



The one hundred and eighteenth meeting of the  
Joint Nature Conservation Committee to be held  
at 08.45 on 14 March 2019 at Natural Resources Wales, Maes y  
Ffynnon, Penrhosgarnedd, Bangor, Gwynedd, LL57 2DW

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## Joint Nature Conservation Committee

### Risk management in JNCC

#### Paper by Tracey Quince

#### 1. Introduction

- 1.1 Risk is part of everything JNCC does. The organisation operates in an ever-changing world and the pace of change is increasing. This carries with it uncertainty and that uncertainty brings new opportunities and risks. How JNCC manages those risks and opportunities has never been more important in helping the organisation meet its objectives, improve service delivery, achieve value for money and reduce unwelcome surprises. Both the executive and Committee members understand the value of effectively managing risk: it informs business decisions; enables more effective use of resources; enhances strategic and business planning; and strengthens contingency planning.
- 1.2 The Joint Committee has ultimate responsibility for ensuring sound risk management and internal control systems are in place within JNCC. Committee members play a key role in challenging the organisation on its management of risk as part of their corporate governance responsibilities. Everyone, from Joint Committee members down, has a role to play in establishing and maintaining an effective risk culture. This paper is intended to stimulate Committee's annual discussion on risk and complements its quarterly discussions on this key governance area.

#### 2. Risk registers

- 2.1. JNCC has well-developed processes for risk management. These processes are audited regularly and at the last audit substantial assurance was achieved. JNCC's approach is centred on two risk registers. Taken together, the two registers capture all high-level risks facing the organisation. They help to focus management effort and form an integral part of the internal audit planning process.
- 2.2. The **corporate risk register** provides a profile of the entirety of the risk the organisation faces. It forms an integral part of the internal audit process in informing the internal audit operational plan and in conjunction with the significant risk register helps to focus audit effort on key risk areas. It lists the core controls associated with five main categories of risk, but does not include specific control improvements. The corporate risk register is reviewed annually by ELT. The latest version is attached at [Annex 2](#).
- 2.3. The annual **significant risk register** captures a small number of significant risks which are 'live' and require active attention during the year. It forms the basis for quarterly risk reporting to ELT, ARAC, Joint Committee and Defra. The latest version of the significant risk register for 2018/19 is included within the quarter 3 performance report to Joint Committee (JNCC 19 08).
- 2.4. Annex 1 contains a draft significant risk register for 2019/20. This has been prepared following discussion by ELT in January and with Committee members in

February. While the broad scope of the draft risk register for 2019/20 is similar to the 2018/19 register, the risks have been redefined and reassessed to ensure the register accurately reflects JNCC's current risk environment.

- 2.5. The criteria used to assess risk likelihood and impact are included in Annex 1. Likelihood criteria are the same as those used by Defra. Impact criteria have been amended to meet JNCC's requirements but are consistent with Defra's approach. JNCC are therefore able to participate in quarterly risk reporting undertaken across the Defra group.
- 2.6. Mitigating actions for each of the significant risks are listed in [Annex 1](#). Deciding on the most appropriate mitigation, taking into account the resources available, is key to achieving intended outcomes. The identification and resourcing of mitigation actions is an executive function. However, this is an area where ARAC could add value and advise the Joint Committee on:
  - i. the extent to which mitigation is having the desired effect. This would involve drill down by ARAC members on the detail and involve challenge to management on the effectiveness of actions taking into account the risk appetite;
  - ii. where JNCC wants to position itself in relation to risk mitigation, from doing nothing to mitigate a risk at one extreme to doing nothing else but mitigating a particular risk at the other extreme, taking into account the organisation's ability to influence the causes of risks and the reasons for tolerating risks at certain levels;
  - iii. whether there is a need to rebalance resources between risk areas and the consequences of investing greater effort/resource in one area and the impact this might have on other risks; and
  - iv. how far JNCC can control the causes of significant risks with the resources that are available.

