![JNCC logo](Joint Nature Conservation Committee)

The one hundred and twenty-sixth meeting of the Joint Nature Conservation Committee to be held at 08.50 on 11 March 2021 virtually via Microsoft Teams

This paper was provided to the Joint Committee for decision/discussion or information. Please refer to the minutes of the meeting for Committee's position on the paper.

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JNCC 21 06
March 2021

Joint Nature Conservation Committee

Risk management in JNCC

Cover note by Marcus Yeo

Executive summary

1.   Action required

1.1.   The Joint Committee is asked to:

i.   **endorse** the draft significant risk register for 2021/22 (Annex 1) with adjustments as required;

ii.   **note** the corporate risk register (Annex 2);

iii.   **discuss** the risk appetite statement (Annex 3) and advise on any adjustments required, notably the extent to which JNCC should increase or decrease its risk appetite and if so for which areas of activity;

iv.   **note** the reports of the risk drill downs ARAC members have undertaken in 2020/21 to examine the soundness of the risk management processes underpinning risks on the significant risks register (Annex 4) and **identify** any areas they would like to see included in the risk drill-down programme and **nominate** any members outside of ARAC who would wish to undertake a review.

2.   Key issues

2.1.   The Joint Committee has ultimate responsibility for ensuring sound risk assessment and management and internal control systems are in place within JNCC. It is important that all Committee members adopt a questioning and 'hands on' approach to risk management. All Committee members should be fully aware of JNCC's key risks and should seek assurance from the executive that actions to mitigate risk are being taken, are appropriately resourced and will deliver the desired outcome.

2.2.   A draft significant risk register for 2021/22 (Annex 1) has been developed following discussion by ELT and a videoconference with Committee members, both in January. It is restricted to a small number of the highest risks facing JNCC over the coming 12 months. A separate risk register for Covid-19 risks is no longer required, risks associated with coronavirus have been included in the significant risks register for 2021/22.

2.3.   Risk appetite (Annex 3) is a management tool which helps to inform decision making and assists managers in delegating decisions to the right level. The flipside of risk is opportunity and the Committee should set a risk appetite for the organisation that reflects this. Members are asked to review the document to confirm the appetite is set at an appropriate level, particularly in relation to income generation, innovation, evidence quality and rising risk levels in relation to funding.

2.4 Risk drill downs by ARAC members have been a useful exercise in gaining assurance on mitigation activity and identifying any gaps that need to be filled. In 2021/22 further risk drill downs are being considered in the areas of staffing; cyber threats; work quality and reputational damage; and funding and income diversification.

2.5 The Audit and Risk Assurance Committee (ARAC) agreed the broad scope and content of this paper in November and commented on the paper intersessionally in February. ARAC will discuss this paper at their meeting on 10 March and any substantive comments will be reported to the Joint Committee on 11 March by the ARAC Chair.

JNCC 21 06
March 2021

Joint Nature Conservation Committee

Risk management in JNCC

Paper by Tracey Quince

1.   Introduction

1.1   Risk is part of day to day business. JNCC 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 executive 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 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 2020/21 is included within the quarter 3 performance report to Joint Committee (JNCC 21 12).

2.3.   Annex 1 contains a draft significant risk register for 2021/22. This has been prepared following discussion by ELT in January and from discussions with members at the Joint Committee videoconference in January. While the broad scope of the draft risk register for 2021/22 is similar to the 2020/21 register, the risks have been redefined and reassessed to ensure the register accurately reflects JNCC's current risk environment.

2.4.   The criteria used to assess risk likelihood and impact are described at the end of 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 is therefore able to participate in quarterly risk reporting undertaken across the Defra group.

2.5.   The principal 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, over the past twelve months, ARAC have strengthened their role by advising on:

   i.   the extent to which mitigation is having the desired effect. Drill down reports by ARAC members can be found in Annex 4;

   ii.   where JNCC wants to position itself in relation to risk mitigation, taking into account the organisation's ability to influence the causes of risks and the reasons for tolerating risks at certain levels;

   iii.   the 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.

2.6.   The **corporate risk register** provides a profile of the entirety of the risk the organisation faces. In conjunction with the significant risk register it helps to focus internal 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. This register has been used to build an organisational assurance map which will be used to target effort and resource to mitigate risks, identify areas for internal audit review and plan change management initiatives to increase efficiency and effectiveness of corporate processes and systems. The corporate risk register is reviewed annually and the latest version is attached at Annex 2.

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. 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.   Risk-taking is, for example, an essential part of developing and growing external income. The Committee is asked to set the organisational risk appetite, with an appreciation that this has to include risk-taking ability. Being clear at all levels of the organisation about the amount of risk the organisation is willing to take or has taken, ensures that performance and delivery are maximised and opportunities are seized whilst ensuring the stability of the organisation.

