

Agenda Item	6
Report No	AS/3/18

HIGHLAND COUNCIL

Committee: Audit and Scrutiny Committee

Date: 28 March 2018

Report Title: **Six-monthly Review of Corporate Risks**

Report By: Depute Chief Executive/ Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 The Corporate Risk Register identifies the Council's key strategic risks and the actions being taken to mitigate these. It is reviewed by the Executive Leadership Team every six months and presented to Audit and Scrutiny committee.

2. Recommendations

2.1 Members are asked to:

- i. Scrutinise the Corporate Risk Register provided at Appendix 1, and consider the risk profile at Appendix 2.
- ii. Approve the revised Corporate Risk Strategy, Appendix 3.
- iii. Note that six monthly reviews of the Corporate Risk Register will continue to be reported each March and September to the Audit and Scrutiny committee.
- iv. Note that an officer group has been established on corporate risk management

3. Corporate Risk Register

- 3.1 As part of the risk management process, Highland Council has a Corporate Risk Register. This is reviewed every six months by the Executive Leadership Team, and is then presented to the Audit and Scrutiny committee, **Appendix 1**. Overall responsibility for the Corporate Risk Register sits with the Chief Executive.
- 3.2 The Corporate Risk Register was last presented to the Audit and Scrutiny committee in November 2017. The Register was reviewed by the Executive Leadership team (ELT) in February 2018, and the following changes were made:
- To clarify accountability, ELT agreed that CR9 (Safe and Effective Buildings) should be separated into one risk on property, and one risk on housing. Upon further reflection, the housing risk actions (CR9.5 Domestic Gas Safety; CR9.6 Domestic Asbestos Management) are being managed effectively within the Service. The housing risk actions have therefore been removed from the Corporate Risk Register and CR9 now focuses on property related risks.
 - The addition of a new corporate risk on “Condition of our Roads” (CR10) following a recommendation from the Corporate Risk Management Group.
- 3.3 There are now ten risks listed on the refreshed Corporate Risk Register. For each risk the following information is given:
- Risk name;
 - Risk type;
 - Current and target risk rating;
 - A description of the risk;
 - A risk owner;
 - Mitigating actions (with the responsible officer and target date);
 - Current RAG status; and
 - Notes (where applicable)
- 3.4 The current and target risk ratings assigned to these risks are based on the risk matrix, **Appendix 2**, and have been determined by the Executive Leadership Team.
- 3.5 The following risk actions have a red RAG status (no significant progress) and further details are given:

CR2.1 Building Access Policies

The objective of this risk action is to ensure that all buildings, including schools, have appropriate security arrangements in place. This is a significant undertaking given the number and variety of buildings the Council occupies across the region. The Director of Development and Infrastructure is liaising with the Head of Property and will then agree a way forward with the Chief Executive to accelerate progress.

CR2.2 Emergency Messaging Facilities

This risk action was designed to allow for rapid communication to staff in the event of an emergency. The messaging website is complete however a further significant piece of work is required by our Digital Services team to enable the messaging service to work. The Depute Chief Executive/Director of Corporate Resources is currently reviewing the status of this project.

4. Next Steps

- 4.1 Reports on the Corporate Risk Register will continue to be presented every six months to the Audit and Scrutiny committee in March and September.

4.2 Corporate Risk Management Group

In terms of the wider corporate risk management process in the Council, an officer working group has been established and now meets quarterly. This group pulls together officers from every Service and specialist expertise from across the Council on risk management. The group fulfils a number of key roles including:

- Sharing business intelligence on risk and disseminating this across the Council;
- Identifying risks which are common across services and escalating these for consideration on the corporate or Service risk registers;
- Working collaboratively to resolve any issues related to the Corporate Risk Register referred to the group by Executive Leadership Team;
- Sharing best practice and risk management guidance to Services;
- Providing a contact point in each Service to support effective risk management;
- Reviewing the Corporate Risk Management Strategy.

4.3 Corporate Risk Management Strategy

The Council's Corporate Risk Management Strategy was last refreshed in 2013. A review of this strategy has been undertaken, working with Zurich Municipal. This was funded from the risk management fund the Council holds with Zurich Municipal. The refreshed Corporate Risk Strategy is attached at **Appendix 3** for the approval of the Audit and Scrutiny committee.

4.4 The approach taken has been to update the strategy in-line with current best practice and to simplify the document by separating the strategy from the operational process guidance. Please note that the process guidance is not attached to this report.

5. **Implications**

5.1 Resource: Having a robust approach to risk management can continue to help the Council minimise future financial risks and implications.

5.2 Legal: The Corporate Risk Register supports the Chief Audit Executive (the Corporate Audit Manager) to provide an annual internal audit opinion that concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

5.3 Community (Equality, Poverty and Rural): Having a Council which is resilient to risk means that it is better positioned to support its communities. Some of the actions detailed on the refreshed register will reduce the likelihood and potential impact of risks affecting our communities.

5.4 Climate Change / Carbon Clever: Corporate Risk 7 concerns ensuring that the Council adapts and builds resilience in its own operations and in its communities to address vulnerabilities to the potential effects of climate change. Corporate Risk 9 also highlights the need to rationalise property assets and to make sure buildings are fit for purpose, which will reduce the Council's carbon emissions.

5.5 Risk: The corporate risk management process reduces the Council's exposure to risk by ensuring that corporate risks are identified and proactively managed.