### **3. Risk appetite and tolerance**

- 3.1. Risk appetite is the level of risk that an organisation is prepared to accept in pursuit of its objectives, and before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings. In a literal sense, defining JNCC's risk appetite means defining how 'hungry' JNCC is as an organisation and the amount and type of risk that it is prepared to seek, accept, tolerate or be exposed to in the pursuit of its long-term objectives.
- 3.2. Being clear at all levels of the organisation about the amount of risk the organisation is willing to take ensures that performance and delivery are maximised and opportunities are taken. This is particularly important as JNCC adopts new ways of working, seeks opportunities to secure new funding sources, and continues to maintain an ambitious change programme.
- 3.3. The risk appetite statement can be found at [Annex 3](#). Two changes have been made to the risk appetite matrix. The risk appetite for innovation has been reduced slightly, as JNCC is not at the cutting edge of innovation. The risk appetite for people and culture has been increased slightly, reflecting an ambition to make significant changes to organisational culture.

- 3.4. Overall, JNCC currently has a fairly low appetite for risk. This is what you would expect in a Government-funded organisation where the quality of scientific evidence is vital and it is important to have a strong reputation and good working relationships with a range of stakeholders and partners. In the main, JNCC will continue to adopt an informed cautious appetite for taking significant risks. The need to avoid reputational, relationship, compliance and financial risk takes priority over other factors. It is, however, important to recognise that there are areas where a greater appetite for risk is desirable (especially in relation to innovation and income generation). The Committee should also consider the impact of progressive reductions in funding and whether the current risk appetite requires adjustment to reflect rising risk levels in relation to funding.

## Annex 1. DRAFT significant risk register for 2019/20

*All assessed over a one-year time frame*

Risk	Inherent rating			Key mitigation actions	Residual (current) rating			Risk owner
	Likelihood	Impact	Total		Likelihood	Impact	Total	
Insufficient core funding to maintain a robust evidence base and deliver high-quality advice to governments	VH	H	VH	<ul style="list-style-type: none"> <li>Discussions with Defra and devolved administrations to agree an adequately resourced annual business plan that meets governments' priorities (including EU exit priorities)</li> <li>Input to Spending Review to secure appropriate multi-year funding for JNCC</li> <li>See also risk relating to income diversification</li> </ul>	H	M	H	Marcus Yeo
Post-Brexit changes in UK Government and/or devolved administrations have an adverse impact on JNCC's ability to discharge its functions	VH	H	VH	<ul style="list-style-type: none"> <li>Ongoing dialogue with governments to understand their priorities and how JNCC can contribute</li> <li>Increased co-location of JNCC staff in country offices</li> </ul>	H	H	H	Marcus Yeo
Reputational damage from failing to deliver work which is of appropriate quality and/or to agreed timescales	H	H	H	<ul style="list-style-type: none"> <li>Implement quality assurance processes</li> <li>Implement robust project planning, management and reporting</li> <li>CPD for staff to ensure they have appropriate skills</li> </ul>	L	H	M	Christine Maggs
Failure to increase and diversify income, leading to reduced capability	VH	H	H	<ul style="list-style-type: none"> <li>Strategic approach to identifying business development priorities</li> <li>Focused action plan and regular review of income pipeline</li> </ul>	M	H	M	Chris Brooks

Risk	Inherent rating			Key mitigation actions	Residual (current) rating			Risk owner
	Likelihood	Impact	Total		Likelihood	Impact	Total	
				<ul style="list-style-type: none"> <li>Deliver new website that serves as a 'shop window' for JNCC</li> <li>Strengthen partnerships with key organisations</li> </ul>				
High levels of staff turnover reduce JNCC's ability to deliver work programmes	H	H	H	<ul style="list-style-type: none"> <li>Maximise the use of flexibilities within government pay controls</li> <li>Improve non-pay benefits and promote to staff</li> <li>Identify and implement actions to reduce internal staff churn</li> </ul>	M	M	M	Chris Brooks
Failure to change the organisation to deliver the strategy and meet changing customer requirements	H	H	H	<ul style="list-style-type: none"> <li>Implement a prioritised change plan</li> <li>Communicate benefits of planned changes to staff</li> </ul>	M	M	M	Marcus Yeo
JNCC falls victim to cyberthreats such as hacking, malware, pharming, phishing, ransomware, and distributed denial of service which limit the ability of the organisation to fulfil its obligations	H	H	H	<ul style="list-style-type: none"> <li>JNCC employ a multi-layer security system internally on the boundary of the network and externally (through cloud-based services). The objective is to identify ever evolving threats and vulnerabilities to both software and operating systems in order to neutralise these threats and reduce the risk to the end user.</li> <li>A programme exists to educate staff on cyber security threats and how to mitigate potential breaches. The programme is constantly evolving to meet the ever-growing threat to end users.</li> </ul>	H	L	M	Paul Gilbertson / Ulric Wilson

Two or more risks occurring at the same time are likely to have a combined effect greater than the sum of their parts.