3.3.   In July last year, an executive summary document of the risk appetite was produced for staff. Staff were also asked for any comments on the risk appetite statement. The key changes were:

i.   The risk appetite matrix has been colour coded to aid understanding of risk levels.

ii.   The willingness to take risk is now indicated on the risk appetite matrix for each category.

The revised risk appetite statement can be found at Annex 3.

3.4.   Overall, JNCC has an informed and prudent appetite for taking significant risks, alongside taking opportunities where they arise.

4.   Risk drill-downs

4.1   ARAC members have undertaken three risk drill downs during 2020/21 (see Annex 4). All three reports were responded to by the executive with follow-up action monitored by ARAC. The drill downs were:

i.   EU exit and devolution
ii.   Change management in JNCC
iii.   JNCC's response to Covid-19

4.2   The executive find risk drill-downs useful and informative. A programme of future risk drill downs includes:

i.   staffing risks
ii.   cyberthreat risks
iii.   work quality and reputational damage risks
iv.   funding risks/income diversification

4.3   Members are asked to consider whether there are any additional areas they would like to see included in the risk drill-down programme and whether any members outside of ARAC would wish to undertake a review.

Annex 1. Draft significant risks register for 2021/22

All assessed over a one-year time frame

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

Risk	Inherent rating			Key mitigation actions	Residual/current rating (target rating in parentheses)			Risk Owner
					Likelihood	Impact	Total	
1. Decline in staff wellbeing and morale and increased staff turnover due to impacts of Covid, low pay and other factors	VH	H	VH	• Review approach to pay and reward in JNCC, taking into account the outcome of the pay flexibility business case (April 2021 onwards) • Monitor effects of Covid-related restrictions on working practices and wellbeing and take action to address areas of concern (ongoing) • Implement new approach of blended home/office working once Covid restrictions are relaxed (timing uncertain) • Undertake people survey and implement an action plan to address the findings (late autumn 2021) • Build resilience into teams through succession planning and where necessary investing in cover for key roles (June 2021)	H (M)	H (M)	H (M)	Gemma Harper
2. Divergence in priorities, approaches and structures between the four nations of the UK affects JNCC's ability to undertake its core functions and deliver its strategy	VH	H	VH	• Business plan setting out priorities agreed with each government (April 2021) • Dedicated JNCC posts in each country improve 2-way communication between JNCC and country conservation bodies and governments (June 2021 onwards) • JNCC Chair and CEO have regular meetings with counterparts in each country (ongoing)	H (H)	H (M)	H (H)	Gemma Harper
3. Insufficient funding to deliver core functions	H	H	H	• Appropriately resourced annual business plan that meets governments' priorities (April 2021)	M (L)	M (M)	M (M)	Chris Brooks

and maintain critical mass of expertise				• Strategic approach to income generation, focused on developing priority business areas (ongoing) • Regular review of income pipeline (ongoing) • Input to Spending Review to secure appropriate multi-year funding for JNCC (summer 2021 onwards)				
4. Cybercrime and/or failure of information technology systems results in financial loss, disruption or damage to JNCC's reputation	H	H	H	• Revise password policies to ensure more robust passwords across staff • Revise some elements of IT setup (follows recent review) to reduce risk of attack and ability to detect attempts to access network • Rollout Multifactorial Authentication to alleviate risk of passwords being inadvertently shared	M (M)	H (M)	H (M)	Steve Wilkinson
5. Leadership changes in JNCC cause problems with delivery, stakeholder relationships or corporate governance	M	M	M	• Induction programme for new Chair and CEO (May 2021) • Handover period between outgoing CEO and incoming interim CEO (April 2021) • Complete appointment of permanent CEO (December 2021) • Maintain continuity as far as possible in JNCC's senior leadership and Committee membership (ongoing)	L (L)	M (M)	M (M)	Gemma Harper
6. Failure to take advantage of opportunities for international action on biodiversity and climate change	M	M	M	• Work closely with UK and devolved governments and country conservation bodies to provide input to CBD COP15, UNFCCC COP26 and other international events (ongoing) • Develop and implement plans to deliver actions agreed at COPs (December 2021) • Strengthen support to government on ODA spend (ongoing) • Build and maintain capability in priority areas, e.g. economics (June 2021)	L (L)	L (L)	L (L)	Steve Wilkinson

