Tyne & Wear Archives & Museums

Risk Management Framework

Version: March 2022

Next Review: March 2025

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INTRODUCTION

This Risk Management Framework is made up of:
- A Risk Management **Policy**
- Risk Management **Procedures & Guidelines**
- Risk Management **Roles and Responsibilities**

The objectives of the Framework are to:

- Ensure that risk management is recognised as an integral part of good management practice and the delivery of TWAM objectives, by all relevant officers and by members of the Strategic Board, TWAM Enterprises Board, Exhibitions by TWAM Board and TWAM Development Trust Board (henceforth referred to in this document as the 'TWAM Group').

- Set out the Procedures & Guidelines that, together with the Policy, enable officers and members to apply a logical and systematic method of risk management. The key stages of risk management are:

  - identifying risks;
  - assessing risks;
  - controlling risks;
  - reviewing and reporting risks; and
  - communication and learning.

- Ensure that the Procedures & Guidelines derived from this Policy are broadly in line with relevant regulation and legislation

- Ensure that risk management remains an integral and effective part of communication with appropriate disclosure of risk within and outside the TWAM Group

- Outline the responsibilities officers and members, including TWAM's Audit Committee, to ensure excellent risk management practice within all levels of the TWAM Group

1.   RISK MANAGEMENT POLICY

Tyne & Wear Archives & Museums (TWAM) views the taking of risk as an essential part of the business of providing innovative and popular museums, galleries and archive services. This applies equally to its management of core activities as well as its supporting activities.

Risk is not only about uncertainties and threats to services and our key objectives that have to be managed; it is equally about seizing opportunities that may help us achieve our aims.

As key elements of our Corporate Governance, risk management and internal control are linked to the fulfilment of the TWAM's Mission and Vision at all levels and in all areas.

Risk Management Key Standards

Strategic Approach: TWAM sees the strategic management of risk as an integral element within its decision-making processes and organisational culture. Key to this is the effective planning and evaluation of its activities, including encouragement of innovation and the management of change.

Integrated approach: Good management involves effective risk management through the incorporation of systematic processes, engaging the whole of the organisation, from the TWAM Group Boards, its staff and volunteers, and all its key stakeholders and partners.

Aligned to business planning: TWAM's business planning process is a critical element of the risk management process in that it assesses potential and possibilities, and how our activities can maximise public benefit. In addition, it identifies the opportunities and threats facing the business, and as far as possible, involves wide stakeholder participation.

Governance & oversight: The role of the TWAM Group Boards and TWAM Audit Committee is to set and monitor internal control policies and to assure themselves that they are working as they should managing risks appropriately.

Responsibility of management: It is the responsibility of TWAM management to implement those policies, to identify and manage risks, as a management activity.

Visibility: In order to be effective, risk management has to be visible, be able to be monitored and audited, and explicitly incorporated into all major processes, with regular reporting to appropriate management and governance bodies on its operation.

Culture: TWAM seeks to promote the development of a risk management culture and through wide involvement of staff and stakeholders, seeks to ensure the process of planning and risk management is embedded throughout the organisation.

Financial and Operational: TWAM seeks through its risk management policy to secure efficiency, financial and operational benefits, through the early recognition and management of risk.

Security and Safety: TWAM seeks to enhance the security and safety of staff and users by the management of physical risks.

2.1 Risk Management Principles:

- TWAM Leadership will foster a culture to support well-judged decisions about risks and opportunities, enabling innovation to be handled with confidence.

- The management of risk is integrated into processes.

- Clear roles and definitions have been agreed relating to the accountability, management, escalation and communication of key risks.

- Risks are managed at the lowest level at which the manager has the authority, responsibility and resources to take action.

- All managers will encourage openness and honesty in the reporting and escalation of risks.

- There is a consistent approach to the assessment of risks and opportunities.

- The effectiveness of risk management is subject to challenge through regular systematic assessment.

- TWAM strives to continually improve the management of its risks.

The Risk Management Framework shall be monitored to ensure it remains informed by current best practice:

- TWAM is not bound by the same requirements as the individual Stakeholders that make up its membership. Notwithstanding this fact, the Risk Management Framework has been maintained by reference to the standards set out in Appendix B.

- The Risk Management Framework is reviewed every three years to ensure that it remains appropriate in the light of developing best practice standards.

3. PROCEDURES AND GUIDELINES

3.1 Overall approach to risk management

Excellence in risk management helps secures public service and internal accountability, as well as providing a powerful tool to support management in achieving their objectives.