	<b>Likelihood (over a 1-year time period)</b>	<b>Impact (over a 1-year time period)</b>
<b>VERY LOW</b>	<5% (Very unlikely to happen)	Very limited impact on a small part of JNCC's activities. Business continues as usual.
<b>LOW</b>	6<20% (Unlikely to happen)	Minor impact on a small part of JNCC's activities. Easily dealt with (e.g. by revising internal milestones), Business still operates as usual.
<b>MEDIUM</b>	21<50% (Less than 50:50 chance of it happening)	Outcomes are at risk of not being delivered, with significant delays or problems. Can continue as business-as-usual with controls executed.
<b>HIGH</b>	51<80% (Likely to happen)	Some of JNCC's major objectives cannot be achieved. Business can still deliver but not to expected level.
<b>VERY HIGH</b>	>80% (Highly likely to happen)	Many objectives cannot be achieved. Business will not operate as expected. Threat to the viability of JNCC.

## Annex 2. Corporate risk register

Risk no	Risk description	Core controls
<b>Resource availability and usage</b>		
RA1	Downward pressure on government funding	<ul style="list-style-type: none"> <li>• Responsibilities of government funding bodies set out in Framework Documents.</li> <li>• Dialogue with government and other funding bodies to identify priorities and funding requirements.</li> <li>• Stakeholder relationship management and communications strategy.</li> <li>• Robust resource allocation, management and reporting processes.</li> <li>• Internal structures and accountabilities that relate resources to priorities and provide necessary controls.</li> <li>• Measures to ensure staff are equipped with competencies in resource planning and management.</li> <li>• Business development strategy to diversify and increase income.</li> <li>• Development of a skills framework.</li> <li>• Peterborough office relocation project.</li> <li>• Annual people survey and associated action plan.</li> <li>• Effective internal communications.</li> <li>• Good line management at all levels.</li> </ul>
RA2	Staff numbers, structure and competencies do not support effective and efficient delivery of current/future work programmes or enable sufficiently rapid change	
RA3	Ineffective use of resources (including failure to obtain vfm)	
RA4	Major fraud and other losses	
RA5	Failure to meet financial and accounting obligations	
RA6	Unsuitability of office facilities	
RA7	Poor staff cohesion, morale and motivation	
<b>Information accessibility and security</b>		
IN1	Inadequate data management practices (leading to loss of data or inability to readily access information)	<ul style="list-style-type: none"> <li>• Information systems in place to support business needs.</li> <li>• Physical/technical security measures.</li> </ul>



Risk no	Risk description	Core controls
IN2	IT fraud (including access by hackers and inappropriate use by staff)	<ul style="list-style-type: none"> <li>• Policies and procedures and associated controls in place.</li> <li>• Measures to ensure staff are equipped with competencies in securing and appropriately sharing data and information.</li> <li>• Central/ searchable storage of electronic data and information.</li> <li>• Key datasets catalogued and responsibility assigned to individuals.</li> <li>• Terms and conditions for third parties (security and access) and routine review of compliance by key partners.</li> <li>• Good accessibility and effective management of datasets held across JNCC.</li> <li>• Sufficient capacity deployed into the network infrastructure to manage both storage and backup for data.</li> </ul>
IN3	Accidental or deliberate breaches of security of sensitive information by staff	
IN4	Failure to meet transparency and data protection obligations defined in legislation and government policy	
<b>Governance and compliance</b>		
GC1	Ineffective governance at Committee, Company Board and executive levels	<ul style="list-style-type: none"> <li>• Clear framework of accountabilities and delegations maintained and reviewed periodically.</li> <li>• Measures to ensure relevant groups/ individuals have appropriate competencies/ access to competencies.</li> <li>• Effective administration of all groups.</li> <li>• Regular scrutiny of performance reports by executive and non-executive groups.</li> <li>• Measures to ensure staff are equipped with necessary knowledge.</li> <li>• Policies and procedures and associated controls.</li> <li>• Robust auditing of compliance measures.</li> <li>• Robust partnership working arrangements.</li> </ul>
GC2	Failure to comply with employment or health and safety legislation	
GC3	Failure to comply with environmental management obligations	
GC4	Ineffective governance of work delivered in partnership with other organisations.	