5.6 Gaelic: There are no Gaelic implications identified at this time.

Designation: Depute Chief Executive/Director of Corporate Resources

Author: Stephen Carr, Corporate Performance Manager, 06/03/2018

Appendix 1: Corporate Risk Register

CR1	Financial Sustainability	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Depute Chief Executive/ Director of Corporate Resources		Risk Type: Financial			A2	C2
<p>The Council faces a range of financial challenges, both revenue and capital, and we need to be able to plan and meet these challenges so that we can continue to deliver effective services and achieve all the priorities that we wish to. We will also need to act more commercially as an organisation to ensure this financial sustainability.</p>						
Mitigating Actions:				Responsible Officer	Target Date	
CR1.1	Budget Setting: Our financial approach was agreed at a Council meeting in September 2017 and quarterly progress updates will be presented to future Council meetings. The 2018-19 budget setting process is underway as well as the identification of potential savings for subsequent years.			Head of Corporate Finance and Commercialism	February 2018 (Complete)	
CR1.2	Multi-year Budgets: Our financial approach is based on considering a range of different scenarios to address uncertain grant settlements and other external factors. A key part of the approach is looking at multi-year budgets with the flexibility to accelerate or slip actions as conditions change. External factors, including anticipated funding levels, will be reviewed every three months.			Head of Corporate Finance and Commercialism	Ongoing	
CR1.3	Capital Programme Review: We are reviewing our capital programme to try to balance service need with affordability. Revenue budget implications of capital investment need to be clearly articulated and incorporated into revenue budget planning.			Head of Corporate Finance and Commercialism	February 2018 (Complete)	
CR1.4	Budget Savings: The delivery of budget savings is being monitored within Services and reported every three months to respective strategic committees. Overview of all savings delivered will be reported to Corporate Resources committee.			Depute Chief Executive/ Director of Corporate Resources	Ongoing	
CR1.5	Commercial Board: We are developing a new approach to commercialism with a Commercial Board now established. Work is underway to establish a commercial team within Corporate Resources service.			Depute Chief Executive/ Director of Corporate Resources	December 2017 (Complete)	

Notes:

CR1.1 Complete – The Council set its revenue budget at the Council meeting on 15 February 2018.

CR1.2 – This action is currently showing some slippage (Amber) as it has not been possible to consider multi-year budgets for 2017/18.

CR1.3 Complete – The Council agreed its capital programme at the Council meeting on 7 March 2018.

CR1.5 Complete – A commercial board has been established and a project manager has been allocated to support the board.

Further mitigating risk actions are being developed, including:

- Creation of Member Group to look at Zero Based Budgeting
- Agreement of Council to progress a 4 year Revenue Budget (medium term financial plan)
- Creation of Member Group to progress the Capital Plan

CR2	Security and Resilience	Risk Rating		RAG		
		Current	Target	A		
Risk Owner: Chief Executive		Risk Type: Physical, Technological		C2	D2	A
The Council must take all reasonable steps to protect our staff and communities from risks to their safety and security. Our physical buildings and ICT networks and systems must be secure to protect against terrorist and criminal activity. Also, the Council must plan adequately to respond effectively to an emergency, to mitigate the impact upon our communities.						
Mitigating Actions:		Responsible Officer	Target Date			
CR2.1	Building Access Policies: All of our Responsible Premises Officers (RPOs) will develop site specific Building Access Policies. These will include evacuation and lockdown plans.	Head of Property Services	March 2018			
CR2.2	Emergency Messaging Facility: We will develop a staff (and public) messaging facility to enable emergency alerts.	Communications and Resilience Manager	30 November 2017			
CR2.3	Off-site Plans: We will implement Control of Major Accident Hazards (COMAH), and Radiation Emergency Preparedness and Public Information Regulations (<i>REPPiR</i>) off-site plans.	Communications and Resilience Manager	Ongoing			
CR2.4	General Emergency Plan: We will update the Highland Council General Emergency Plan	Communications and Resilience Manager	March 2018			

CR2.5	Business and Continuity Plans: Following the Service restructure in 2017, we will review and test our Service Business Continuity Plans	Service Directors	December 2017 (Complete)
CR2.6	Multi-agency planning and exercising: <ol style="list-style-type: none"> 1. We will continue to fully participate in multi-agency planning and exercising Regional Resilience Partnership (RRP) and Local Resilience Partnership (LRP) for emergencies based on the national risk register 2. We will continue to participate in the multi-agency CONTEST Group as part of the UK government's Counter-terrorism strategy 3. All Emergency Liaison Groups (ELGs) will take part in exercises 	Communications and Resilience Manager	Ongoing Ongoing March 2018
CR2.7	ICT Vulnerability Scans: Wipro, our ICT provider, will manage quarterly vulnerability scans including an annual IT Health Check in support of the Public Sector Network accreditation. This will help to highlight security gaps in the ICT estate. Remediation plans will be instigated in response to any issues identified.	ICT Operations Manager	Ongoing
CR2.8	Cyber Security: Our adherence to the "National Cyber Security Centre 20 Critical Controls " will be pro-actively monitored. Where security gaps are identified, action plans will be developed to reduce cyber security risk.	ICT Operations Manager	Ongoing
CR2.9	Cyber Accreditation: We will achieve the cyber essentials security accreditation. We expect Scottish Government to set us a target to achieve this by October 2018.	ICT Operations Manager	October 2018
CR2.10	Property Security Audit: We will review the status of physical measures and security arrangements provided in our properties to determine the current baseline of the property estate. This will allow for specific improvements to be identified, costed, and presented to the Executive Leadership Team.	Communications and Resilience Manager	March 2018

Notes:

CR2.1 and CR2.2 are currently marked as no significant process (red) – details are given in the main body of the report, paragraph 3.5

CR2.4 – An updated draft of the General Emergency Plan is currently in progress

CR2.10 – The Property Security Audit has been completed by Zurich Municipal and is currently being considered by officers.

