RISK MANAGEMENT POLICY

Reviewed: October 2023
Next Review: October 2026

1. Introduction

1.1 The council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The council also has a statutory duty in terms of the Local Government in Scotland Act 2003 to secure Best Value, by making arrangements to secure continuous improvement in the way in which its functions are exercised.

1.2 In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, which includes making arrangements for the effective management of risk. As a large and complex organisation, the council is exposed to a wide variety of risks and, through this policy, is committed to the proactive management of these risks.

2. Aims

2.1 This Policy provides a structure through which:

- Risks to organisational and service objectives can be identified and managed;
- Risk appetite can be developed and agreed, recognising that measured risk is essential to optimising achievement of policy objectives;
- Risks can be captured in risk registers and responses to identified risks developed in a structured manner within strategic, service or project plans;
- There is clarity and transparency around the principal risks facing the council.

3. Objectives

3.1 The objectives of the risk management policy are to:

- Ensure compliance with statutory obligations;
- Preserve and enhance service delivery;
- Safeguard the interests of elected members, staff, and users of council services;
- Protect the Council's property and assets;
- Maintain effective control of public funds;
- Promote the reputation of the Council.

4. Scope

4.1 Risk in its broadest sense can be defined as 'the effect of uncertainty on objectives'. Thus risk management is a co-ordinated set of activities to control the many risks that impact on the delivery of those objectives.

4.2 While risk is evaluated routinely in day-to-day operations, good governance practice requires formal evaluation of risks and risk impacts to inform strategic planning, guide major projects and support options appraisal. Doing this is essential to provide clear accountability and transparency around decision making processes.

4.3   All risks are potentially in scope; hence a range of processes have been developed for risk management purposes. These include:

- For strategic risks - a corporate risk register, which considers risk themes, e.g. financial or technological risks, impacting the organisation.
- For service risks - a service risk register, similarly formatted to record and evaluate and manage potential impediments to delivery of service plans;
- For project risks - various approaches are adopted in line with best practice guidance, principally for larger contracts where risk monitoring is pivotal as an aid to ensuring projects are delivered on time and on budget, and to secure early resolution of new risks that may become evident as project work progresses.
- For policy decision making – established practice within council committee reports is that these contain a detailed risk implications section clearly setting out the rationale for any policy proposals.

4.4   While the responsibility for effective assessment and control of risk lies with management, oversight of the risk management process is co-ordinated by the Audit and Risk Manager supported by a Business Continuity and Risk Management Officer. This oversight role involves:

- Scope – to ensure the risk management policy is up to date and remains fit for purpose.
- Support – to work with senior management and services to ensure risk registers are kept up to date.
- Validation – to ensure risk registers developed are consistent with this policy.
- Guidance – to assist in promoting risk management as an element of the Moray Management Methods system developed for adoption by all service managers.

5. Benefits

5.1   The policy provides a clear commitment to good risk management practice. This will enable the Council to:

- Embed risk management as part of normal business practice.
- Be clear about its principal risks and be confident that these are being managed in a proportionate manner.
- Demonstrate good governance and sound use of resources.
- Identify opportunities as well as threats that come from being risk aware.
- Reduce the operational and financial impact of any negative risks.

6. Roles and Responsibilities

6.1   Corporate Management Team /Senior Management Team

- Oversight and promotion of this risk management policy and its application.
- Participating in the periodic review and updating of the Corporate Risk Register.

- Being alert to new risks emerging from both within and external to the organisation.
- Ensuring risk implications are clearly stated in reports to Council and its committees.
- Oversight of risk management arrangements linked to delivery of priorities in the Corporate Plan.

6.2   Service Management Teams

- Participating in the periodic review and updating of Service Risk Registers.
- Being alert to new risks emerging from both within and external to the organisation that may impact on the service.
- Ensuring appropriate risk registers are in place for projects administered by services.
- Linking actions identified as requiring to be implemented to mitigate risk to annual service plans.

6.3   Audit and Risk Manager

The Audit and Risk Manager is the professional lead for business continuity within the council and, with the support of the Business Continuity and Risk Management Officer, will:

- Support and advise CMT/SMT on risk management;
- Provide support and guidance to managers on risk management practice;
- Co-ordinate the identification of strategic risks and the periodic updating of the corporate risk register;
- Work with services as required to support delivery of this policy;
- Work across all services to ensure interdependencies are recognised;
- Note common themes emerging from service risk registers and ensure these are elevated to the corporate risk register where necessary;
- Promote the link between risk management and business continuity to optimise resilience of services delivered by the council.

7. Moray Council Corporate Risk Register

7.1   A Corporate Risk Register is maintained detailing risk issues around nine strategic themes that require effective management to aid in the delivery of key council priorities within its strategic planning framework. The register is overseen and approved by the Corporate and Senior Management Teams in consultation with Senior Councillors and reported regularly to the Council's Corporate Committee.

7.2   A strategic theme in the Corporate Risk Register has been developed covering Operational Continuity and Performance and strategic risk issues identified through the Business Continuity process shall be included under this theme to maintain the links between risk management and business continuity.

8. Compliance and Certification

8.1   Legal Basis

The Local Government in Scotland Act 2003 introduced a requirement for local government to demonstrate Best Value, and subsequent best practice guidance prepared by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives on good governance calls for the council to make arrangements for the effective management of risk.

8.2   Monitoring and Review

Risk management is increasingly important at a time when council resources are stretched and there are elevated risks in a number of areas, including financial and recruitment challenges. If the council is to meet its obligations to the public and partner agencies, it is important that policy and practice is kept up to date. The policy will be reviewed on an ad-hoc basis as required with formal approval taking place every three years or sooner if circumstances dictate.