	Likelihood (over a 1-year time period)	**Impact (over a 1-year time period)**
VERY LOW	<5% (Very unlikely to happen)	Very limited impact on a small part of JNCC's activities. Business continues as usual.
LOW	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.
MEDIUM	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.
HIGH	51<80% (Likely to happen)	Some of JNCC's major objectives cannot be achieved. Business can still deliver but not to expected level.
VERY HIGH	>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
Resource availability and usage		
RA1	Decreased funding (from government and other sources)	• Responsibilities of government funding bodies set out in Framework Document.
RA2	Staff numbers, structure and competencies do not support effective and efficient delivery of current/future work programmes or enable sufficiently rapid change	• Dialogue with government and other funders to identify priorities and funding requirements (through annual business planning cycle and on an ongoing basis). • Stakeholder relationship management and communications strategy. • Robust resource allocation, management and reporting processes.
RA3	Ineffective use of resources (including failure to obtain vfm)	• Internal structures and accountabilities that provide necessary controls (e.g. schedule of delegations, terms of reference for management groups).
RA4	Major fraud and other losses	• Measures to ensure staff are equipped with competencies in resource planning and management.
RA5	Failure to meet financial and accounting obligations	• Business development strategy to diversify and increase income. • Competency framework for staff.
RA6	Unsuitability of office facilities	• Annual people survey and associated action plan.
RA7	Poor staff cohesion, morale and motivation	• Effective internal communications. • Good line management at all levels, with training and guidance provided as necessary. • Development of a strategic approach to workforce planning. • Peterborough office relocation project.

Risk no	Risk description	Core controls
Information accessibility and security		
IN1	Inadequate data management practices (leading to loss of data or inability to readily access information)	• Information systems in place to support business needs. • Physical/technical security measures. • Policies and procedures and associated controls in place. • Measures to ensure staff are equipped with competencies in securing and appropriately sharing data and information. • Central/ searchable storage of electronic data and information. • Key datasets catalogued and responsibility assigned to individuals. • Terms and conditions for third parties (security and access) and routine review of compliance by key partners. • Good accessibility and effective management of datasets held across JNCC. • Sufficient capacity deployed into the network infrastructure to manage both storage and backup for data.
IN2	IT fraud (including access by hackers and inappropriate use by staff)	
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	
Governance and compliance		
GC1	Ineffective governance at Committee, Company Board and executive levels	• Clear framework of accountabilities and delegations maintained and reviewed periodically (e.g. schedule of delegations, terms of reference for management groups). • Measures to ensure staff have appropriate skills and experience. • Regular scrutiny of performance reports by executive and non-executive groups. • Comprehensive set of policies and procedures and associated controls, regularly reviewed and updated.
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	

Risk no	Risk description	Core controls
	in partnership with other organisations.	• Robust auditing of compliance measures.
GC5	Direct or indirect legal challenge from non-government organisations and others post EU Exit.	• Robust partnership working arrangements (including memoranda of agreement and other arrangements, where appropriate). • Access to good legal advice when required.
Quality of advice and decision-making		
Q1	Advice provided to Government (or other stakeholders) is based on an inadequate evidence base or is not appropriately quality assured	• Effective engagement with customers to identify priorities, understand requirements and ensure 'no surprises'. • High profile or contentious advice signed off by senior staff or Committee, in line with schedule of delegations.
Q2	Advice provided to Government (or other stakeholders) fails to recognise wider political implications	• Research, survey, etc. commissioned where necessary to underpin advice. • Legal advice sought where appropriate.
Q3	Failure to identify major issues affecting the environment	• Recruitment and CPD ensure staff have appropriate competencies (including up-to-date scientific knowledge for specialist staff).
Q4	Delays to decision-making and missed opportunities because too risk-averse	• Committee forward programme focused on issues of strategic importance. • Effective process of engagement between Committee and staff to consider emerging issues.
Q5	Failure to deliver services and products of appropriate quality under contract to other organisations	• Ongoing implementation of JNCC's risk management strategy. • Implementation and monitoring of evidence quality assurance policies, standards and procedures.
Roles and relationships		
RR1	Not being aligned to the priorities of UK Government and devolved administrations, especially in response to	• Strategy, annual business plans and project plans agreed with stakeholders and communicated effectively externally and internally.