CR3	Legislation that Significantly Changes the Council's Role	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Executive Leadership Team		Risk Type: Legislative		C2	D3	G
There is a risk that if we are unable to influence or adapt well to legislative changes that may have significant implications for the role, responsibilities, and finance of the Council. Key issues at present include the Education Governance Review and the Local Democracy Bill.						
Mitigating Actions:				Responsible Officer	Target Date	
CR3.1	COSLA: We will continue to engage and participate on key legislation through COSLA, professional associations, and with our partners.		Chief Executive	Ongoing		
CR3.2	Education Governance: We will lobby for positive changes to the proposals for Education Governance, including through the Northern Alliance and COSLA.		Director of Care & Learning	Legislative timetable		
CR3.3	Local Democracy Bill: We will influence the potential Bill by engaging with the Scottish Government on their consultation with councils to review local governance, and on any new Bill.		Head of Policy and Reform	Legislative timetable		
CR3.4	Local Democracy Bill: We will prepare and be ready for potential changes required by the new Bill by: <ul style="list-style-type: none"> Working with Members on defining localism and exploring new ways to widen public participation in Council decisions and in community-run services, by holding a series of workshops to include Community Services' budgets, area budgets, community-run services, participatory budgeting, local priorities, community councils, community partnerships and locality plans. Localism to be a standing item at the Area Chairs meetings. Redefine the ward management role. 		Chief Executive Head of Policy and Reform Chief Executive	December 2017 Ongoing March 2018 (June 2018)		
Notes: CR3.3 – A review of Local Governance has been announced ahead of a Local Democracy Bill later in the parliament (expected in late 2019). Local Authority views expected from April to September 2018. CR3.4 – Some slippage against a target of completing work with Members around localism by December 2017, work is ongoing.						

CR3.4 –To redefine the ward management role to support localism, further work on localism is required first. This includes the localism workshops with Elected Members from October to December 2017, and a review of the Community Asset Transfer process. This work will not be completed by March, and the revised target date of redefining ward management roles is by June 2018.

CR4	Brexit	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Executive Leadership Team		Risk Type: Legislative/ Economic			C2	D3
Brexit may have a number of impacts on the Council area which need to be proactively managed. Brexit will result in the loss of EU funding which, if not replaced by the Government, may pose a risk to the economic and social programmes of the Council and its partners. Interest rates and exchange rates may be affected by the withdrawal process impacting on the affordability of the Council's capital programme, and restrictions on the free movement of people could lead to skills gaps in the Council, our partner organisations and local businesses. These potential impacts need to be planned for and managed should they arise.						
Mitigating Actions:				Responsible Officer	Target Date	
CR4.1	COSLA: We will continue to engage and participate on key legislation through COSLA, professional associations, and with our partners.			Chief Executive	Ongoing	
CR4.2	Financial Implications: Our financial strategy will include an assessment of the risks associated with Brexit.			Head of Corporate Finance and Commercialism	Ongoing	
CR4.3	Treasury Management: Our Treasury Management strategy will include an assessment of the risks associated with Brexit, and that the maturing debt profile is monitored and managed to avoid exposure to interest rate fluctuations.			Head of Corporate Finance and Commercialism	Ongoing	
CR4.4	Capital Plan: The Capital Plan will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.			Head of Corporate Finance and Commercialism	Ongoing	
CR4.5	Workforce Strategies: Our workforce strategies will include an assessment of EU workforce dependencies and plans will be in place to maintain service delivery.			Head of People and ICT	Ongoing	
CR4.6	EU Funding: Our budget planning will include an assessment of European Union (EU) funding that can be accessed in order to maximise the degree of service delivery that can be achieved within Council budgets.			Director of Development and Infrastructure	Ongoing until end of EU funding guarantee (~2021)	

CR5	Effective Governance in Local Decision Making		Risk Rating		RAG
			Current	Target	G
Risk Owner: Head of Corporate Governance		Risk Type: Political, financial, citizen		C3	
<p>We need to develop arrangements for effective local decision making and to enable our communities to engage and participate at a local level. We must put in place effective and consistent governance arrangements for local decision making to ensure we are able to fully achieve the priorities of our local communities, while being in alignment with strategic priorities.</p>					
Mitigating Actions:			Responsible Officer	Target Date	
CR5.1	Code of Corporate Governance: We will ensure compliance with the seven principles outlined in the Code of Corporate Governance.		Head of Corporate Governance	Ongoing	
CR5.2	Standing Orders and Scheme of Delegation: We will review both of these, at least annually to ensure they are fit for purpose		Head of Corporate Governance	Ongoing	
CR5.3	Devolved Budgets: We will develop and review policies for minimum standards for devolved budgets as required.		Depute Chief Executive/ Director of Corporate Resources	Ongoing	
CR5.4	Local Participation: We will work with Members in local areas to define localism and to explore new ways to widen public participation in Council decisions and in community-run services.		Head of Policy and Reform	December 2018	
CR5.5	Local Partnerships: We will develop and facilitate the work of Community Partnerships as a forum for local partnership priorities and action.		Acting Head of Policy	Ongoing	
<p>Notes: CR5.3 - Some slippage: Discussions on devolved budgets are ongoing and will require both Member and officer input.</p>					