Effective risk management helps the achievement of wider aims in that it:

- supports effective change management;
- supports efficient use of resources;
- supports better project management;
- minimises waste and fraud;
- supports innovation;
- minimises error;
- assists business continuity;
- enhances propriety and regularity;
- encourages compliance with relevant law.

2.2 The Risk Management Process

All identified risks are recorded in a Strategic Risk Register, Risk Radar, or individual risk registers associated with specific venues, teams, major projects and significant partnerships.

Each TWAM Group entity will maintain its own risk register or risk radar for Board members to review

TWAM utilises a bespoke risk management processes to facilitate logical identification, analysis and control of significant risks. The steps in this process are outlined below:

2.2.1 Risk Identification

This process identifies risks and seeks to answer the following questions:

- Are risks linked clearly to business objectives?
- Have opportunities and uncertainties been identified as well as threats?
- Have all the key risks been identified?
- Where appropriate, have assumptions been analysed to help ensure that all risk areas have been considered?
- Has accountability for the risk been agreed? Is it clear who has authority to decide how the risk should be handled?
- Has the most appropriate way to identify risk been used?
- Have all key stakeholders been identified and consulted?

2.2.2   Risk Analysis

This part of the process seeks to identify the following:

- What level of risk are senior managers prepared to accept?
- Has the impact of the risk on the business been assessed using agreed Risk Tolerance Table?
- Has the likelihood of the risk materialising been estimated using agreed criteria?
- Has the assessment of the risk considered the current internal control environment and the adequacy of those controls in mitigating the risk?
- Have the risks been prioritized using the Risk Priority Matrix, to allow resource to be focused on areas of greatest need?
- Have risks been grouped into categories to help identify common themes?

2.2.3   Risk Control

- Have the options for dealing with the risk been properly considered, e.g.:
  - o **Transfer** the risk to a third party
  - o **Tolerate** the risk. Do nothing as investment in controls not judged to be likely to prevent the risk occurring or the risk is assessed as being so unlikely to materialise investment in controls offers poor value for money
  - o **Treat** the risk. Agree controls to put in place to manage the risk
  - o **Take Advantage** of the risk
  - o **Terminate** the risk. Stop the activity or function in which the risk resides
- Are the control measures proportional to the risk? (cost v/s benefit)
- Have resources been focused on containment, rather than removal?
- Have managers identified future actions required to control the risk further, using SMART targets?
- Does the risk need to be communicated to other parties in order for it to be addressed properly?

2.2.4   Strategic Risk Register

The Strategic Risk Register is designed to manage high level risks facing the organisation from a strategic and business risk perspective. The Risk Register is used as both a management and reporting tool.

The Strategic Risk Register sets out for each risk:

- A description of the risk, its scope and consequences;
- The assessed level of risk: inherent, current and target levels;
- The control owner and designated risk manager;

- The assessed level of adequacy of controls;
- The controls in place to mitigate against the risk and proposals to strengthen those controls.

2.2.5 Risk Radar

The Risk Radar assesses emerging risks which have been identified as potentially impacting upon Business Plan Delivery. The Risk Radar sets out for each risk:
- A description of the risk;
- The assessed level of risk;
- The proximity of the risk to impact;
- The direction of travel of the risk (to impact);
- Actions / next steps that may be taken to mitigate the risk.

2.2.6 Reviewing and Reporting risks

All TWAM Risk Registers and Risk Radars will be reviewed at appropriate time intervals. Members of each TWAM Group will review their respective risks and the risk implications of decisions, collectively as a Board

TWAM managers with risks scoring high on impact and likelihood need to discuss the risk with the appropriate Leadership manager and consider escalation to the Strategic Risk Register.

For the TWAM Strategic Risk Register, where the key controls result in an residual risk scored as Green, TWAM Leadership will regularly review these controls to ensure that they are working effectively.

The outcome of the TWAM Strategic Risk Register reviews will be reported to the Audit Committee on a regular basis. This will, as a minimum, highlight all risks with a residual rating of Red or Amber. In addition, as a minimum, the Strategic Board will be notified of all risks with a residual rating of Red or Amber. The review process should seek to answer the following questions:

- Are mechanisms in place to confirm that agreed control actions are operating effectively?
- Is the accountable officer content with the level of residual risk?
- Are monitoring arrangements in place to allow the status of risks to be regularly confirmed?
- Does the process focus upon the risk being managed (rather than the paperwork)?
- Does the accountable officer formally provide assurance that the risks have been properly managed?

2.2.7 Communication and Learning

Key risks will be discussed and communicated at relevant 1:1 meetings, management team meetings and escalated as necessary.