Risk no	Risk description	Core controls
	rapidly changing requirements.	• Effective engagement with stakeholders at all levels, including allocation of specific responsibilities to individuals within JNCC.
RR2	Changes to the status or functions of the country nature conservation bodies or JNCC's government sponsor bodies	• Intelligence on political developments in UK government and devolved administrations.
RR3	Lack of clarity regarding JNCC's role in relation to other government bodies	• Maintenance of a partnership working culture in JNCC, through training, performance management, etc.
RR4	Significant loss of co-operation between JNCC and partner organisations	• Flexible approach to delivery within JNCC, allowing rapid responses to changing circumstances.
RR5	Loss of impartiality, e.g. through acceptance of inappropriate external funding or strong links to other organisations	• Robust contract management arrangements.
RR6	Governments and/or partners lose faith in JNCC's ability to deliver priority work	

Annex 3. JNCC's risk appetite statement (as at August 2020)

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 Leadership Team (ELT) 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

	Lower willingness to take risks						Higher willingness to take risks				
	1	2	3	4	5	6	7	8	9	10	
Science quality		x	x	x	x						Dependent on the type of evidence product and the context in which it is being used. Should be proportionate.
Innovation					x	x	x	x			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		x	x	x	x						Dependent on the importance of securing a partnership/relationship to realise the JNCC strategy.
Governance/ compliance	x	x									Maintaining high levels of governance is expected with no appetite for breaches in respect of legislation, regulation, government framework requirements and bribery/fraud.
Financial	x	x									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		x	x	x	x						A cautious approach to exploring new avenues of external funding should be adopted. However, a

Category											Description
											higher degree of risk to realise opportunities is required so proportionate risks that are appraised on a case by case basis are acceptable within a risk-based approvals process.
Strategic change			x	x	x	x					Subject to strategic changes being managed according to good practice in change management and a prioritised, properly resourced and realistic programme of change being in place.
People and culture	x	x	x	x	x	x					Full compliance with policies is expected. In order to implement culture change, a greater degree of risk exposure is needed in order to align culture with the delivery of strategic objectives.
Information accessibility and security	x	x	x	x							Full compliance with information management policies and good standards of data management practice to facilitate delivery of JNCC's functions is expected.

Risk appetite categories

Science quality

JNCC has a strong record of success in providing robust evidence and trusted advice to enable governments, and other stakeholders, to achieve their policy objectives via effective science-based decision making. It is critical that the quality of JNCC's scientific advice and evidence is fit for purpose, in that the final advice product is suited to its intended purpose, factually correct and devoid of inaccuracies, and complies fully with the decision makers' requirements.

Evidence and advice provided by JNCC needs to be sufficiently robust in quality to provide confidence to decision makers that their decisions are underpinned by the best available evidence and to avoid drawn out review processes and minimise the need for additional work.

JNCC's Evidence Quality Assurance (EQA) Policy outlines a **risk-based approach** JNCC staff must take when assessing and managing evidence quality procedures. In this context, the term 'risk' relates to the degree of risk posed to biodiversity and ecosystems from decisions based upon the advice and evidence JNCC provides. JNCC produces a range of scientific advice and evidence, ranging from short, rapidly produced advice notes, through to

major data and evidence products. The EQA approach for each product is necessarily very different, but all forms of scientific advice and evidence should undergo some level of EQA risk assessment.

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, and is a good collaborator, 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

- ELT 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 ELT 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.](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)

Annex 4. Reports of risk drill-downs undertaken since April 2020

<u>**Report 1 June 2020**</u>

Report of a "Deep Dive" exercise on EU exit and devolution undertaken by Colin Galbraith

Process

JNCC's ARAC is trialling a process of "Deep Dives" where a member of the ARAC is asked to review particular work areas, and in discussion with the JNCC Executive to consider if any action is required to manage "risk" in that area.

This short report outlines where three areas of external change have the potential to impact on the governance and modus operandi of JNCC. A series of key questions was identified relating to each area and were considered in detail as part of the discussions.

The work was undertaken as follows:

- Phone call between Colin Galbraith and Marcus Yeo on the 20th January 2020 to scope the work and to agree the overall process.
- Teleconference between Colin Galbraith, Marcus Yeo, Chris Brooks, Christine Maggs and Tracey Quince on Monday 2nd March 2020 to consider issues in detail.
- Draft report produced by Colin Galbraith on the 10th March 2020 for comment by JNCC staff.
- Oral report to ARAC on 11th March 2020 by Colin Galbraith.
- Report completed following comments from JNCC staff on 29th April 2020.

Issue 1 - Devolution and divergences of conservation practice

1.1 What measures have been taken to keep up to speed with diverging nature conservation and other related practices in the four countries?

It was noted that divergence of view and practice on the ground is happening in both terrestrial and marine conservation across the UK. It was stressed staff in the Country Agencies are very supportive of the need for a collective view and work along with staff from JNCC to achieve this where appropriate. This was especially the case at the Chief Scientist level where a very active and important dialogue takes place. Regular dialogue also takes place between JNCC staff and officials in Defra and the Devolved Administrations.

