



Comhairle Nan Eilean Siar

Risk Management Policy and Strategy

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Policy – the risk management approach

- 1.1 Risk management is a statutory duty within local authorities and this document aims to embed a risk aware culture within Comhairle Nan Eilean Siar (the Comhairle) and align risk management with other management tasks.
- 1.2 Risk management is an integral part of good management practice and a key part of corporate governance. This strategy statement outlines the arrangements put in place to ensure the Comhairle identifies and deals with the key risks its faces.
- 1.3 The Comhairle has adopted proactive risk management arrangements to enable decisions to be based on comprehensively assessed risks, ensuring the right actions are taken at the right time. How successful the Comhairle is in dealing with the risks it faces can have a major impact on the achievement of its Corporate Strategy, key objectives and service delivery.
- 1.4 The risk management strategy helps to support the aim of the Comhairle to be a confident organisation that will help shape the Outer Hebrides as an attractive place to live, work and do business.

Benefits of risk management

- 1.5 Risk management protects and adds value to the Comhairle and its stakeholders through supporting its objectives by:
 - *providing a framework for the Comhairle that enables future activity to take place in a consistent and controlled manner;*
 - *improving risk identification for services during the business planning period;*
 - *improving decision making, planning and prioritisation by comprehensive and structured understanding of business activity, volatility and project opportunity or threat;*
 - *contributing to a more efficient use/allocation of capital and revenue resources;*
 - *reducing volatility in the non-essential areas of business;*
 - *protecting and enhancing assets and the reputation of the Comhairle;*
 - *developing and supporting the workforce and the Comhairle's knowledge base;*
 - *and*
 - *optimising operational efficiency.*

Risk management

- 1.6 The focus of good risk management is the identification and treatment of risks. It increases the probability of success and reduces the likelihood of failure and the uncertainty of achieving objectives. Risk management should be a continuous and evolving process that runs throughout the strategies and service delivery of the Comhairle.
- 1.7 Learning lessons from past activities helps inform current and future decisions by reducing threats and optimising the uptake of opportunities. Celebrating and communicating successful risk management in turn encourages a more daring but calculated approach.
- 1.8 The Comhairle's risk management processes are aligned with ISO 31000 (2018), 'Risk Management Standard'.

Strategy – implementing the policy

2.0 Objectives

The objectives of this strategy are to:

- fully integrate risk management into the culture of the Comhairle and its corporate and service planning process;
- ensure that the risk management framework is understood and implemented by staff with an operational responsibility for risk;
- communicate the risk management approach of the Comhairle to stakeholders;
- ensure the benefits of risk management are realised through maximising opportunities and minimising threats; and
- ensure consistency throughout the Comhairle in the management of risk.

Introduction

- 2.1 An effective and systematic risk management process is a vital component for all organisations, especially those as complex and diverse as ours. It is a process that underpins and supports the efficient and effective delivery of all Comhairle services on a day-to-day basis.
- 2.2 This document has been produced to help raise awareness of the overarching principles of risk management and to assist officers, at all levels, in applying sound risk management principles and practices. It is only when this is achieved consistently across the Comhairle's various areas of responsibility and activity can it be deemed that risk management is truly embedded.
- 2.3 The Comhairle exists to provide a wide range of public services to a variety of stakeholders. In delivering these services, the Comhairle's officers and Elected Members have established and agreed a set of strategic and operational objectives to provide the Authority with direction. The Comhairle is committed in working to achieve these.
- 2.4 Risk management is a process that aims to identify significant risks that may impact on the achievement of these objectives and then looks to evaluate, design and implement effective measures to change both the likelihood and the potential impact of these risks occurring. This can only be achieved through a systematic and robust process of risk management.
- 2.5 Clear identification and assessment of risks will ultimately lead to a more effective use of resources and result in direct improvements to the services we can provide to our customers and stakeholders. It will also contribute to improvements in our corporate governance processes and our overall performance.
- 2.6 Local Government increasingly involves dealing with uncertainty and managing major change. We are also under increasing pressure to deliver better services in new and innovative ways, often through partnership working. All of this attracts risk which will need to be managed successfully if desired outcomes are to be achieved, and the Comhairle is to be adequately protected against unacceptable loss.
- 2.7 Risk management is about taking informed decisions, achieving objectives and delivering results once those decisions are made. By being more risk aware, the Comhairle will be better placed to avoid threats and take advantage of opportunities.