CR6	Workforce Planning	Risk Rating		RAG
		Current	Target	G
Risk Owner: Head of People and ICT		Risk Type: Financial		
Our most important resource is our staff, and they are at the centre of the services that we provide. Given the changing nature of the organisation, and the need to reduce the workforce, we need to make sure we continue to have the right people, with the right skills, in the right place at the right time.				
Mitigating Actions:		Responsible Officer	Target Date	
CR6.1	Corporate Workforce Plan: Our service workforce plans will be presented to our strategic committees in October/ November 2017, with the Corporate action plan to be produced by January 2018.	Head of People and ICT	January 2018 (June 2018)	
CR6.2	Modern Apprenticeship Programme: We will achieve our ambitious target to build capacity to engage 150 Modern Apprenticeships in Highland Council.	Head of People and ICT	September 2019	
CR6.3	OHSW: We will continue to address the occupational health, safety, and well-being (OSHW) challenges identified through our annual OHSW report with progress monitored quarterly.	Head of People and ICT	Ongoing	
CR6.4	Electronic management system: We will introduce an electronic occupational health, safety, and well-being management system to improve reporting and reduce the risk of sending confidential personal information through the post.	Head of People and ICT	TBD (Dependent on ICT Transformation)	
Notes: CR6.1 – Some slippage and a revised target of June 2018. CR6.4 - Target date still to be determined and is subject to delays in the ICT Transformation programme (Corporate Resources committee, 28/02/2018 item 16)				

CR7	Climate Change	Risk Rating		RAG
		Current	Target	G
Risk Owner: Director of Development and Infrastructure		Risk Type: Environmental, Physical		
Climate change presents long term challenges both to the Council and to Highland communities. The Council must adapt and build resilience in itself and its communities to address vulnerabilities to the potential effects of climate change (e.g. changing weather patterns, sea level rise).				
Mitigating Actions:			Responsible Officer	Target Date
CR7.1	Adaptation Strategy: Our climate change adaptation strategy was last updated in January 2012. We will revise this to identify the key climate change risks to the Council and the Highlands, and set out an action plan to address these.		Climate Change Officer	December 2018

CR8	Demographic Change	Risk Rating		RAG
		Current	Target	A
Risk Owner: Executive Leadership Team		Risk Type: Social, Customer, Financial		
The population in Highland, its distribution, its demography and the related service demands are changing. The Council must plan and act for these changes to be able to deliver the services that people require. This includes achieving the benefits of an integrated service health and social care service for adults, involving the development of more community based services.				
Mitigating Actions:			Responsible Officer	Target Date
CR8.1	Partnership Agreement: We will review the Partnership Agreement for integrated services with NHS Highland.		Chief Executive	March 2018
CR8.2	Local Partnership Plans: We will ensure targets are included in Local Partnership Plans.		Director of Care & Learning	March 2018 and ongoing
CR8.3	Balance of Care: Push for progress on shifting the balance of care.		Resource Manager (Adult Services)	Ongoing

CR8.4	Workforce Plans: We will ensure there are sustainable recruitment strategies in our workforce plans.	Service Directors	Ongoing
CR8.5	Workforce Strategies: Our workforce strategies will include an assessment of changing and increasing demands for services.	Head of People and ICT	March 2018
CR8.6	Financial Strategy: Our financial strategy will include an assessment of the risks and implications associated with demographic change.	Head of Corporate Finance and Commercialism	March 2018
CR 8.7	Partnership Working: Work with our partners, principally the Community Planning Partnership, to plan services that are responsive to demographic changes.	Chief Executive	Ongoing

Notes:
CR8.1 Some slippage
CR8.2 Some slippage – ongoing work to address this
CR8.3 Some slippage – discussions continuing with NHS Highland
CR8.4 Some slippage – The budget planning process has delayed workforce planning activity.
CR8.5 – Work is ongoing with a workshop planned with senior officers towards the end of March, and a report to Resources Committee in May 2018.
CR8.6 Some slippage – The medium term financial plan (MTFP) is still to be developed and formalised. The impacts of demographic change are factored into next year’s budget (e.g. there is additional funding going to Care and Learning to reflect rising pupil numbers in schools) and will be factored into the MTFP as it develops over the course of this year.

CR9	Safe and Effective Property	Risk Rating		RAG
		Current	Target	G
Risk Owner: Head of Property Services		Risk Type: Physical, Financial		
We need to ensure that our buildings and premises provide safe and effective environments for people who use our services, and our staff. We must rationalise property assets to reduce the amount of money we have tied up in fixed assets, and the associated running costs.				
Mitigating Actions:		Responsible Officer	Target Date	
CR9.1	Corporate Property Strategy: We will implement our Corporate Property Strategy and review our Corporate Property Asset Management Plan. This will help to align our	Head of Property and Facilities Management	March 2018	

	property assets with our goals and objectives.		
CR9.2	Property Review: Following the completion of CR9.1, we will conduct a review of how we can measure condition, suitability and sufficiency of the property portfolio. This will include: a desktop study of existing information; updating of existing condition surveys; procurement of surveys to properties that currently don't have a condition survey; review outcomes and risk profile from surveys; and prioritise findings.	Property Manager	September 2018
CR9.3	Maintenance programme: Following the completion of CR9.1, we will prepare a programme of works to address backlog maintenance and upgrade property conditions to satisfactory / legislative compliance standards.	Property Manager	September 2018
CR9.4	Corporate Property Management: Following the completion of CR9.1, we will define arrangements for implementing the corporate property direction including transfer/ alignment of budgets for property improvement.	Head of Property and Facilities Management	September 2018
CR9.7	Fire Safety: We will review and update current fire safety arrangements across all our properties.	Director of Community Services	March 2018