Risk no	Risk description	Core controls
GC5	Ineffective staff engagement with internal audit processes.	<ul style="list-style-type: none"> <li>• <b>Regular communication of the value of internal audit with Science Management Board and key staff.</b></li> </ul>
<b>Quality of advice and decision-making</b>		
Q1	Advice provided to Government (or other stakeholders) is based on an inadequate evidence base or is not appropriately quality assured	<ul style="list-style-type: none"> <li>• Effective engagement with customers for advice to identify priorities, understand requirements and ensure 'no surprises'.</li> <li>• High profile or contentious advice signed off by senior staff or Committee, in line with schedule of delegations.</li> <li>• Research, survey, etc. commissioned where necessary to underpin advice.</li> <li>• Legal advice sought where appropriate.</li> <li>• Recruitment and CPD ensure staff have appropriate competencies (including up-to-date scientific knowledge for specialist staff).</li> <li>• Committee forward programme focused on issues of strategic importance.</li> <li>• Effective process of engagement between Committee and staff to consider emerging issues.</li> <li>• Ongoing implementation of JNCC's risk management strategy.</li> <li>• Implementation and monitoring of evidence quality assurance policies, standards and procedures.</li> </ul>
Q2	Advice provided to Government (or other stakeholders) fails to recognise wider political implications	
Q3	Failure to identify major issues affecting the environment	
Q4	Delays to decision-making and missed opportunities because too risk-averse	
Q5	Failure to deliver services and products of appropriate quality under contract to other organisations	
<b>Roles and relationships</b>		
RR1	Not being aligned to the priorities of UK Government and devolved administrations, especially in response to rapidly changing requirements.	<ul style="list-style-type: none"> <li>• Strategy, annual business plans and project plans agreed with stakeholders and communicated effectively externally and internally.</li> <li>• Effective engagement with stakeholders at all levels.</li> </ul>

Risk no	Risk description	Core controls
RR2	Changes to the status or functions of the country conservation bodies or JNCC's government sponsor bodies	<ul style="list-style-type: none"> <li>• Intelligence on political developments in UK government and devolved administrations.</li> <li>• Active engagement in key government reviews and initiatives.</li> <li>• Maintenance of a partnership working culture in JNCC, through training, performance management, etc.</li> <li>• Flexible approach within the support company, allowing rapid responses to changing circumstances.</li> <li>• Robust contract management arrangements.</li> <li>• Effective arrangements for engagement with NGOs.</li> </ul>
RR3	Lack of clarity regarding JNCC's role in relation to other government bodies	
RR4	Significant loss of co-operation between JNCC and partner organisations	
RR5	Loss of impartiality, e.g. through acceptance of inappropriate external funding or strong links to other organisations	
RR6	Governments and/or partners lose faith in JNCC's ability to deliver priority work	

## **Annex 3. JNCC's risk appetite statement**

### **1. Introduction**

JNCC faces a broad range of risks reflecting its responsibilities as an advisor to the UK Government and devolved administrations on UK-wide and international nature conservation. Some of these risks are included in an annual 'significant risk register' and are owned and managed by the Executive Management Board (EMB) and reported on at regular intervals to the Audit and Risk Assurance Committee (ARAC) and the Joint Committee.

JNCC takes a balanced approach to risk and is committed to managing risks effectively at all levels in the organisation. Effective risk management increases the probability of successful outcomes and can open avenues to new opportunities, whilst protecting the reputation of JNCC.

The management of risks in JNCC is undertaken within a framework comprising:

- governance processes;
- a defined risk process and appetite statement;
- identification, evaluation and management of significant risks;
- assurance and audit processes; and
- regular monitoring and reporting.

The risk appetite statement is designed to specify the amount of risk JNCC is willing to accept in the pursuit of its long-term objectives and implementation of its strategy. It also indicates the parameters within which JNCC needs to conduct its activities.