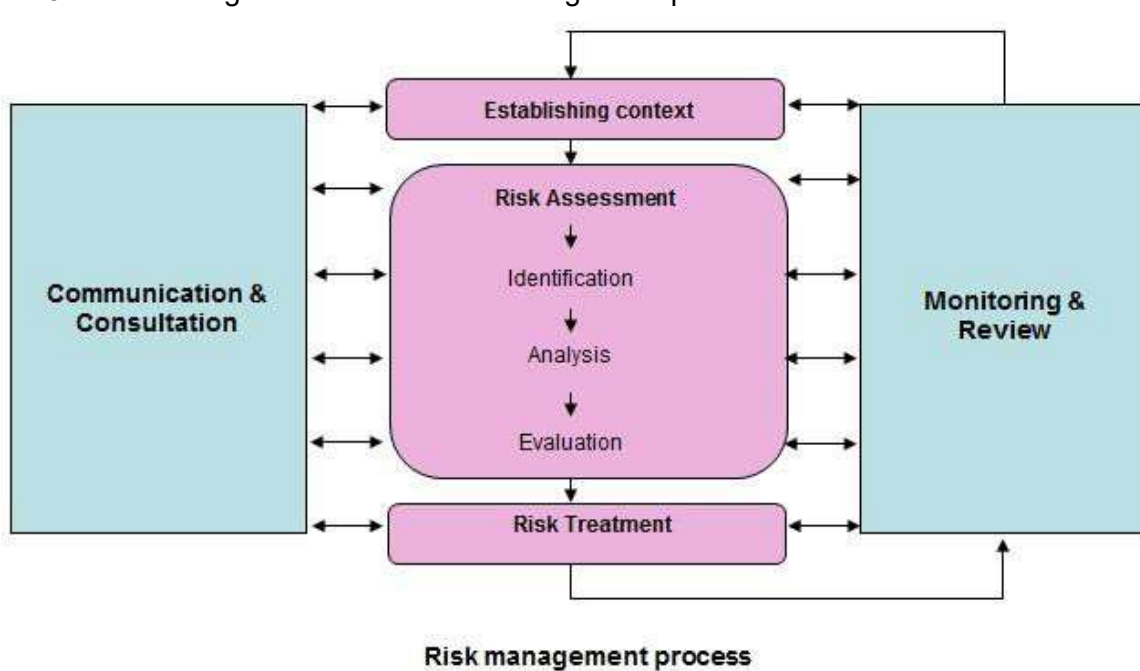
The Comhairle is committed to the principle of operating within an effective and systematic risk management framework and this can only succeed with your support.

- 2.8 The Comhairle currently recognise 3 levels of risk: Project risks are concerned with delivering a specific project to an appropriate level of quality within agreed time, cost and scope constraints; Operational risks represent opportunities or threats that may affect the achievement of service business plans; and Strategic risks which represent opportunities or threats that may have an impact on strategic objectives should they arise.

3.0 Risk management process

- 3.1 It is essential that a single risk management approach is used at all levels throughout the Comhairle. By effectively managing our risks and opportunities, which is all part of good governance, we will be in a stronger position to deliver our outcomes, provide improved services to the public, work better as a partner with other organisations and achieve value for money.

- 3.2 This diagram shows the risk management process.