Notes:

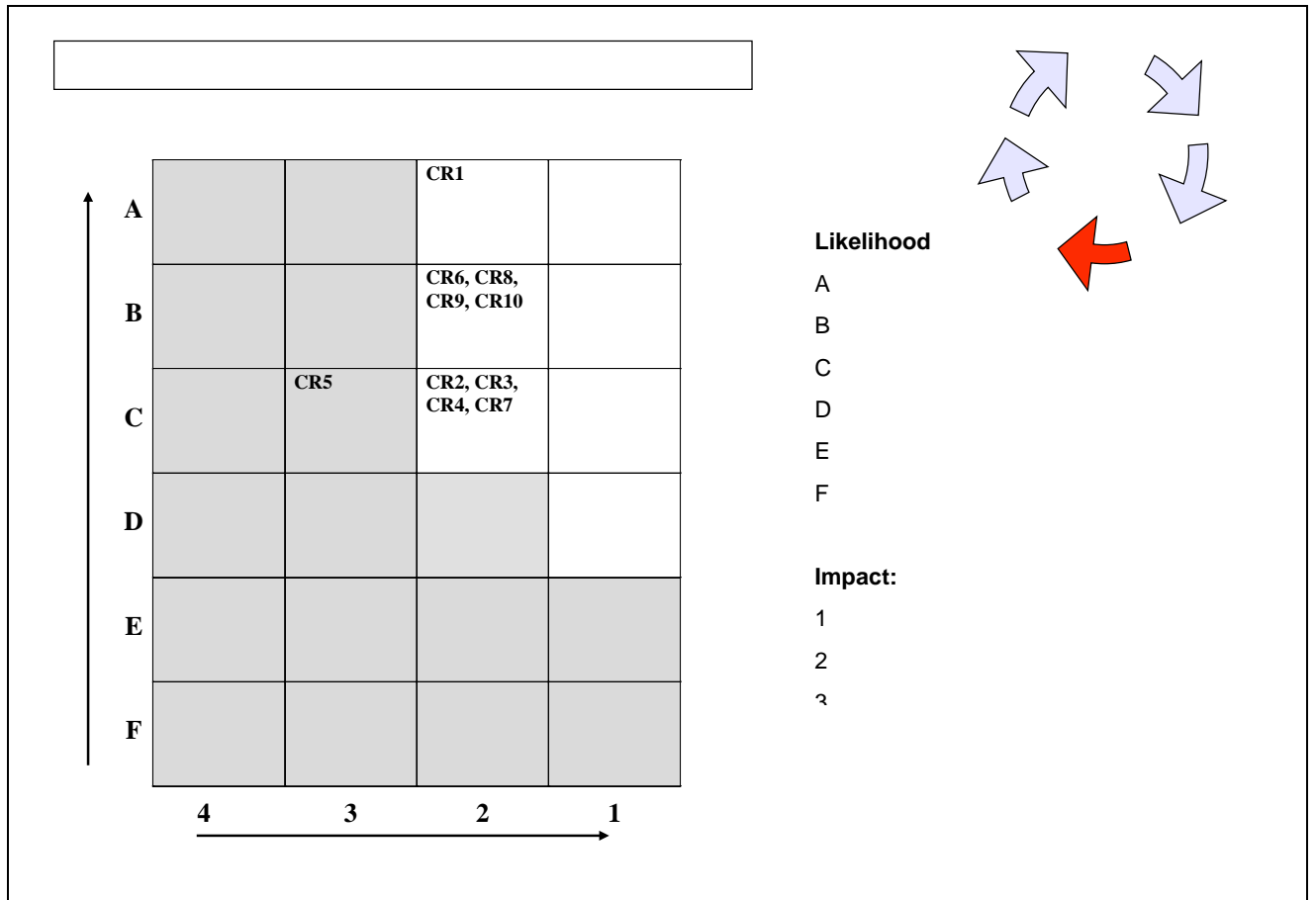
The Executive Leadership Team agreed to separate CR9 (Safe and Effective Buildings) into one risk on property, and one risk on housing to make for clearer accountability. Upon further reflection the Housing risk actions (CR9.5 Domestic Gas Safety; CR9.6 Domestic Asbestos Management) are being managed within the Service and can be considered for the Community Services Risk Register if required. The Housing risk has therefore been removed from the Corporate Risk Register.

CR9.1 On Target – The Property Management Policy which provides clarity on arrangements for managing property as corporate assets was approved by the EDI committee on 08 November 2017. The Council has significant property savings to achieve going forward so there is a continuous review of corporate assets against service requirements. The ongoing strategy is to provide buildings that are safe and fit for purpose but to also reduce the number of assets we lease/own.

CR9.7 On Target – The corporate Fire Safety Working Group chaired by the Director of Community Services has led reviews and tracks action items in a Fire Safety Management Action Plan covering: Physical provisions made for fire safety (fire detection, life protection systems and fire preventative measures); Precautions (information/guidance given to tenants and building occupiers/provision of fire risk assessments); and Resources to address improvements.

