

Item: 10

Policy and Resources Committee: 22 September 2020.

Corporate Risk Management Policy and Strategy.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider the updated Risk Management Policy and Strategy.

2. Recommendations

The Committee is invited to note:

2.1.

That the Risk Management Policy and Strategy, last revised in 2018, has been amended to reflect recommendations arising from an Internal Audit in relation to Corporate Governance and Risk Management, as well as adopting the approach to risk clusters taken by the Chartered Institute of Public Finance and Accountancy.

It is recommended:

2.2.

That the Corporate Risk Management Policy and Strategy 2020 to 2022, attached as Annex 1 to this report, be approved.

3. Risk Management

3.1.

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council therefore adopted a policy on Risk Management, has established a Risk Management Strategy and has implemented procedures in support of the policy and strategy, which include the production and regular review of risk registers. This activity is recognised as a key component of sound corporate governance.

3.2.

The Council will promote its risk management policy objectives by systematically identifying, evaluation, and thereafter seeking to control and monitor risks which would potentially endanger, or which could have a detrimental effect on the services provided by Orkney Islands Council, or to residents of Orkney.

3.3.

The Council acknowledges that risk can never be eliminated in its entirety. The Council recognises that managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements and financial benefits. Therefore, the measures which the Council adopts are the principles of good management practice which seek to control and balance risk and opportunity. Specifically, in the area of risk management, the Council seeks to:

- Meet at all times its statutory obligations and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles or and other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

3.4.

Appropriate risk management arrangements include the following documents, which must be maintained and updated on a continuous basis and reviewed formally by the Senior Management Team every 6 months, and by Elected Members every 12 months:

- A risk register.
- As appropriate, an action plan to address the issues raised in the risk register. Action plans are optional for amber risks and compulsory for red risks.

3.5.

The risks on each register have been updated to include the approach to risk cluster headings taken by the Chartered Institute of Public Finance and Accountancy. These include Political, Economic, Reputational, Technological, Legislative, Environmental, performance, Customer, Managerial, Financial, Legal, Contractual or Physical.

3.6.

Any new risks which arise throughout the year are added to the relevant risk register when required.

4. Updated Policy and Strategy

4.1.

The Corporate Risk Management Policy and Strategy is reviewed biennially. The Risk Management Policy and Strategy 2018 to 2020 was approved by Council, following consideration by the Policy and Resources Committee on 27 November 2018.

4.2.

The Corporate Risk Management Policy and Strategy 2020 to 2022, attached as Annex 1 to this report, accommodates changes in addition to those recommended as part of the Internal Audit on Corporate Governance and Risk Management, considered by the Monitoring and Audit Committee on 26 September 2019.

4.3.

Other changes include amendments to the risk clusters contained within paragraph 8 of the Strategy. These changes adopt the approach to risk clusters taken by the Chartered Institute of Public Finance and Accountancy. In addition, it records the development of service risk registers managed by Heads of Service, a recommendation of the Internal Audit referred to above.

5. Equalities Impact

An Equality Impact Assessment has been undertaken and is attached as Annex 2 to this report.

6. Corporate Governance

This report relates to governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

7. Financial Implications

There are no financial implications arising directly from this report.

8. Legal Aspects

Effective risk management helps the Council to meet its statutory obligations and discharge its legal duties of care.

9. Contact Officers

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10. Annexes

Annex 1: Risk Management Policy and Strategy 2020 to 2022.

Annex 2: Equality Impact Assessment.



ORKNEY
ISLANDS COUNCIL

Risk Management Policy and Strategy

2020 to 2022

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Document Control sheet.

Review / Approval History.

Date.	Name.	Position.	Version Approved.
11 December 2018.	General Meeting of the Council.	N/A.	Version 1.0

Change Record table.

Date.	Author.	Version.	Status.	Reason.
October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.
July 2020	Les Donaldson	1.1	Final.	Reviewed and updated earlier version.

1. Policy Statement

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted this policy on risk management, has established the attached Risk Management Strategy and has implemented procedures in support of the policy and strategy.

