



Risk Management Framework

Agenda Item 9

Audit and Risk Committee Meeting

Tuesday 7th December 2021

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1. Purpose

1.1. The purpose of this paper is to share the draft Risk Management Framework for the National Park Authority.

2. Recommendation(s)

2.1. We recommend that the Audit and Risk Committee approve the adoption of the approach to Risk Management as set out in the Framework, subject to the following actions being conducted;

2.1.1. Delivery of a workshop for Members and the Executive Team to review, refine and approve the risk appetite statement set out in **Appendix A (Risk Appetite Statement (page 13 – 15)) of Appendix 1 (Risk Management Framework)**.

3. Contribution to National Park Partnership Plan and/or Our 5-year Plan

3.1. The Risk Management Framework will help us identify and manage risks that could threaten delivery of the National Park Partnership Plan 2018-23 and Our 5-year Plan 2018-2023. It will ensure risks to delivery are identified early and that staff and the Executive consider appropriate action in light of those risks.

- 3.2. In addition to this, the Risk Management Framework will allow risks to be benchmarked against one another across the business, due to a standardisation of impact descriptors, as well as setting out very clear escalation trigger points.

4. Background

- 4.1. In December 2019, a paper for discussion was presented to Audit and Risk Committee, setting out the suggested inclusions for the Risk Management Policy. This work was paused, however, due to the COVID-19 pandemic.
- 4.2. We currently have a Corporate Risk Register that the Board approves annually, and the Audit & Risk Committee reviews quarterly. The Executive also regularly reviews the register.
- 4.3. Staff and teams are responsible for directly identifying and managing specific delivery, project or corporate risks within their areas. Teams undertake risk management using team or subject-specific approaches. For some areas, such as Health and Safety, there is additional emphasis on organisation-wide approaches to identifying and managing risk.
- 4.4. There is currently no overarching risk framework for the organisation. Developing one will help us ensure we are managing risks appropriately, while also taking informed risks where suitable to do so.
- 4.5. With the Corporate Performance Manager now in post, this work has been progressed at pace, taking into consideration best practice and approaches of other non-departmental public bodies, resulting in the Framework in **Appendix 1**.

5. Anticipated Benefits

- 5.1. The Risk Management Framework clearly sets out both individual and collective responsibility for risk management, as well as a standardised format for every risk register. This will enable easy comparison between risks of similar type.
- 5.2. The Framework breaks down risk types and risk categories, with clear descriptors for what is covered by these definitions. This removes objectivity, which will increase the reliability of information being reported under each risk category.
- 5.3. Table 2 and Table 3 (pages 7 and 8 concurrently) clearly establish the likelihood and impact definitions that we use across the business. By taking this approach, we are able to standardise our risk scoring, making it much simpler to compare risks across projects or directorate, for example. In addition, it removes individuals risk bias, which inevitably occurs based on the individual staff members' propensity to risk.
- 5.4. Whilst the impact definitions table provides descriptors across each of the risk categories and impact levels, it is also intended as a guide, and we acknowledge that there may, at times, be risks that do not fit within the descriptors as set out. Where this occurs, support to our staff will be available from the Corporate Performance Manager to ensure that the rating is in line with expectations.

- 5.5. The Framework sets very clear escalation triggers for risks on each of our risk registers; this removes the current ambiguity as to what should be escalated and when. It also includes direction as to who the risk should be escalated to.
- 5.6. We have also sought to standardise the writing of risks across the business using the formula; *[Event that has an effector on objectives] **caused by** [cause/s] **resulting in** [consequence/s]* – this will ensure that the event and causes are clearly linked to the consequences, which enables us to provide assurance to both the Executive Team and Audit and Risk Committee that the mitigating actions in place are appropriate and address the risk.
- 5.7. By having a separate Risk Appetite Statement, it means that this can be reviewed and amended regularly, taking into consideration such things as our operating environment, without triggering a full scale policy review.
- 5.8. By adopting the approach to risk management as set out in the framework, we anticipate a uniformity in our approach to identifying and managing risks across all areas of our business. It will standardise our approach, which in turn will allow the Executive Team, Audit and Risk Committee and Board the assurance that we have a robust and thorough risk management approach in place.

6. Risks

- 6.1. Inability to effectively implement the framework caused by competing workload priorities resulting in a two-speed approach to risk management for a short period of time whilst the framework is embedded and the previous process is migrated.

Mitigation: This risk can be mitigated through the use of Operational Managers meetings to communicate changes to the whole business at once. Prior to this, new templates will be established for each risk register, ensuring that once the announcement is made, registers can be swapped to preserve ongoing risk management within the organisation.

- 6.2. Pre and post-mitigation scoring of risks captured on both the Project Risk Register and Corporate Risk Registers increase significantly caused by the implementation of the risk management framework resulting in an increase of the number of risks Audit and Risk Committee are required to provide assurance on.

Mitigation: Corporate Performance Manager, with support from relevant staff members, will review all risk registers and support the rescoring of risks based on the descriptors set out in the Framework. All changes to risk will be reported to the most appropriate director and/or Executive Team. Where a risk breaches an escalation trigger point, the Corporate Performance Manager will consolidate these risks into one document, showing the changes, for review by the Executive Team and Audit and Risk Committee Members.

In doing so, the Corporate Performance Manager will set out whether there are any changes of significant concern that would warrant a deep dive into a particular area of concern. Should Audit and Risk Committee Members wish to discuss any

changes in detail, the Corporate Performance Manager will avail themselves to participate and provide assurance on the changes.

- 6.3. Staff strictly adhering to the process set out in the Risk Management Framework as opposed to using it as a tool and guidance for managing risk caused by lack of training and clear communication during rollout resulting in an inability to deliver various aspects of work as they are deemed too high risk.

Mitigation: Communications with staff will be key to ensuring that staff are aware that the Framework is a tool and provides guidance on identifying and managing risks within the business. The Corporate Performance Manager will be available to support all teams with risk identification, scoring, mitigation and management on an ongoing basis.

7. Next steps

- 7.1. Subject to approval, the Framework will be shared with staff across the business, and the Corporate Performance Manager, in partnership with the Executive Team, will update and rescore risks set out in both the Corporate Risk Register and Project Risk Register.
- 7.2. The Corporate Performance Manager will take responsibility for ensure that the Framework is embedded across the organisation, and all staff are aware of how to use it in their day-to-day activities.
- 7.3. The Corporate Performance Manager and Board and Committee Manager will work with both Members and the Executive Team to establish a date in 2022 to hold a workshop for to establish Risk Appetite levels across the business.

8. Appendices

Appendix 1 – Risk Management Framework

Author: Samantha Stubbs, Corporate Performance Manager.
Executive Sponsor: Pete Wightman, Director of Corporate Services.