The risk management process is a continuous and developing process which runs throughout TWAM's strategy and the implementation of that strategy. It addresses methodically all the risks surrounding the organisation's activities past, present and in particular, future.

2.3 Risk in Decision Making

2.3.1 Member Reports

All reports to the TWAM Strategic Board for decision will make explicit their consideration of risk issues. This will include consideration of:
- The opportunities afforded by the recommendation(s)
- The possible uncertainties or threats which would arise upon approval and how those risks would be managed
- The risks which would arise if the recommendation(s) was not approved and how those risks would be managed

2.3.2 Major Projects & Partnerships

All major projects and significant partnerships will identify, manage and monitor significant risks presented by these arrangements with due consideration of legal, financial and other risk implications.

2.4 Arrangements for Risk Financing

2.4.1 Insurable Risk

In view of TWAM's current financial resources and the availability and cost of conventional insurance, insurable risk is financed through traditional insurance markets. There will continue to be regular reviews of alternative methods of insurance financing and self-funding options will be considered to ensure the optimum balance between risk retention and risk transfer is achieved.

2.4.2 Other Risk Financing measures

TWAM maintains a prudent level of resources to ensure that unexpected financial issues can be accommodated. These reserves are considered to be sufficient to cover the majority of risks that the TWAM may be exposed to (with the exception of catastrophic risks which, wherever possible, are insured against).

3   RISK MANAGEMENT ROLES AND RESPONSIBILITIES

3.1 Responsibility for managing risk

- **The Strategic Board** is responsible for all TWAM governance systems, including risk management systems, and will review the Risk Management framework, relevant Risk Registers; and the risk implications of decisions as appropriate.

- **The Director** is the responsible officer with regard to managing risk. The Strategic Board shall support the Director in implementing this policy.

- **The Audit Committee** is charged with considering risk management and the internal control environment. This Committee will highlight relevant concerns surrounding weaknesses in risk arrangements and internal controls to the Strategic Board and/or Director as necessary. The Strategic Risk Register will be considered as part of the Review of Governance Systems to inform the production of the Governance and Assurance Report.

- **Leadership Team** has delegated accountability to manage the risks relevant to their remit. They are expected to champion risk management, using it to help ensure that TWAM learns from past experience and build an understanding of the most cost-effective risk control actions.

- **Managers and staff at all levels** within TWAM have an important role to play in identification, assessment, addressing and reporting of risks within their work areas. They also have a role in identifying the need for the escalation and reduction of risks and reporting this to their line manager.

- **The Directors of TWAM Enterprises, TWAM Development Trust and Exhibitions by TWAM** are responsible for the governance systems of each legal entity respectively, including risk management systems, and will review relevant Risk Registers and the risk implications of decisions collectively as a Board as appropriate.

3.2 Independent assurance

Internal and External Audit provide independent assurance on risk management and internal controls.

3.3   Role Definitions

The following role definitions shall be adopted in order to maintain and develop risk management within the TWAM.

- **Risk Owner** – The Risk Owner is ultimately responsible for ensuring an individual risk is managed. For the Strategic Risk Register the Risk Owner is usually a member of the Leadership Team, with the ability to move resources, to whom the Risk Manager can refer difficulties in managing a particular risk.

- **Risk Manager** – the named individual who manages the risk on a day to day basis on behalf of the Risk Owner. This is the person who works with others to devise the Control Actions and secure resources to deliver them.

- **Control Measure Manager** – the named individual accountable for completion of a specific control action to agreed deadlines.

APPENDIX A - GLOSSARY OF TERMS

In addition in this Policy, unless the context otherwise requires, the following terms have the following meanings:

Risk	The chance of something happening that may have an impact upon the achievement of objectives
Risk Management	Coordinated activities to direct and control an organisation with regard to risk
Assessment (of risks)	Overall process of risk analysis and risk evaluation
Identification (of risks)	Process to find and characterise elements of risk
Risk Management Framework	Single document describing the approach to risk
Risk Tolerance Table	The assessment "sieve" through which risks are passed in order to determine whether the level of risk impact is acceptable. The table provides a consistent definition of High, Medium and Low Impact thresholds.
Inherent Risk Level	The level of inherent risk presented when controls are not present
Residual Risk Level	The level of risk remaining after taking into account the operation of relevant controls
Risk Priority Matrix	A look-up table which establishes the priority of an individual risk, normally using the colour code of Red, Amber and Green. It can also include a numeric values to provide a view of levels of risk within the colour grading system.
Strategic Risk Register	A table of risks set out in a standard format to include Risk Identification, Risk Analysis and Risk Control information. The Risk Register is used as both a management and reporting tool.
Risk Radar	The Risk Radar assesses emerging 'non business as usual' risks which have been identified as potentially impacting upon TWAM's Business Plan Delivery.