The Council wishes to acknowledge that risk can never be eliminated in its entirety. The Council also wishes to recognise that managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures which the Council adopts are principles of good management practice which seek to control and balance risk and opportunity.

Specifically, in the area of risk management, the Council seeks to:

- Always meet its statutory obligations, and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles or any other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

The Council will promote these objectives by systematically identifying, evaluating, and thereafter seeking to control and monitor all risks which would potentially endanger, or which could have a detrimental effect upon the aims and objectives stated above.

The Council will support its members and officials in developing the necessary skills and competencies to enable the provision of good quality risk management to the Council.

2. Introduction

The objective of this strategy is to ensure that risk management is an integral part of the Council's corporate and service management, forms part of the Council's governance, planning and service delivery operations and allows for monitoring and reporting on the effectiveness of that strategy.

The strategy acknowledges that risks occur at all levels of the Council's functions and activities and includes strategic or corporate risks as well as innumerable operational risks.

Risk management is part of the Council's Strategic Planning and Performance Framework, and the monitoring of risk is part of the Council's Corporate Performance and Risk Management System.

3. Terminology

Governance.

The system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Risk.

The chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. This can be further defined as “the combination of the likelihood of an event occurring (or not occurring, as the case may be) and its impact on the organisation”.

Risk Management.

The planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the Council. All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers in achieving these objectives.

Good risk management.

Having a process in place that can identify what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If something does go wrong, which inevitably happens, making sure that the impact is kept to a minimum. Good risk management is successfully managing the barriers to achieving objectives.

4. Objectives

Orkney Islands Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The Council’s risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the Council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of incidents and accidents.
- Inform policy and operational decisions by identifying risks and their likely impact.

- Raise awareness of the need of risk management by all those connected with the Council's delivery of service.
- Recognise that good risk management also includes positive risk taking and the identification of opportunities.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the Council for risk management.
- Setting out clear risk management processes.
- Continuing to demonstrate the application of risk management principles in the activities of the Council, its employees and members.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
- Maintaining a register of risks linked to the Council's business, corporate and operational objectives, including those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the Council's ability to function.
- Monitoring arrangements continually and seeking continuous improvement.

5. Approach

It is essential that a single risk management approach be utilised at all levels throughout the Council. By demonstrating good governance through effective management of risks and opportunities, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money.

This approach to risk management will inform the Council's business processes, including:

- Strategic planning.
- Financial planning.
- Service planning.
- Policy making and review.
- Performance management.
- Project management.
- Partnership working.

It is essential in order to achieve the objectives referred to in section 4 that processes are in place to identify and assess risks and opportunities, develop and implement controls and warning mechanisms, and to review and report on progress.

The identified risks and relevant control measures will be managed through the Council's Corporate Risk Register.

6. Benefits diagram.



7. Status of Risk Management

Risk management is as much a part of the duties of Council officials as, for example, the control of budgets or the deployment of staff and assets. It is one of many substantive issues to be considered by elected members when making decisions. If the Council is to have reasonable assurance that risk management is effective, and is effectively part of the Council's operations, risk management must be carried out in a systematic and structured manner and be subject to monitoring and reporting on its effectiveness.

8. Management Arrangements

Risk management is a part of service and corporate management and accordingly should be integrated as far as possible within normal management processes.

The Chief Executive will have overall responsibility for the management of risk within Orkney Islands Council. In practice, this responsibility will be deferred to the four Executive Directors.

Executive Director, Corporate Services will have responsibility for ensuring that the Council's Risk Management Strategy, Policy and Corporate Risk Register are maintained and regularly reviewed. Risk owners will clearly be identified within the register. The Corporate Risk Register will be reviewed biennially or where a new risk is identified. The reviewed Corporate Risk Register will be presented to the Senior Management Team for approval and thereafter to the Policy and Resources Committee.

Executive Directors will have responsibility for ensuring a risk register is compiled and maintained in respect of their Service. Service Risk registers will be reviewed biennially or where a new risk is identified. Any identified risk which falls out with the risk tolerance level will be escalated to the Corporate Risk Register.