4.0 Application of risk management activities across Comhairle activities

- 4.1 Standard procedures (4.1.1 – 4.1.11) will be implemented across all Comhairle activities to assure us that the risks we face are consistently and effectively managed. Operational risk registers are reviewed alongside Service Business Plans and risk actions updated on an agreed regular basis, from the Interplan home screen.
- 4.1.1 Full implementation of the risk management process, meaning that risk management information should (wherever possible) be used to guide significant decisions in the same way that cost benefit analysis is used.
- 4.1.2 Identification of risk using standard methodologies and involving subject experts who have knowledge and experience of the activity or process under consideration.
- 4.1.3 Classification of risks under the following headings:
- Strategic, operational and project risks: may relate to Asset/Infrastructure, Budget/Financial, Community Safety, Compliance, Contractual, Environmental, Legal, Political, Reputational, Social, Technological, or Workforce issues.
- 4.1.4 Appropriate ownership of risk. Specific risks will be owned by/assigned to whoever is best placed to manage the risk and oversee the development of any new controls required.
- 4.1.5 Consistent application of the agreed threat and opportunity matrices to analyse risk in terms of likelihood of occurrence and potential impact, considering the effectiveness of risk control measures in place. (Matrices can be found in the risk guidance documents.)
- 4.1.6 Consistent response to risk that is proportionate to the level of risk. This means that threats may be terminated; transferred (to another partner or third party, i.e. insurance); tolerated; or treated with cost effective measures to bring it within the Comhairle's risk appetite. An opportunity may be realised if it is assessed to be worthwhile pursuing and the Comhairle is confident in its abilities to achieve the identified benefits (risk effects).
- 4.1.7 Implementation and maintenance of risk registers as a means of collating risk information in a consistent format allowing risk evaluations and informed decision-making in relation to prioritising resources. Interplan's Risk Management (*cammsrisk*) system is used for storing and reporting progress on Strategic, Operational and Project Risks for reporting purposes.
- 4.1.8 Partnership risks should be identified, included in risk registers and the risk managed where the partnership is deemed material. Partnership risk controls include having agreements or contracts in place where necessary. These risks should be stored on *cammsrisk* as operational risks for reporting purposes.
- 4.1.9 The required reporting framework for assurance that risks are being managed is detailed in section 7.

- 4.1.10 Operation of a procedure for movement of risks between strategic, operational and project risk registers.
- 4.1.11 Routine reporting of risk information within and across teams and a commitment to a 'lessons learned' culture that seeks to learn from both good and poor experience to replicate good practice and reduce adverse events and associated complaints and claims.

5.0 Risk management priorities

For the strategy period, the following areas will be developed by the Central Risk Function with a view to improving the risk maturity of the Comhairle:

- continue to build back supporting documents, templates and guidance lost during the November-2023 cyberattack;
- continue to improve the risk processes of identifying emerging risk, risk escalation and de-escalation, and promoting lessons learned;
- continue to develop risk management training resources;
- continue to develop the use of Interplan's Risk Management (cammrisk) system;
- continue to work towards a complete up-to-date set of Business Continuity Management documents to ensure all Comhairle critical services are prepared for a disruption to business; and
- continue to improve links between risk management and health and safety, insurance, internal audit and procurement.

6.0 Governance, roles and responsibilities

6.1 Elected Members

Elected Members are responsible for:

- oversight of the Comhairle's risk management arrangements;
- receipt and review of reports on strategic risks and any key operational or project risks that require to be brought to Elected Member's attention; and
- ensuring they are aware of any risks linked to recommendations from Officers concerning significant decisions, facilitated by a 'risk implications' section on all report papers.

6.2 Corporate Management Team

Members of Corporate Management Team are responsible for (either collectively or by nominating a specific member of the team) for:

- supporting the Central Risk Function and departmental risk coordinators in fulfilling their risk management responsibilities;
- receipt and review of regular risk management reports on operational risks and communicating any matters of concern to the relevant Committee;
- reviewing the strategic risk register on an annual basis;
- supporting the standard procedures set out in section four of this strategy are actively promoted across their services and within their areas of responsibility; and
- ensuring that departmental budget requirements are considered for risk treatment actions.

6.3 Best Value Action Planning Group

Improve operational risk processes by way of:

- identifying emerging risk;
- providing peer review;
- sharing best practice;
- sharing lessons learned;
- considering common risks;
- escalating operational risks when required; and
- identifying training needs.

