



**FALMOUTH & TRURO
PORT HEALTH AUTHORITY**

RISK MANAGEMENT POLICY

REVIEWED MARCH 2008

RISK MANAGEMENT

Business Case

It is considered good practice to employ Risk Management Principles throughout the Port Health Authority. Certain risks that the Authority is exposed to could be costly and far reaching. They range from the loss or misuse of assets, through to loss of life and ultimately a loss of faith in our service provision from the community we serve and our reputation in the eyes of central and regional government.

It is therefore vital that our existing arrangements for Risk Management are overhauled, rationalised and adopted by this Authority “top to bottom” in a manner that ensures every appropriate activity is included.

INTRODUCTION TO RISK MANAGEMENT

What is Risk Management?

Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully carry out its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It has critical links to the following areas:-

- Corporate governance
- Community focus
- Structures and processes
- Standards of conduct
- Service delivery arrangements

What needs to be done to promote good Risk Management?

A Risk management culture needs to be established whereby:-

There is awareness and understanding within the Port Health Authority of:-

- The nature and extent of the risks it faces
- The extent and categories of risks regarded as acceptable
- The likelihood of the risks materialising and potential impacts
- Our ability to reduce the impact of risks that do occur

There is regular monitoring and reporting of risks, including early warning mechanisms.

Assessment is made of the cost of particular controls relative to the benefit obtained from managing the related risks.

At least annually, a review of the effectiveness of the systems of internal control which have been put in place.

The process needs to be continuous, embedded in our culture and have the potential to strengthen and improve our performance. It is not so much about totally eliminating risk as understanding it and managing it more effectively.

The benefits of good Risk Management

The benefits of good Risk Management are:

- Increased focus on what needs to be done (and not done) to meet objectives.
- More satisfied stakeholders.
- Better management of programmes and projects.

- Supports innovation.
- Reduces complaints.
- Greater control of costs.
- Potential quality improvements in service delivery.
- Enhanced ability to justify actions taken.
- Supports the value process.
- Protects and enhances the reputation of the Port Health Authority.
- Reduces the risk of mistakes.

The Risks affecting the Port Health Authority

There are two principle categories of risk that affect the Port Health Authority. These are **strategic** and **operational**.

Strategic Risks

Our capacity to:-

- Manage the issues out in the Community.
- Manage and control identified tasks and service development plans .
- Meet the demands of the medium term financial strategy – particularly the need to relocate scarce resources.
- Deal with technological change.
- Develop customer care.
- Improve outward communications.
- Extend partnership working.
- Maintain and replace our infrastructure.
- Ensure that an appropriate level of staff training is maintained and that expertise and experience is retained.
- Maximise external funding opportunities.
- Deliver greater levels of efficiency and effectiveness in service delivery.

Operational Risks

These are risks that are faced every day in the delivery of our services and include:

- The competence of our officers – a significant potential risk is that of negligence.
- Policy decisions.
- Sound financial control.
- The need to ensure our actions are legal.
- The need to ensure that our physical assets do not pose any risk to employees or members of the public (for example, fire hazards, health and safety and lack of resources for adequate maintenance).

- The possible failure of our contractors in terms of statutory compliance and to deliver services to an agreed cost and quality specification and the Port Health Authority's failure to monitor contracts within its own competencies. (This needs to be proportional to the competence of the contractor and the level of expertise of the compliance officer).
- Reliance upon IT and other operational equipment
- Environmental pollution, noise or the energy efficiency of operations

The above categories represent a brief outline of the major elements of risk facing the Port Health Authority. It is important to review the above risks and their potential impact on each other as well as trying to alleviate the individual risk categories.

It is also important to distinguish between primary risk and secondary risk. The majority of the above are examples of primary risk. Secondary risks are usually the results materialising from primary risks and include:- material damage, loss of revenue, disruption to services, damage to reputation, personal injury and criminal offences.

THE RISK MANAGEMENT PROCESS

There are a number of critical steps in the process of identifying and managing risks within the Port Health Authority's activities. These are as follows:

- **Identifying Risk areas**
- **Identifying specific Risk**
- **Prioritising the Risks**

It will be necessary to determine for each service its tolerance of and aversion to risk.

This will need to be balanced against the importance of the service to the achievement of the Port Health Authority's objectives and the availability of resources to control the risk.

Diversion of resources to deal with one risk in one service may increase the exposure to risk of another.

Eliminate, reduce or transfer the risks

If the risk cannot be eliminated then reduce it as much as possible.

If the risk cannot be reduced, transfer it:-

- To a third party such as a contractor.
- By a legal agreement, e.g. covenants in a lease, or conditions in a contract.
- Transfer the risk to your insurers.

Monitor and review annually

Regularly monitor all actions taken to control risk to ensure that they remain effective and appropriate and modify the controls as necessary.

RISK AREAS

- A. People, their skills, expertise and conduct.
- B. Information / technology
- C. Premises, plant and equipment
- D. Legal, statutory
- E. Finance
- F. Processes (our practice & procedure)
- G. Policies, strategies and service plans/members
- H. Community focus/customer care
- I. Service delivery disruption

RISK CATORGORY

Low Risk

Maintain existing procedures.
Periodically review.