### **2. General statement of risk appetite**

JNCC will focus its efforts on addressing the significant risks affecting its ability to achieve the success measures as set out in annual business plans and to meet longer-term strategic goals but accepts that exposure to some risk is necessary to enable the effective delivery of objectives and in the pursuit of new opportunities and additional funding sources. Acceptance of greater risk is often necessary to foster innovation. Financial pressures are driving the need to reassess priorities and how they are delivered. The risk appetite is therefore being increased in relation to potential opportunities to generate income and enhance the reach and utility of JNCC's work. Where greater risk exposure is necessary, senior managers will ensure that decisions are taken with a full and clear understanding of the risks involved.

JNCC's approach is to minimise its exposure to reputational, relationship, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic aims. This risk appetite statement was formally adopted by EMB in February 2018.

### **3. Balancing risk**

Risk appetite reflects those risks that the organisation actively wishes to engage with to achieve its strategic objectives, whereas risk tolerance is how comfortable we feel about risk. Each individual perceives risk differently and so balancing these two can cause conflict. This is a positive formula for debate and robust decision-making. The risks we can afford to take, or our capacity for risk, determine the controls put in place to manage risk. Controls directly affect how reassured we feel about risks.

**JNCC risk appetite matrix**

	<i>Lower willingness to take risks</i>					<i>Higher willingness to take risks</i>					
	1	2	3	4	5	6	7	8	9	10	
Science quality											Dependent on the type of evidence product and the context in which it is being used. Should be proportionate.
Innovation											Subject to potential benefits and risks being understood and documented, decision-making being taken at an appropriate level, and measures to monitor and manage risks being in place.
Relationships and reputation											Dependent on the importance of securing a partnership/relationship to realise the JNCC strategy.
Governance/compliance											Maintaining high levels of governance is expected with no appetite for breaches in respect of legislation, regulation, government framework requirements and bribery/fraud.
Financial											There is a low appetite for risk for all financial activities, but limited additional risk is acceptable in the areas of recruiting for income projects; time investment in exploring and bidding for new funding opportunities; and income projects where they do not fully meet costs but progress JNCC's strategy.
Commercial											A cautious approach to exploring new avenues of external funding should be adopted. However, a higher degree of risk to realise opportunities is required so proportionate



JNCC's risk appetite in relation to science quality will be linked to the type of evidence product and the context in which it is being used, and should be proportionate, taking into account that basing a decision on a single evidence base carries greater risk than a decision based on multiple evidence bases. Risk is measured as the size of *impact* multiplied by *likelihood* of occurrence of an event. In terms of advisory or evidence products, JNCC relates *impact* to the use of the evidence or advice (i.e. the potential decision or policy application, and scale of change that is likely to result from its use). *Likelihood* relates to the relative contribution of the evidence to the overall evidence base being used to inform the decision process (i.e. to what extent is the evidence driving the decision or policy change, is it part of a larger evidence-driven process or the sole information source being used to underpin the decision).

[JNCC Evidence Quality Guidance Note #1](#) helps staff reduce risks associated with (mis)interpretation of evidence and mitigate the risk of challenge related to validity of findings used in evidence products.

[JNCC Evidence Quality Guidance Note #2](#) enables staff to adopt a risk-based approach to assessing the appropriate peer review process in relation to the level of risk assigned to an evidence product.

[JNCC Evidence Quality Guidance Note #3](#) outlines risks and mitigation measures associated with using expert opinion.

[JNCC Evidence Quality Guidance Note #4](#) provides information on mitigating risk posed by potential challenges to evidence and advice.

[JNCC Evidence Quality Guidance Note #5](#) defines monitoring, auditing and reporting processes to reduce risk of misaligned evidence quality procedures being applied across the organisation.

[The Evidence Quality Assurance Policy intranet pages](#) contain additional information on:

- Managing risks associated with evidence generation through joint working (Evidence Quality Guidance Note #6)
- Project risk profile template.
- Framework for assessing risk associated with novel approaches to evidence gathering.