APPENDIX B – RISK REFERENCE STANDARDS

In reviewing the TWAM Risk Framework, due regard has been taken of the following reference documents:

1. ISO 31000:2018, *Risk management – Principles and guidelines*

APPENDIX C – PRIMARY REFERENCES FOR RISK IDENTIFICATION

The scope of risks to be included within the TWAM Strategic Risk Register is determined by the policy objectives set out in the following Documents:

- TWAM Business Plan
- Internal audit reports
- External audit documents
- Other inspection reviews

Appendix D - TWAM Risk Tolerance Table

	Public	Resources	Property (buildings / collections / services)	Finance (incl. contributed / generated)	Reputation
H I G H	• **Death to one or more persons** • **Multiple serious injuries** • **Significant loss of community confidence** • **Significant drop in visitor figures – long-term** • **Failure to meet statutory responsibilities**	• **Death or serious injury to more than one member of staff** • **Large scale unavailability of staff** • **Long-term unavailability of key staff e.g. Leadership Team Member** • **Long-term loss of access to critical systems e.g. Cyber Attack**	• **Long-term closure of one or more venues** • **Long-term loss of service –** • **Long-term loss of access to collections/loans** • **Failure to meet statutory responsibilities** • **Loss of accreditation status** • **Major project failure** • **Serious decline/impact on performance indicators**	• **> 10% financial hit in gross TWAM budget** • **> 15% loss in client area** • **Major adverse impact on corporate revenue stream** • **Prosecution** • **Published accounts qualified**	• **Major adverse media attention** • **Major decline in customer satisfaction** • **Significant relevant member criticism** • **External criticism** • **Relationship with major stakeholder/s dissolves** • **Failure to meet statutory responsibilities**
M E D I U M	• **Multiple injuries** • **Significant loss of community confidence** • **Significant drop in visitor figures – medium-term**	• **Illness/injury to more than one member of staff** • **Medium-term unavailability of key staff** • **Medium-term loss of access to critical systems:**	• **Medium-term closure of venue(s) – less than 1 week** • **Medium-term loss of services – less than 1 week** • **Partial closure of venues - more than 1 week** • **Medium-term loss of access to collections/loans** • **Significant threat to a major project** • **Notable decline/impact on performance indicators**	• **> 5% financial hit in gross TWAM budget** • **> 8% loss in client area** • **Significant adverse impact on corporate revenue streams** • **Loss of major funding opportunity** • **Fines / Penalties**	• **Significant long-term media attention (i.e. locally)** • **Significant decline in customer satisfaction** • **Relevant Member criticism** • **Failure to reach agreement with an individual stakeholder** • **Continuing, unresolved complaints**

L O W	• Drop in visitor figures short-term	• Unavailability of key staff (short-term)	• Partial loss of venue space • Partial loss of service / isolated or minor service reduction • Threat to project • Recoverable impact on performance indicators	• > 2.5% financial hit in gross TWAM budget • > 3% loss in client area • Minor adverse impact on corporate revenue stream	• Short-term media attention (i.e. locally) • Decline in customer satisfaction • Decline in stakeholder confidence • Internal criticism • Sporadic complaints
M I N	• Minor disruption to delivery	• Minor disruption to service	• Minor/isolated service disruption with no impact on PIs	• Up to 2.5% financial hit in gross TWAM budget • Up to 3% loss in client area	

Appendix E - TWAM Risk Probability Table

Probability	Likelihood
High	• Almost Certain (>90%). • Highly likely to happen though not certain
Medium	• Likely (>50% & <90%) • More likely to occur than not
Low	• Unlikely (>10% & <50%). • Less likely than not to occur
Minimal	• Rare (<10%). • Unlikely to occur but not impossible - has rarely or never happened

Appendix F - RISK PRIORITY MATRIX

RISK PRIORITY MATRIX		Impact			
		Min	**Low**	**Medium**	**High**
Likelihood	**High**	4	8	12	16
	Medium	3	6	9	12
	Low	2	4	6	8
	Min	1	2	3	4

Note: For the TWAM Strategic Risk Register, where the controls result in a Residual Risk scored as green, TWAM Leadership will regularly review of those key controls to ensure that they are working effectively.

The outcome of the TWAM Strategic Risk Register reviews will be reported to the Audit Committee on a regular basis. This will, as a minimum, highlight all risks with a residual rating of Red or Amber. In addition, as a minimum, the Strategic Board will be notified of all risks with a residual rating of Red or Amber