Divergence of practice is likely to continue, however, hence it is timely and important to identify work areas where getting a collective view at the UK level is particularly important and areas where this is not essential.

Action – Clarify work areas where having a collective UK view is important.

1.2 What scenarios for possible future changes is are you evaluating?

Clearly with ongoing divergence it is important to consider what the future picture of nature conservation practices in the four countries of the UK may look like, and from this to consider how JNCC would relate to this overall. It would be a useful investment of time to consider a range of scenarios and to identify the key work areas for coordination and for the development of an overarching UK view. For example, whilst previously the need to collate

information to inform reporting to the EU was a significant role for JNCC, the need for a single UK Report to a variety of international Conventions and treaties remains important.

Action – Consider investing staff time to develop and evaluate scenarios on possible future divergence of nature conservation practices across the UK and determine the significance of these possible changes for JNCC

1.3 What level of dialogue and communication are you undertaking with the various devolved authorities to ensure that you are aware of their thinking and possible changes?

This is an active area of work for JNCC and plans are an advanced stage to embed at least one staff member in the "Country Agencies" in Scotland and Northern Ireland with this arrangement already working well with NRW. There is, however, an obvious gap in this approach in that there are no plans developed at present to have a similar arrangement with Natural England. It would seem appropriate to have discussions with Natural England to evaluate whether such an arrangement would be valuable and to help ensure that the link to Natural England is similar to the other three countries. It seems that having a similar system across all four countries would be desirable.

Action – Continue to develop plan to embed at least one staff member in each of Scotland, Wales and Northern Ireland and in particular explore with Natural England if this would be desirable.

Overall dialogue across the UK is said to be good, with active dialogue and discussion on key issues. One particular issue discussed was the desirability of raising the profile within Scotland of the JNCC office in Aberdeen. A significant number of JNCC staff are based there and it is an important part of the organisation overall.

Action – Consider how to raise the profile of the Aberdeen office.

Issue 2 – Brexit

In discussion it was noted that the UK was now in the transition phase with the priority being to ensure business continuity over the coming year and into 2021.

2.1 Post Brexit, what staffing levels and changes are predicted?

It was noted that staffing levels had increased to help ensure business continuity over the Brexit period and had now stabilised. Much of the Brexit related work has been "mainstreamed" into the overall work programme. The forthcoming Government Spending Review will be key to determine priorities for delivery and to determine future staffing levels. Staffing levels will be reviewed once forward budgets are clarified.

2.2 What level of dialogue do you have with Brexit related parts of Defra and other Agencies to ensure that you are aware of possible future changes – especially after the transition period is over?

JNCC has strong links to relevant parts of Defra. JNCC and the Country Agencies come together through the inter-agency EU Issues Group to discuss Brexit issues.
It was noted that several other Agencies in the Defra family and across the Devolved Administrations are in a very similar position to JNCC having a remit in some aspect of environmental management, hence the desirability of maintaining strong links to these bodies and of "comparing notes" with them to see how they are managing any issues.

2.2 What is the impact so far, and predicted in future, on EU staff working for JNCC?

There had been a period of some uncertainty for staff and some concern continues. Everything possible has been and is being done to reassure staff. It is important to keep a watching brief on the wider situation and on the morale and wellbeing of the staff directly affected. Current JNCC staff from EU countries are likely to apply for settled status in the UK.

2.3 How are you assessing the possible medium term impact on funding for JNCC?

Discussion included consideration of future GIA and possible external funding sources that may change significantly in future?

It was concluded that, within reason, short term funding will probably be around current levels, albeit with some reduction in GIA likely. Dealing with the uncertainty around this will be challenging, as it has been in previous years. The medium term (3-5 years) appears much less certain than normal with more significant change in funding possible.

2.4 Have you put in place effective contingency measures; for CITES related works in particular?

After a detailed discussion, it was concluded that all reasonable measures had been taken by JNCC to ensure continuity of the service underpinning the CITES work, in particular advice to APHA on licence applications. Staffing levels had been increased, albeit with some recruitment remaining to complete. The Unicorn computer system remains a concern and is perceived as a significant risk for the organisation. Defra have been made fully aware of the situation over recent years.

Action – Continue to inform Defra of the risks involved in running the Unicorn computer system and the implications of any problems arising.

2.5 How are you assessing the possible future impact on JNCC's science related work?

Discussion included consideration of future funding options and on any impact on EU/European partnership projects as well as on future liaison across Europe. Concerns remain about funding of projects in the medium term (3-5 years) and on the possibility of JNCC not being included in "collective thinking" and in project development at the European level, as would have happened in previous years.