Medium Risk

Take steps to reduce risk if possible.
Monitor regularly to avoid deterioration.

High Risk

Stop activity if possible – if not take immediate steps to reduce risk.

Some of the more serious effects of risks which might occur are:-

- Death
- Serious injury
- Significant financial loss
- Deterioration in corporate image
- Cessation of services
- Loss of grant revenue
- Failure to pay people
- Loss of or damage to assets or records
- Detrimental impact on environment
- Impact on Community
- Failure to collect revenue

**Falmouth & Truro Port Health Authority
Risk Management
Risk Identification**

A. PEOPLE, THEIR SKILLS, EXPERTISE AND CONDUCT	
Risks identified	
1	Lack of staff.
2	Staff injury.
3	Insufficient expertise.
4	Misconduct.
5	
6	
7	

B. INFORMATION TECHNOLOGY	
Risks identified	
1	See attached.
2	
3	
4	
5	
6	
7	

C. PREMISES, PLANT AND EQUIPMENT	
Risks identified	
1	Fire / flood
2	Breakdown
3	
4	
5	
6	
7	

D. LEGAL, STATUTORY	
Risks identified	
1	Enforcement
2	Action against Port Health Authority
3	
4	
5	
6	
7	

E. FINANCE	
Risks identified	
1	Overspend
2	Macro level economic change
3	Fraud/theft
4	Not achieving best value
5	Non payments of invoices
6	Cash flow
7	

F. PROCESSES (OUR PRACTICE & PROCEDURE)	
Risks identified	
1	Civil Contingency
2	Bioterrorism
3	Non-recognition of obsolescence and innovation
4	Environmental consequences
5	
6	
7	

G. POLICIES, STRATEGIES AND SERVICE PLANS/MEMBERS	
Risks identified	
1	Non conformity
2	Failure to deliver change of Government policy
3	Introduction of infectious disease/zoonoses
4	Under performance
5	
6	
7	

H. COMMUNITY FOCUS/CUSTOMER CARE	
Risks identified	
1	Failure to respond
2	Changing customer demand
3	Non conforming imports
4	
5	
6	
7	

I. SERVICE DELIVERY DISRUPTION	
Risks identified	
1	Fire / flood
2	Lack of staff
3	I.T. failure
4	Communications failure
5	
6	
7	

RISK PRIORITISATION AND ACTIONS SUMMARY

Highly Related Risks

Primary Risk	Secondary Risk	Existing Controls	Proposed Controls	Target Date	Person Responsible	Date Completed
Lack of staff.	Disruption to services. Unable to meet statutory duties.	Use of standby and part time employees. Reciprocal agreement with other Port Health Authority. Short term use of consultants.	Delegated Authority to advertise Deputy Port Health Officer post.	31-03-06	Board	
Failure to respond	Non compliance with statutory duty.	Standby system. Answer phone / mobile phone / home telephone & VHF radio.		Ongoing In place	AJH AJH	N/A
Injury to staff.	Legal action. Staff shortage.	Provision of protective equipment and clothing. Training.		ongoing		N/A
Third party damages.		Provision of equipment & training. Insurance. Adhere to codes of practice & legislation. Use of competent staff.		In Place	AJH AJH AJH AJH	N/A

MEDIUM RATED RISKS

Primary Risk	Secondary Risk	Existing Controls	Proposed Controls	Target Date	Person Responsible	Date Completed
Insufficient expertise.	Incorrect advice. Non fulfilment of statutory obligations.	Qualified staff. Regular training. Expert contacts.		ongoing	AJH	N/A
Breakdown of plant/equipment.	Lack of support. Failure in communication.	Supplier's contacts on file. Quality control. Information Technology Policy.		In Place In Place In Place	KW AJH KW	2005 N/A 03/06
Enforcement of legislation.	Lack of resource.	Adequate budget. Sufficient budget reserves. Legal contractor.		Yearly assessment	AJH/KW	N/A
Introduction of infectious disease/zoonoses.	Risk to public and animal health.	Implementation of legislation, codes of practice and monitoring.		Ongoing	AJH	N/A
Fraud/theft.	Loss of revenue. Insufficient funds.	Auditing. Monitoring.		Ongoing	AJH/KW	N/A

LOW RATED RISKS

Primary Risk	Secondary Risk	Existing Controls	Proposed Controls	Target Date	Person Responsible	Date Completed
Misconduct.	Legal action.	Training. Professional Code of conduct. Monitoring. Supervision.		Ongoing	AJH/KW	N/A
Fire/flood.	Loss of records. Financial loss. Operational impairment.	Insurance. Construction of building. Fire extinguishers.		Yearly Ongoing Yearly	AJH AJH AJH	N/A
Legal Action against Port Health Authority.	Financial. Staff resources.	Financial reserves. Insurance. Support of legal advisor.		In place	AJH	N/A
Bio-terrorism.	Damage to local economy. Threat to public.	Joint plans/exercise with Dock company and Cornwall County Council.		2007	AJH	
Non conforming imports.	Risk to public and animal health.	Collaboration with DEFRA, Customs and Food Standards Agency.		Ongoing	AJH	
Underperformance of targets.	Government intervention. Complaints.	Procedures and planned inspection programme. Information technology. Monitoring.		Ongoing	AJH KW AJH	

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