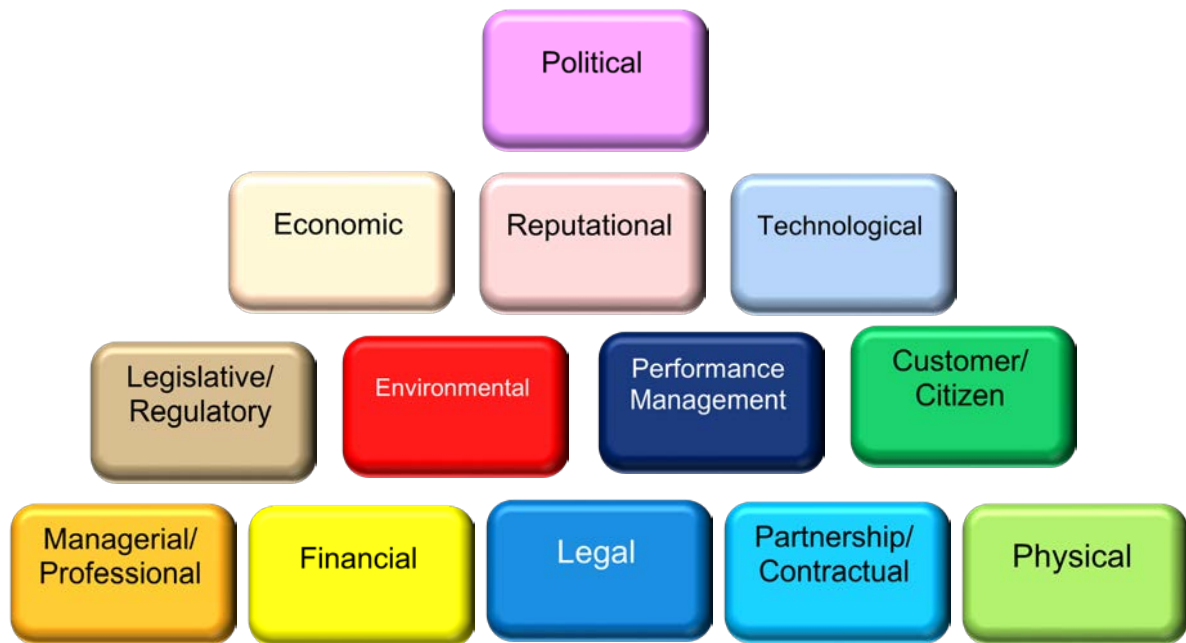
Heads of Service will be responsible for ensuring a risk register is kept of all risks falling within their service and that service risk registers are reviewed biennially or where a new risk is identified. Risks which fall out with the risk tolerance level will be escalated to the respective Service Risk Register.

Senior Management Team shall:

- Determine the levels of risk and outcomes that are tolerable and acceptable to achieve the Council's objectives.
- Provide advice to elected members on the type and amount of risk to accept when making policy decisions.
- Assume ownership of the corporate risks recorded in the Corporate Risk Register.
- Carry out a strategic overview of the Corporate Risk Register at least biannually.
- Promote and support the implementation of the risk management policy and strategy throughout the Council.

Identified risks will be allocated to an officer and each risk will be accompanied by an assessment of whether the risk will be tolerated, treated, terminated or transferred. Registers will be accompanied by an action plan, highlighting the means by which the assessment will be achieved.

Identified risks will be divided into the appropriate cluster heading as follows:



It is acknowledged that there are some aspects of operational risk management which would benefit from corporate support and co-ordination. There is also a need for the Council to be able to demonstrate that risk management arrangements are effective, through the Corporate Performance and Risk Management system.

The Council's part of Orkney Health and Care may follow the risk management system and documentation currently operated by its partner, NHS Orkney. However, the monitoring and accountability procedures in respect of the Council remain the same.

The Performance and Risk Management Group will consist of at least one representative from each Service of the Council. This will not be a decision-making body, as recommendations would be referred to the Senior Management Team and, as necessary, to the relevant service committee or in relation to Orkney Health and Care, to the Integration Joint Board or a service committee or sub-committee established with an appropriate remit.

The Risk Management Policy and Strategy should be reviewed every two years.

9. Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The Council must ensure risk management processes are applied throughout the business continuity lifecycle.