CR10	Condition of our Roads	Risk Rating		RAG
		Current	Target	
Risk Owner: Director of Community Services		Risk Type: Financial, Physical		B2
<p>Highland Council is responsible for the largest road network in Scotland, comprising over 6,700 km of carriageways and 1,902 km of footways. The Road Condition Indicator (RCI) is a national Key Performance Indicator (KPI). The national average for 2016 was 36.7% and Highland Council was 39.1%. Highland was ranked 21st out of the 32 Scottish Councils, but the rate at which the roads are deteriorating in Highland is increasing. In 2012 the RCI was 29.3%, so there has been a 10% decrease in road condition over the last 5 years. This has been exacerbated and accelerated by the prolonged 2017/18 winter with regular freeze-thaw-freeze conditions causing rapid decline across the whole network. Failure to maintain investment in (capital) re-surfacing programmes and structural repairs will accelerate the deterioration of our roads, resulting in higher (revenue) maintenance costs, and increase the risk to the Council of litigation claims arising from damage to vehicles and personal injuries.</p>				
Mitigating Actions:			Responsible Officer	Target Date
CR10.1	Free up additional resources: Officers will work with Members throughout 2018/19 to identify ongoing capital savings through better cost management and realisation of project underspends in order to redirect funds to these vital road repairs.		Director of Community Services	April 2019
CR10.2	Innovation and Partnership working: The Service will continue to use innovative techniques to secure best value for the Council and will work closely with partners, including Transport Scotland, to achieve this.		Head of Roads and Transport	Ongoing
CR10.3	Additional Inward Investment: Support lobbying activity to secure additional inward investment in road maintenance.		Director of Community Services	Ongoing

Appendix 2: Refreshed Risk Matrix



Please note the shaded area indicates the Council's current risk appetite. Any risks out with this shaded area are considered above our risk appetite and require active management.



DRAFT

**Risk Management
Strategy**

Version: 0.4

Last Updated: 5 March 2018

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This document was drafted by Highland Council working with Zurich Municipal.

1. Introduction from Chief Executive

All organisations face internal and external factors that can impact on the achievement of their objectives. To be successful our Council has to understand and respond appropriately to these factors and the uncertainty they can create. This is why we have a risk management process.

This strategy outlines our approach to understanding and responding to the risks we face. I believe the people best placed to make these decisions are the officers with responsibility for the services we provide. Therefore the risk management strategy that is put in place should reflect the responsibility of managers and staff for identifying and managing the risks to their service objectives.

Taking appropriate risks can have positive results, and if the Council does not take calculated risks we will not innovate or try to improve how we do things. It is important for the Council to take the right risks, in the right way, at the right time.

An effective risk management process will help the Council become more resilient, meaning we will be:

- less likely to suffer significant risks, adverse events or losses;
- better able to respond when risks, adverse events or losses happen; and
- more likely to achieve objectives in the face of uncertainty

If the risks and uncertainties we face are understood we can do something about them. We have, and will continue, to change as an organisation. This change will bring new risks and challenges and therefore effective risk management will remain a fundamental part of our business.

Steve Barron

Chief Executive

The Highland Council

2. Risk Management Strategy

2.1. Objectives

Our strategy for risk management is to embed a culture where risk management supports the delivery of services. By implementing the risk management process we will achieve a number of objectives, including:

- Help focus officers and Elected Members on the most significant risks
- Help officers and Elected Members to make decisions and take action with a full understanding of the risks and uncertainties that the Council faces
- Increase the likelihood of achieving the Council's objectives
- Increase the Council's resilience
- Facilitate better communication and sharing of knowledge about significant risks across the Council
- Allow risks to be managed at the most appropriate level, and if appropriate, allow risks to be escalated
- Ensure the risks the Council takes are within its tolerance or appetite for risk
- Inform decisions and actions on internal controls and governance and counter-fraud awareness
- Support continuous improvement and Service Planning
- Enable the identification and understanding of risks throughout the Council

The process by which the risk management strategy will be deployed is outlined in this document. This sets out our approach to managing our risks and uncertainties.

2.2. Risk Management Definition

Our definition of risk management is:

The process of identifying significant risks to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences and determining and implementing the most effective way of controlling them.

Three things should be noted about this definition. Firstly it is expected that insignificant risks will not be reported. These may be risks that are managed well, thoroughly understood and are very unlikely to occur, or whose consequences would be relatively insignificant. They should be managed through our current business practices.

Secondly, risks may have positive as well as negative consequences; if the Council does not take calculated risks we will not innovate or try to improve how we do things. The Council must take risks in order to deliver its objectives.

Finally, the most effective way to control some risks may be to continue to monitor the risk and do nothing more than is already being done.

2.3. Risk Management Structure

The risk management process will be used at different levels and in different contexts, Figure 1. The risk registers should relate to the business planning process. For example the corporate risk register will consider risks to delivery of corporate priorities, or which have the

potential to impact multiple Council Services; Service risk registers will consider risks to Council Services and so on. Corporate and Service risk registers will give due consideration to relevant partnership arrangements including community planning.

Subsidiary risk registers may also be created and maintained at individual project, contract, or partnership level, or as part of the business continuity planning process.

Risks should be able to flow between levels, to allow risks to be managed at the most appropriate level or to communicate with stakeholders about the risk.