## ***Innovation***

Innovation has been identified as a strategic priority for JNCC, particularly with respect to scientific and technological advances, which can offer tremendous potential to improve the quality, timeliness and cost-effectiveness of environmental evidence and advice. Examples include leading work on Earth observation using satellite data, use of Autonomous Underwater Vehicles (AUVs) to gather marine evidence, mathematical and computational modelling used to inform prediction and decision making, and the use of environmental DNA (eDNA). JNCC has been at the forefront of applying new technologies and recognises that this will involve a **moderate to high** degree of risk. An example of this is where JNCC was asked by Defra to develop a 'proof of concept' on how to manage large datasets on remote servers to accommodate Earth Observation data. Developers used innovative thinking to create a 'Beta' version infrastructure that met the brief for Defra. Having received positive feedback from other partners on the system infrastructure, JNCC took the risk to bid for a contract to provide a means for Scottish Government to distribute access to Scottish Lidar data using the Beta platform. This has now generated income which will pay for final modifications to the 'Beta' version infrastructure.

JNCC is comfortable in accepting a degree of risk subject to ensuring that the potential benefits and risks are fully understood and documented before developments are authorised, decision-making is taken at an appropriate level, and appropriate measures to identify, monitor and manage risk are in place.

## ***Relationships and reputation***

### *Relationships*

In order to carry out its role effectively, JNCC needs to build relationships and partnerships with a range of government and non-government bodies. Over recent years, JNCC has been proactive in this area, establishing high-level agreements with organisations such as the British Trust for Ornithology, Bat Conservation Trust, Cefas, Mammal Society, Marine Scotland Science and a range of academic research institutions. A strong partnership working culture is important in ensuring that JNCC is successful in achieving its objectives, and is vital for gathering intelligence on political developments in UK government, devolved administrations and UK Overseas Territories. In developing new relationships and partnerships, there may be necessary elements of risk-taking, for example working with a new, unfamiliar partner. JNCC has a **low to moderate** appetite for risk in this area, depending on the importance of securing a partnership/relationship to realise the JNCC strategy. Risks must be fully understood, documented and managed throughout the relationship building process. See also [JNCC's conflict of interest policy](#).

### *Commercial Partner Relationships*

Partners are organisations or individuals with whom JNCC works collaboratively to deliver specific objectives, often requiring formal agreement of roles and responsibilities. Commercial partner relationships can differ from procurement and contract management as they are, in most cases, defined in terms of business outcomes as opposed to service delivery.

It is important to keep in mind that whilst some specific risks (i.e. operational, financial) may be shouldered by partners, risks associated with overall delivery of a product or service and corporate reputation will be retained by JNCC in most instances. When developing partnerships it is important to judge whether the individual or organisation possesses the traits of a good partner by considering *inter alia*:

- Does the partner communicate in a clear, transparent and inclusive manner?
- Do any reasons exist that bring into question a partner's ethics?
- Do visions, aspirations, and culture align with those of JNCC?
- Will the partner constitute a reliable, cooperative and participative team member?
- Does the partner possess the means to deliver shared objectives?
- Does the partner possess the knowledge, skills, and awareness of relevant issues and future trends in the subject area that JNCC will be working?

By taking a clear and measured approach to commercial partnerships, judging both the risks and the benefits that they present, JNCC has a **low to moderate appetite** when approaching partnership working, noting that prior dealings with particular partners should be brought into consideration when assessing risk.

Effective commercial partnerships require a degree of openness, mutual trust and respect, effective communication, and sharing of information. As JNCC seeks to develop new areas of opportunity with partners it is important to be aware of the risks commercial partnerships can pose to the organisation and manage them accordingly.



## *Reputation*

Whilst building new relationships and partnerships, JNCC needs to maintain its reputation with key stakeholders and the wider public. JNCC has a **low to moderate** appetite for reputational risk, recognising that in pursuing new commercial opportunities some risk-taking is inevitable. However, JNCC disallows any behaviours that will damage its reputation and expects its [values](#) to be maintained.

JNCC's [Bid Risk Assessment](#) outlines risks associated with roles, relationships and reputation.

A Project Audit Document can be [downloaded from the intranet](#) and used to document expected roles and responsibilities, criteria used to select partners, and decisions made regarding partnership working.

Specific partnership agreements can be established to guide partnership working (e.g. JNCC Cefas Agreement, UK Terrestrial Evidence Partnership of Partnerships), or memorandums of understanding can be established to guide partnership working (e.g. JNCC Marine Scotland Science survey MoU).

JNCC staff should look for examples where JNCC have worked with specific partners previously and base risk assessments on past experiences. This could include talking with colleagues with prior knowledge of partner organisations or assessing quality of work produced by a potential partner.

