerate the risk.*
Tolerate (Lightest strategy) - the risk will be allowed to occur with little to no mitigating action.

Risk Management Approach

These are the actions and approaches the Commissioners will take to managing its risks through the period 2024-2027.

a) Receive papers and reports from MLC staff covering the topics Governance, Constitution & Membership, Finance, Environmental, Chief Exec's report, Chief Engineer's report (inc Operations, Capital Works and M&E) helping the MLC Board, Executive Committee or other governance sub-committees identify and make choices around management of corporate, tactical and strategic risks.
b) Recognising that the Commissioners have risks that are under the control of IDBs within their district, support the development and adoption of Key Health Indicators (KHIs) and Comparison Metrics across the portfolio of IDBs administered by MLC staff. This includes the adoption of KHIs by the Commissioners themselves.
c) The Chairman & Vice Chairman will actively engage with the MLC & IDB Chairs community and MLC Senior Officers to identify and mitigate generic tactical and strategic risks that impact the Middle Level catchment, the Fens and IDB sector.
d) Empower and recognise that the MLC Senior Officers and staff engage in wider relationships, partnerships and strategic projects on their behalf to help identify and mitigate generic tactical and strategic risks. This includes Fens 2100+ and the Fens Reservoir programmes.
e) Start to use language and terminology from this strategy at governance meetings within their consideration of risks.
f) Adopt formal project risk management as part of any capital works projects led by MLC staff on behalf of the Commissioners.
g) Keep under review the need, benefit and cost of developing a formal risk assessment, risk register and risk response plan. It is currently not considered a proportionate approach.

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