10. Monitoring and Accountability

Formal monitoring and accountability procedures should form an integral part of the risk management process, covering the following three main issues:

- Delivering the risk management strategy.

- Implementing risk management action plans, both corporate and service.
- Determining whether the action planning is making a difference to the risk, as appropriate.

The following monitoring arrangements are in place:

- Risk registers are presented to the relevant committee or board annually to advise members of the risks which may affect the achievement of the Council's strategic objectives.
- Service risks are monitored through the Corporate Performance and Risk Management System so that any performance risks are highlighted to the Senior Management Team through exception reporting.
- Ensuring that the Performance and Risk Management Group continues to be an effective and streamlined means of maintaining an overview of risk management and supporting corporate consistency in the implementation of the risk management policy.
- Internal Audit's role may include the auditing of the risk management process across the Council and the reporting on the efficiency and effectiveness of internal controls.



Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

1. Identification of Function, Policy or Plan	
Name of function / policy / plan to be assessed.	Corporate Risk Management Policy and Strategy 2020 to 2022.
Service / service area responsible.	Corporate Services – Safety and Resilience.
Name of person carrying out the assessment and contact details.	Hayley Green, Head of IT and Facilities, hayley.green@orkney.gov.uk
Date of assessment.	14 September 2020.
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	Minor updates made to existing policy.

2. Initial Screening	
What are the intended outcomes of the function / policy / plan?	To ensure that risk management procedures are in place throughout the Council in order to identify, assess and control risks, reduce and where possible remove risks.
Is the function / policy / plan strategically important?	Yes
State who is, or may be affected by this function / policy / plan, and how.	The policy and strategy cover all services of the Council and place responsibilities on senior managers, Heads of Service and particularly Executive Directors to ensure that risk management is consistently embedded in the culture of the Council. All employees and everyone who uses council services will benefit

	from the effective and efficient application of risk management.
How have stakeholders been involved in the development of this function / policy / plan?	Recommendations as part of the Internal Audit on Corporate Governance and Risk Management have been incorporated.
Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise. E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).	None known that is specifically for a risk management policy.
Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise. E.g. For people living in poverty or for people of low income. See The Fairer Scotland Duty Interim Guidance for Public Bodies for further information.	No.
Could the function / policy have a differential impact on any of the following equality areas?	(Please provide any evidence – positive impacts / benefits, negative impacts and reasons).
1. Race: this includes ethnic or national groups, colour and nationality.	No. There is no differential impact.
2. Sex: a man or a woman.	No. There is no differential impact.
3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	No. There is no differential impact.
4. Gender Reassignment: the process of transitioning from one gender to another.	No. There is no differential impact.
5. Pregnancy and maternity.	No. There is no differential impact.
6. Age: people of different ages.	No. There is no differential impact.

7. Religion or beliefs or none (atheists).	No. There is no differential impact.
8. Caring responsibilities.	No. There is no differential impact.
9. Care experienced.	No. There is no differential impact.
10. Marriage and Civil Partnerships.	No. There is no differential impact.
11. Disability: people with disabilities (whether registered or not).	No. There is no differential impact.
12. Socio-economic disadvantage.	No. There is no differential impact.
13. Isles-proofing.	No. There is no differential impact.

3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No.
How could you minimise or remove any potential negative impacts?	Not applicable.
Do you have enough information to make a judgement? If no, what information do you require?	Yes.

4. Conclusions and Planned Action

Is further work required?	No.
What action is to be taken?	Executive Directors must ensure risks are identified, managed and included in their Service Risk Register and Corporate Risk Register where appropriate and that Risk Management Plans are in place.
Who will undertake it?	Executive Directors and Heads of Service.
When will it be done?	The process of identifying and managing risk is continuous. Risk registers and action plans will be formally reviewed every 6 months.
How will it be monitored? (e.g. through service plans).	Through the Corporate Performance and Risk Management system; be exception reports to the Senior Management Team; by internal audits; annual reports to the Policy and Resources and

	Monitoring and Audit committees on risk management.
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Signature:



Date: 14 September 2020

Name: HAYLEY GREEN

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Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at hrsupport@orkney.gov.uk