## **Governance/Compliance**

JNCC places great importance on governance and compliance and has **no** appetite for any breaches in respect of legislation, regulation, government framework requirements and bribery and fraud. It wishes to maintain high standards of governance as set out in JNCC [policies](#) and procedures and has a **low appetite** for risk of failing to comply with mandatory governance requirements.

In order to protect the interest of stakeholders through effective corporate governance JNCC has a plan for improvements to Committee's engagement with sponsors and staff.

## **Financial**

As a Government-funded organisation it is imperative that JNCC ensures proper use of funding, achieves value for money and meets the financial management standards set out in [Managing Public Money and our governance documents](#). Along with the rest of the public sector, JNCC faces significant financial pressures. JNCC has a **low appetite** for risk in managing, accounting and reporting on all financial activities. This is managed through ensuring that a balanced budget is set each year.

JNCC wishes to mitigate the risk of diminishing GIA by securing new funding streams. In order to do this the organisation is willing to invest time in securing funding without a guarantee of success.

### *Additional risk acceptable*

- EMB may take the decision to recruit before income is secured.
- Staff time (funded by GIA) may be invested in exploring and bidding for new funding opportunities.

- Income contributions to projects may be accepted where they do not fully meet costs in order to progress JNCC's strategy.

#### *Additional risk must be mitigated*

- All proposals must be approved at Director level, via the agreed process.
- Effort spent on securing funding must be proportionate.

#### *Risk examples relating to expenditure*

- Risk appetite is the same for all expenditure, whether funded from GIA or other income sources.
- It follows that the same controls apply to all expenditure.
- We aim for total GIA expenditure to be within 2% of budget at each year end.
- Cash flow is managed to ensure that bank accounts never become overdrawn.

#### *Examples of acceptable risk*

- Expenditure up to £100 can be incurred without obtaining quotes.
- Expenditure using government procurement card or expense claim can be authorised by project managers up to a value of £2,000.
- Authorisation may be given during the year to exceed budgets, where EMB consider that there is otherwise likely to be an underspend at the year-end.
- Decisions about moving budgets between projects and altering spending plans can be made in year, subject to adherence to the Financial Scheme of Delegation.

### **Commercial**

The need to establish a sustainable financial footing for JNCC and budget pressures within Governments are driving the need for JNCC to develop a more enterprising culture by extending core work in new ways, providing new products and services to existing customers, and expanding the customer base and funding sources. It is envisaged that non-GIA activities will generate additional income, which will necessitate the organisation to be more aware of its competitiveness in new market spaces, as this will support JNCC's long-term resilience during periods of financial uncertainty.

JNCC takes a cautious approach to exploring new avenues of external funding. However, it is recognised that a well-considered and efficiently implemented programme of income generation will help to mitigate future pressures brought about by reductions to GIA funding. JNCC will need to accept a higher degree of risk to realise opportunities and is prepared to accept the possibility of limited financial loss. Its business development strategy will be to take **proportionate risks** that are appraised on a case by case basis within a [risk-based approvals process](#); examples are outlined below.

Commercial opportunities that are considered to present **low** risk are those that *inter alia*: have no, or negligible, negative impact on the environment; present no health and safety risks; possess low potential to damage JNCC's reputation; enhance stakeholder relationships; are unlikely to overrun in terms of time and costs, or have contingency in the budget; have sufficient resources to ensure delivery; require the technical skills JNCC possesses, thus limiting the need for sub-contracting; and enable JNCC to recover a large proportion of any financial outlay and require low proportion of seed funding.

Any commercial opportunities that are converse to the examples listed above will be considered **high** risk.

Before pursuing new commercial opportunities, staff must examine all commercial opportunities against the Go/No Go process and JNCC Bid Risk Register in order to ascertain the level of **proportionate risk** and follow the appropriate bid management process.

### ***Strategic change***

JNCC needs to remain adaptable to meet evolving challenges and capitalise on emerging opportunities. JNCC's appetite for risks associated with identifying and implementing the change initiatives needed to deliver its strategy and meet external challenges is commensurate to the degree of change, levels of uncertainty, and the amount of liability exposure and therefore a **proportionate risk** appetite is exercised. JNCC expects strategic changes to be managed according to good practice in change management and will put in place a prioritised, properly resourced and realistic programme of change, ensuring that staff are engaged effectively throughout the process.