6.4 Central Risk Function

The Central Risk Function is responsible for strategy development by way of supporting services and improving risk processes across the Comhairle.

6.5 Risk Coordinators

Coordinate risk within the department by way of:

- ensuring the department's operational risk register is up to date on Interplan's *cammsrisk* module;
- coordinating lessons learned logs;
- maintaining partnership risk registers; and
- coordinating Business Continuity Plans for the department.

6.6 Service Managers

Service managers are responsible for:

- raising awareness, managing and implementing the risk management process effectively in their services areas;
- attending risk management training and recommending any necessary training for employees on risk management; and
- producing and reviewing operational and project risk registers.

6.7 Employees

Employees are responsible for:

- managing risk effectively in their jobs;
- liaising with their manager to assess areas of risk;
- identifying new or changing risks and communicating these to their line manager; and
- reporting inefficient, unnecessary or unworkable controls.

7.0 **Reporting**

7.1 **Risk and the decision-making process**

Risk needs to be addressed at the point at which decisions are being taken. Where Members and Officers are asked to make decisions, they should be advised of the risks associated with recommendations being made.

7.2 **Reporting risk to service committees**

Risk should be reported to service committees on a quarterly basis as part of the performance monitoring presentation.

7.3 Reporting structure for risk management

The structure for reporting risk management effectively is as follows:

Frequency	Description	Involvement from	Reported to
Ongoing	All reports that require a significant decision to be made	Report author	Relevant Committee or group
Quarterly	Risk section in performance monitoring presentations to include high risks, emerging risk or other relevant areas	Services	Service Committees
Quarterly	Report on operational risk action progress	Services / Central Risk Function	Published on Comhairle website
6 times a year	Risk coordinator meeting to discuss operational risk	Central Risk Function	Best Value Action Planning Group
Every 6 months	Decisions on risk strategy, emerging risks, risk management performance. Operational Risk, emerging risks, risk management performance.	Central Risk Function	Corporate Management Team
Annually	Strategic Risk Register, review of previous year and priorities for coming year, risk maturity	Central Risk Function	Audit & Scrutiny Committee Policy & Resources Committee
Annually	Report on strategic risk action progress	Services / Central Risk Function	Published on Comhairle website
Every 2 years	Risk Management Policy and Strategy documents	Central Risk Function	Audit & Scrutiny Committee Policy & Resources Committee

8.0 Further information

The Central Risk Function can be contacted at riskmanagement@cne-siar.gov.uk

Risk appetite is the amount and type of risk we are prepared to accept in pursuit of our strategic objectives. Our aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery whilst also providing an acceptable level of value for money.

The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to control risk are established before decisions are made.

The Comhairle's appetite for risk reflects the different types of risk that could impact on the Comhairle's ability to meet its statutory requirements and strategic priorities, including likely reputational impact and potential financial implications.

Risk categories	Risk Appetite		
	Low - Risk averse	Medium - Risk neutral	High - Risk seeker
Compliance			
Financial risk			
Health & Safety			
Reputation			
Service Delivery			
Strategic priorities & opportunities			

The Risk Appetite Statement should be applied consistently throughout the Comhairle leading to strengthened governance and accountability in relation to the Comhairle's key threats and opportunities.

As a Local Authority, the Comhairle has zero tolerance with regards to compliance risk, as well as to the Health and Safety of our staff, service users and members of the public.

In relation to decisions regarding finances the Comhairle is willing to accept a small amount of risk, for example, a low-risk investment.

The Comhairle is prepared to accept some risk in relation to service delivery and reputation, for example when considering alternative delivery models, innovative thinking to income generation or new ways of working including IT data sharing.

The Comhairle has a higher tolerance for risk with regards to achieving its strategic priorities and when trying something new. For instance, in the pursuit of realising opportunities if the outcome is believed to produce a positive gain, or if the risk has been managed to an appropriate level, or if a cost-benefit analysis has shown that it is likely to be cost effective.

The acceptance of risk is subject to ensuring that all potential opportunities and threats are fully understood and that appropriate measures to mitigate risk are established before decisions are made.

We recognise that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk may apply.