It is important to consider these issues in future by developing a plan to ensure that funding is secured and that JNCC continues to play an active part in "European" projects – as appropriate. This may take some new thinking and identification of funding options not previously explored.

Action – Further consideration of funding options and of the need to participate in key international projects would be useful to inform future priorities for JNCC.

Issue 3 - Government policy change and new legislation

This section was included here as the issue of legislative change arose in relation to the discussions relating to devolution and to Brexit. It was noted that with a range of new legislation currently going through parliament that the wider legislative "landscape" in relation to the environment was changing. It was important that JNCC was aware of the changes (at UK and devolved levels) and that a watching brief was maintained to ensure that the implications for JNCC of any new legislation in future was fully evaluated. This is particularly important given the issues outlined in the earlier sections of this report and to ensure that any views from JNCC can be communicated to government as part of any proposed changes.

Action – To keep a watching brief on legislative change at UK and devolved scales.

Report 2 – September 2020

Drill-down into Significant Risk Area: Management of Change

Report by Cath Denholm

1. Introduction

1.1. Following a pilot in June 2019 by Nigel Reader, other members of ARAC have been asked to conduct drill-downs into specific areas of risk in the Significant Risk Register (SRR). This short report covers a drill-down into Change Management led by Cath Denholm, Committee Member, in August 2020.

1.2. At the time when this report was commissioned, there was a specific risk in the 2019/20 SRR that related to Change Management, namely:

Failure to change the organisation to deliver the strategy and meet changing customer requirements.

1.3. By the time the drill-down was undertaken, the 2020/21 SRR had been refreshed and a specific risk on change was no longer included. Nevertheless, the ELT recognised that how change is managed is inherent to the delivery of the strategy and to the management of most risks in the SRR.

2. Process

2.1. The drill-down was undertaken as follows:

i.   Pre-reading of documents relating to the Transformation Plan sent by Chris Brooks.
ii.   Outline questions prepared from this reading (these were sent to JNCC staff 10 August).
iii.   Video conference meeting between Cath Denholm, Marcus Yeo, Chris Brooks, Joy Corney and Tracey Elliot ('the Team') on 11 August 2020.
iv.   Draft report for comment by the Team.
v.   Brief follow up conversation between Cath Denholm and Marcus Yeo.
vi.   Two further documents sent by Marcus Yeo.
vii.   Report completed following comment.

2.2   The report is structured around four main question areas and issues which were identified in the pre-reading and explored in the meeting. The final section summarises my conclusions and recommendations.

3.   What is the Approach to Change Management?

3.1.   With the exception of the 2020 ELT Forward Planner, all of the pre-reading sent related to the Transformation Plan and dated no later than Q3 2019. This led to a natural desire to understand the apparent gap between those reports and the present.

3.2.   The Team explained that a decision had been made early in 2019 to move away from a formal Transformation Plan and to integrate change work into 'business as usual'. The rationale was that they had not found a dedicated plan to add value and, indeed, to have been off-putting to staff in terms of its complexity and the number of steps and actions. The argument put forward was that 'change is a constant' and should be seen as 'part of the day job'.

3.3.   This is not an unreasonable argument and clearly draws from the positive prior experience of the Director of Finance and Resources.

3.4.   My observations are that some kind of formal closing off of the Transformation Plan might have been beneficial. In addition, a short, written description of this new approach to change, its rationale and how it will be managed would be both a useful form of assurance and a helpful guide for the ELT and staff to ensure focus on change remains clear.

4.   Given this Approach, how are we assured that the right Change Priorities are being identified and acted on?

4.1.   On asking what the priority change actions are now that they are no longer articulated in a discrete Transformation Plan, the rationale given by the CEO was that 'the strategy is the driver' and, in particular, the Development Priorities that the Team are currently deriving from the strategy.

4.2.   The aim to align the strategic Development Priorities and organisational change is good. However, although it was agreed that the underpinning changes required to achieve these Development Priorities were likely to be in the area of Staff Skills, Systems and External Stakeholder Relations (broadly as per the original Transformation Plan), the Team have not fully specified what changes they hope to see either in a short time frame (e.g. a year) or within the life of the strategy. They felt that it would be too time-consuming and also premature to do this for all the Development Priorities at this stage. That said, the Team are thinking along these lines. For example, notes now seen from an ELT in May 2020 set out the current recruitment priorities in line with the development areas.

4.3.   The Team also felt that some line of sight could be found between the strategy and current year's change plans referenced in the Business Plan (Theme 5), SRR and ELT Forward Planner.