Areas where JNCC is willing to accept a **moderate appetite** for risks associated with strategic change are those where the organisation already possesses a high level of existing experience, expert knowledge and technical expertise.

More information on the strategy can be found [here](#).

### ***People and culture***

JNCC aims to value, support, develop and utilise the full potential of its staff to make JNCC a stimulating and safe place to work and to deliver the strategy effectively. JNCC places importance on a culture of equality and diversity, dignity and respect, staff development, constructive performance appraisal, and health and safety. It is imperative that JNCC builds a resilient and flexible workforce, now and for the future.

#### ***People***

The risks around 'people' affect business continuity and everyday working, e.g. recruitment, equal opportunities, security, health and safety and wellbeing, as well as workforce planning and organisational development. Day to day, JNCC requires **full compliance** with policies.

JNCC's significant people risks include:

- Calibre of people – JNCC relies on motivated and high-quality staff to perform its functions. JNCC aims to create an environment where employees are empowered to the full extent of their abilities. JNCC has a **low appetite** for losses to the value of collective competencies, knowledge and skills.
- Conduct of people – JNCC expects employees to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve. JNCC has a **low appetite** for behaviours which do not meet the required standards as set out in JNCC's policies and procedures.
- Health & safety - JNCC aims to create a safe working environment for all staff, where people are protected from physical or psychological harm. JNCC has a **low appetite** for practices or behaviours that lead to staff being exposed to health and safety risks

whilst at work; this extends to include work-related activities conducted outside of JNCC premises.

### *Organisational culture and values*

JNCC needs to adapt to new ways of working to deliver objectives under its strategy. This will require a shift in culture and adoption of new ways of working. In order to implement culture change, JNCC will need to accept a greater degree of risk exposure in order to align culture with the delivery of its strategic objectives.

JNCC's values are qualities, characteristics, or ideas about which JNCC feels strongly. They provide a statement of the sort of organisation we are. Communicating and 'living' these at a corporate level provides standards to guide JNCC's actions, judgements and attitudes, shaping the culture of the organisation. The [values](#) are important in defining how we behave and the culture of the organisation.

JNCC has a **moderate** appetite for taking risks associated with delivery of culture change, but at the same time expects JNCC's values to be applied in any risk taking.

### *Information accessibility and security*

JNCC is committed to ensuring that information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements, and that a robust information management policy is in place, complete with a suite of protocols. Examples of the types of protocols JNCC staff are expected to follow include: [IT Usage Policy](#), [Retention and Disposal Policy](#), [Spatial Data Management Protocol](#), and [Electronic File Storage Policy](#). JNCC is committed to sharing information on <https://data.gov.uk> where appropriate, in line with Government policies on data, for example Open Data. JNCC has a **low appetite** for any deviation from its information management policies.

There are also a number of risks stemming from JNCC's use of Information Technology (IT). These cover both daily operations and on-going enhancements to IT systems. They include:

- Processing – JNCC has a **low appetite** for risks liable to impact upon the availability of systems which support critical business functions. Maximum recovery times are identified and agreed with each business area.
- Security (cyber-attack on JNCC's systems or networks): JNCC has a **low appetite** for threats to its assets arising from malicious external attacks. To address this risk, JNCC aims for strong internal control processes and the development of robust technology security solutions that it expects staff to adhere to.
- On-going development: the implementation of new technologies creates new opportunities, but also new risks. JNCC has a **moderate risk appetite** towards improving accessibility of information, but has a **low risk appetite** for IT system-related incidents which are generated by poor change management practices.

### **Data management**

JNCC is dedicated to pursuing good standards of data management practice to facilitate delivery of its functions. All staff use personal data, and have a responsibility to be diligent when collecting and using it, protecting it in line with JNCC's policies, the General Data Protection Regulation (GDPR) and national legislation. See JNCC's data protection

policy and further information. JNCC has a low risk appetite in relation to data management.

*Data principles to uphold*

- Processed lawfully and for legitimate purposes
- Processed fairly and transparently and for specific and explicit purposes (through a privacy notice)
- Data are adequate, relevant, accurate, up to date, and limited to what is needed
- Kept in a form which permits identification of subjects for no longer than is necessary
- Protected against unauthorised/unlawful processing, accidental loss, destruction or damage (technical or organisational measures)