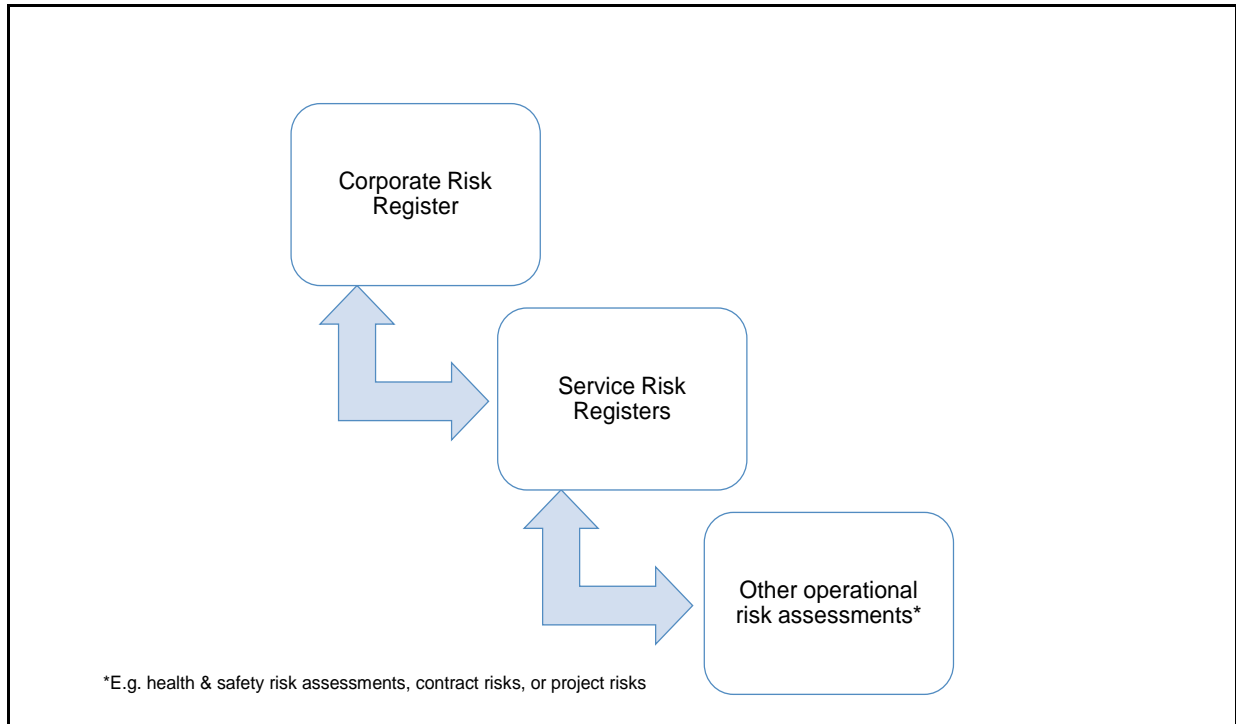


Figure 1 – Risk Management Structure

2.4. Risk Management Process

The risk management process has seven elements, Figure 2. Underpinning each stage of the process is communication and consultation with interested parties. The aim of this is to ensure internal and external stakeholders (if appropriate) are considered and involved in the Council's work to understand and define its risks.