4.4.   The SRR does, at quite a high level, note change-related action areas in response to several of the risks e.g. 'Strategic approach to income generation', 'Strengthen partnerships with key organisations', 'Introduce strategic workforce planning' and 'Build capacity in priority areas (e.g. economics)'.

4.5.   The ELT Forward Planner also makes reference to the timing when some of these matters will be discussed (e.g. Workforce Planning), although with no information on, for example, expected outcomes.

4.6. A comment made during the meeting – 'We need to walk before we can run' – particularly struck me. If this implies, as I believe it did, that the ELT are anxious not to 'overwhelm' staff with expectations of change, particularly during the disruption of COVID, then the extent to which the ambitions of the Strategy are dependent on organisational change needs to be clearly understood.

4.7. I also note that there was no specific exploration of how customer requirements for change are being assessed.

5. Given this approach, how are we assured that Change is monitored effectively?

5.1. The CEO acknowledged that there may be a gap between high level strategic aims and detailed business planning and, while an 'evolving and emerging' approach is advocated, I do not think the ELT have fully thought through how they will be able to show this has worked.

6. Engagement of Staff

6.1. People were a significant element of the original Transformation Plan and this is still a focus for the ELT. Although I was not offered a detailed analysis of how people need to change, it was encouraging to hear that it was felt that the 'momentum for change' was building in response, for example, to flat-line funding.

6.2. In the discussion, a lot of emphasis was put on the responsibility of team leaders and managers to drive change. On probing, it was acknowledged that some teams were more self-starting than others.

6.3. I also asked the extent to which staff were clear on the change agenda. The Team referenced the management board agendas, blogs, message cascades and the tone of general interactions, feeling that change was a constant thread through all of this. Managers' responsibility to promote change was also said to be within the guidance on performance management, although it did not seem to have been specifically updated with regard to change since the Transformation Plan approach was set aside.

6.4. A positive example of staff's engagement in change is that the Assurance Mapping processes are now taking hold and seem to be welcomed by staff. However, the extent to which these systems promote 'routine' continuous improvement rather than transformational change is still a question.

6.5. I was not entirely convinced that the Team had a settled view of how the change agenda should be maintained during COVID. For example, COVID was described as 'getting in the way' of people coming together to discuss change targets for the year.

6.6. Given the likely medium to long term effect of COVID on working practice and the clear need and expectation that staff lead and, indeed, 'are' the change, I would suggest that it is important that the ELT reach a clear assessment of what level and what type of changes they can expect to see this year in this context and ensure the right plans are in place.

7. Conclusion

7.1. From my own experience of leading change in public sector organisations, I fully support an approach to change that is emergent and strategically aligned, rather than overly 'managed'.

7.2. That said, it was only through the drill-down conversation that I elicited any level of information about the approach. I also cannot say that I came away from it with a completely clear articulation of the key changes being pursued in order to deliver the strategic intent, complete assurance that the ambition to change is adequately resourced nor complete assurance that the commitment to drive change won't be lost from the agenda during COVID.

7.3. Given the ambitions of the Strategy and the challenges ahead, I believe that it would be legitimate for the Committee to consider what else is required in order to have a collective understanding of the ELT's approach to change and assurance that it is working.

7.4. I have discussed this with the CEO and two suggestions are:

1) A short paper describing the ELT's approach to change

2) Agreement on an appropriate cycle by which the ELT report to the ARAC/Joint Committee on what change actions have been taken forward as underpinning movement towards the strategic development priorities. We could, for example, agree that a 6 monthly narrative report looking at highlights and issues could be proportionate and useful.

Report 3 – December 2020

Drill-down into Covid-19 Risk Register

Report by Nigel Reader

1. Introduction

1.1. As part of ARAC's programme of detailed scrutiny of JNCC's key risks I was invited to conduct a drilldown into the Covid-19 Risk Register and to report my findings to the Committee at its meeting on 2nd December.

1.2. Consistent with the tightening restrictions around working practices during the pandemic I conducted my principal scrutiny meeting with Marcus Yeo and Chris Brooks virtually by MS Teams on 2nd October.

1.3. The Committee has been kept well-briefed on the risks and issues arising from Covid-19 and on JNCC management's response. My drill-down can be regarded as a further "check and balance" in the process.

1.4. As the drill-down was conducted at a point in time the findings and recommendations will need to be considered in the light of subsequent developments. Nonetheless I present them for the Committee's consideration in the hope that they might provide assurance and add some value.

2. Modus Operandi

2.1. My drill-down process comprised:

    i. A detailed review of the Covid-19 Risk Register and relevant other documentation.

    ii. A structured discussion on 2nd October with Marcus Yeo and Chris Brooks.

    iii. Production of a summary record of the session which was confirmed as "true and fair" by Marcus and Chris.

    iv. Invitation to the JNCC Chair to comment on the summary and to add his thoughts.

    v. Preparation of this paper.