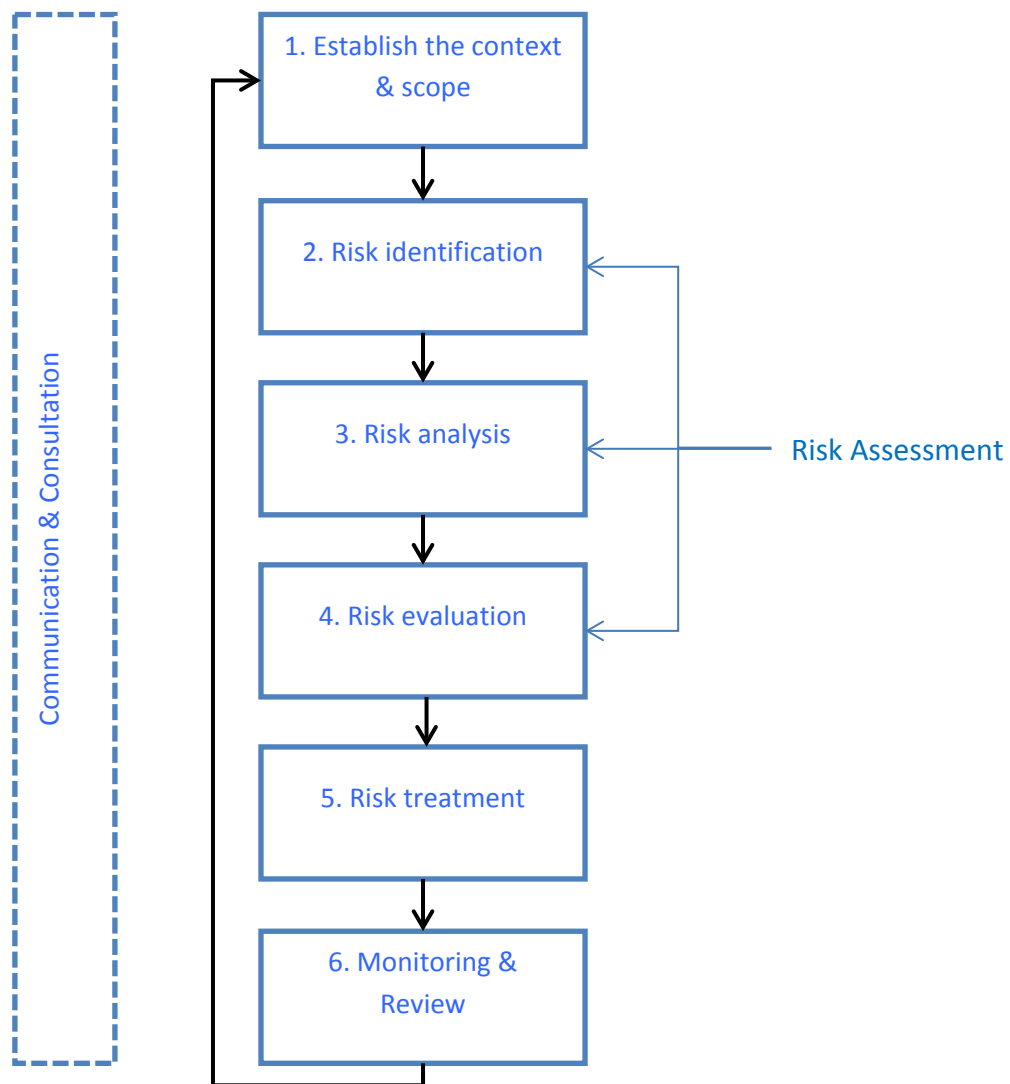


Figure 2 – Risk Management Process

Further detail of the process and its use is contained within the Risk Management Process – Guidance Document.

2.5. Corporate Risk Management Group

To ensure the holistic approach to risk management, a group of officers will act as a corporate support and oversight function. This group will champion the deployment of the risk culture and strategy, build organisational capacity to effectively manage risk, disseminate best practice in all related areas, and ensure the co-ordination and efficient consideration of risk-related activities.

2.6. Roles and Responsibilities

Risk management is the responsibility of all Elected Members and officers. However there are some specific roles and responsibilities which require to be outlined, Appendix 1.

2.7. Review of Strategy

The strategy will be reviewed annually. The result of this review will be presented to the Council's Audit and Scrutiny committee.

Appendix 1 – Roles and Responsibilities

Role	Responsibilities
All Elected Members	<ul style="list-style-type: none"> • To ensure risks have been appropriately considered as part of all Committee and Council reports • To scrutinise and question officers on the risk information provided by them • Encourage a culture that supports appropriate risk taking and the open discussion of risk • Approve the public disclosure of the assurance statement in the Annual Statement of Accounts and the Annual Performance Report in line with the Corporate Governance requirements
Audit & Scrutiny Committee	<ul style="list-style-type: none"> • Scrutinise the Corporate Risk Register every six months • Review the effectiveness of the Risk Management and Internal Control Framework • Approve revisions to the Risk Management Strategy
Executive Leadership Team	<ul style="list-style-type: none"> • Promote and support risk management throughout the Council • Seek to ensure Corporate and Service risks are identified and managed within the associated risk appetites • Review corporate risks at least every six months • Ensure the corporate risks reflect any new or emerging external and internal risks • Monitor progress in managing corporate risks, to ensure agreed actions are taken timeously • Ensure Elected Members are aware of the risks when taking decisions, through providing quality information • Consider risks escalated from a service, project or contract for inclusion within the Corporate Risk Register • Ensure risks are considered as part of any significant projects, contracts or partnerships • Encourage a culture of openness to allow risks to be identified and fully considered • Encourage a culture of learning from risk events when they happen
Corporate Risk Management Group	<ul style="list-style-type: none"> • Share business intelligence on risk and disseminate this across the Council; • Identify risks which are common across services and escalate these for consideration on the corporate or Service risk registers; • Ensure risks that are reported on through other processes (e.g. the Information Governance Board or Central Safety Committee), are appropriately captured within risk registers • Work collaboratively to resolve any issues related to the Corporate Risk Register referred to the group by the Executive Leadership Team; • Share and disseminate best practice and risk management guidance to Services; • Provide a contact point in each Service to support effective risk management; and • Review the Corporate Risk Management Strategy.
Directors/ Senior	<ul style="list-style-type: none"> • Maintain a Service Risk Register in line with the Risk Management Strategy, reviewed in-line with Service Planning guidance.

Managers	<ul style="list-style-type: none"> • Ensure service risks are adequately communicated to other services if appropriate • Ensure significant contracts, partnerships and projects the service relies upon or is delivering have appropriate risk management arrangements in place • Encourage a culture of risk awareness through involving others in the risk management process as appropriate, and challenging risk information • Escalate, if appropriate, risks to the CRMG for consideration and possible inclusion on the Corporate Risk Register • Encourage a culture of openness to allow risks to be identified and fully considered • Encourage a culture of learning from risk events when they happen
Programme, Project, Contract or Partnership Managers	<ul style="list-style-type: none"> • Maintain an up to date risk register for each significant project, contract or partnership
Risk Owners	<ul style="list-style-type: none"> • Take the lead in monitoring own risks to ensure they are being managed in line with appetite set for that risk • Co-ordinate any further action needed to treat the risk • Review progress of the risk treatment actions • Take the lead on communicating with interested internal stakeholders about the risk
Internal Audit	<ul style="list-style-type: none"> • Ensure the Council's audit plan is linked to the significant risks facing the council • Scrutinise the controls and mitigation in place to address significant risks • Report on the overall risk management arrangements within their annual report
All employees	<ul style="list-style-type: none"> • Maintain an awareness and knowledge of the risk management responsibilities appropriate to their role • Notify line manager, or another appropriate manager, of any significant Service, Project, Contract or Partnership risks they identify or become aware of in their role