2.2. The summary record of the meeting on 2nd October is reproduced at Annex 1[1]. I have extracted and imported the principal findings and recommendations into this paper.

3. Overall opinion

3.1. The risks and issues arising from Covid-19 have been effectively managed to date. ARAC has been kept well-informed and has been able to offer advice to management at key points in the response process.

3.2. However, it is becoming ever clearer that coping with the pandemic and the associated restrictions will be a very long haul with lots of twists and turns along the way. Management will therefore need to be agile, flexible and vigilant and be prepared to adapt their response measures dynamically—with particular attention required for the wellbeing and effectiveness of staff.

4. Completeness of Covid-19 Risk Register

4.1. My review was undertaken in October and focused on the version of the Covid-19 Risk Register which was current at that point in time.

4.2. Consideration was given firstly to the completeness of the risk register and whether any risks had been omitted.

4.3. Section 1 of Annex 1 gives the complete list of the omissions which were identified. These can be summarised as follows:

    i. Changes and inconsistency in the Government's policy and guidance on Covid-19 measures.

    ii. Increased risk of fraud.

    iii. Impact on organisational culture and cohesion.

    iv. Implications for performance management.

    v. Good practice learning and other opportunities including income generation.

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[1] Not included in this paper.

4.4. It was also agreed that a cross-check against the equivalent risk registers of other organisations would help to ensure completeness and that the systematic mapping of the impact of Covid-19 risks on the other risks in JNCC's Significant Risks Register would help ensure appropriate coverage and cohesion.

5. Review of content of Covid-19 Risk Register

5.1. The content of the Risk Register was then discussed. The outcomes of the discussion are reproduced in detail in section 2 of Annex 1.

5.2. The principal changes and other actions agreed were as follows:

    i. Risk 1: inability to deliver work programme. The risk had been managed well and the risk score would be reviewed and reduced.

    ii. Risk 2: reduced staff motivation. The prospect of a further six months of restrictions going into winter would require a fundamental review of the risk score and the required mitigations. Productivity would be added as a separate component.

    iii. Risk 3: decrease in core government funding. The risk description would be revisited to distinguish and capture the risks specifically arising from Covid-19.

    iv. Risk 4: viability of partner organisations. A more formalised approach would be required to establish and maintain a record of NGOs and other partner organisations which are business critical to JNCC's work, to assess their continuing viability based on latest intelligence and to inform any further measures required beyond the current mitigations. The views of the JNCC Chair would also be sought. See 5.3 below.

    v. Risk 5: divergent responses in different UK countries. The risk and mitigations would be revisited in the context of at least six more months of restrictions.

    vi. Risk 6: unsuitability of office accommodation. This risk would continue to be given explicit focus at each meeting of ARAC.

    vii. Risk 7: inability to meet evolving post-Covid government requirements. No additional actions were identified.

    viii. Risk 8: inability to transition back to office-based working. Additional consideration would be given to the challenges relating to Inverdee House in Aberdeen which was likely to remain closed until at least April 2021.

5.3. JNCC's Chair was invited to comment on the emerging thinking relating to risk 4 (viability of partner organisations) and he agreed with the need to be more specific about which NGOs are crucial for JNCC's business and to assess the relative risks and stability of JNCC's collaborating organisations (not exclusively

NGOs) for now and for the longer term. While the prime aim would be to safeguard JNCC's business continuity, the approach to NGOs in particular would need to be nuanced so that JNCC looks (and is seen to look) at how to provide support for necessary work for JNCC's sponsors and how JNCC can help to enable effective support across the statutory nature conservation bodies.

5.4. JNCC Chair also reinforced the importance of monitoring staff wellbeing and productivity during the second six months going through Autumn into Winter with a further wave of Covid-19 and the compounding effects of colds and flu and mental fatigue for staff. The nature and manifestation of problems confronting staff might change in the next six months, to which team leaders, ELT and the Joint Committee would need to be alert. A renewed focus would be required on this area of risk.

6. Next steps

6.1. I was advised that Covid-19 risks are considered by ELT at every meeting in one form or another. However, it was agreed that there should be a formal stock-take, review and refresh of the Covid-19 Risk Register in the light of a further six months of restrictions and the potential impact on staff wellbeing and productivity. The points arising from the drilldown review would be used to inform ELT's deliberations.

7. Recommendation

7.1. ARAC is recommended to note and discuss the outcomes of my drilldown into JNCC's Covid-19 Risk Register and to invite management to provide an update on the actions taken in response.