

## CAIRNGORMS NPA RISK MANAGEMENT STRATEGY

### INTRODUCTION

1. The management of risk involves the identification and evaluation of uncertainties and opportunities associated with the delivery of agreed objectives. These uncertainties and opportunities can be internal or external to the organisation.
2. Risk management can operate at many organisational levels. At the top level, strategic risk management focuses on the delivery of long term corporate objectives, most commonly set out in Corporate and Business Plans. Tactical and delivery risks will relate to annual operational plans and to specific project and activity plans respectively.
3. Risk management processes set out the organisation's planned responses to these uncertainties and untested opportunities in delivering our objectives. Risk management is focused on working to support achievement of goals and objectives. Through our risk management processes we seek to identify the key uncertainties that may adversely impact on our delivery, and identify the steps that we plan to take in moderating those uncertainties. We also seek to evaluate opportunities that present themselves to us, consider their potential benefits and consequences, and determine whether to pursue those options further.
4. Those responsible for overseeing delivery of objectives need to establish their risk appetite – the extent to which they are willing to accept a degree of uncertainty around strategic, tactical and operational objectives, and the degree of work which needs to be focused more on reducing the levels of uncertainty associated with delivery. Our risk management approach seeks to support the evaluation of risk, the potential to reduce or mitigate these risks, and determine whether remaining or residual levels of risk are acceptable.




### STRATEGIC RISK MANAGEMENT

5. Risk Management in the Cairngorms NPA is led from the strategic level. The Authority's Board agrees the long term Corporate Plan for the organisation, and establishes a strategic risk register which identifies the main risks that could impact on the achievement of the long term priorities and objectives adopted within that Plan. The Board, with the support of officers, also establishes a set of mitigation actions which are focused on reducing the levels of uncertainty – whether the likelihood of a risk occurring or its impact should it occur – to acceptable levels wherever possible.
6. The Board is responsible for managing the approach to strategic risk in delivery of its long term goals and achieves this through by integrating its review of its strategic risk position as an embedded element of its regular review of Corporate Plan delivery. The status of strategic risks is assessed twice each year at the same time as updates on delivery against strategic plans are presented by staff. Embedding these processes ensures the process of risk management remains relevant and directly linked to the process of monitoring delivery of the Authority's objectives.

7. The completeness of the Authority’s risk register can be assessed at these points, as can the effectiveness of mitigation actions. Newly emerging uncertainties or opportunities and the planned approach to them can be added, while any risks which have been adequately reduced can be removed from the risk register.
8. Between Board meetings, the responsibility for monitoring strategic risk management and the coverage of the risk register and management action is delegated to the Board’s Audit and Risk Committee. The Management Team also undertakes regular reviews of the risk register.

**RISK APPETITE**

9. The approach to risk management set out above establishes that the Authority has a dynamic rather than formulaic approach to risk appetite. The arithmetic assessment of likelihood and impact before and after mitigation actions is an element of our risk management approach. However, the key determinant of risk appetite is the Board’s evaluation of the coverage of the strategic risk register and adequacy of management and mitigation responses rather than a formulaic approach to reducing risk values.
10. Our risk registers set out a resultant risk assessment level after the potential impact of management and mitigation action. The assessment is undertaken on a standard red, amber, green (“RAG” rating) basis. This translates into the following risk appetite:

Rating	Status	Risk appetite approach
Red		Residual risk remains unacceptably high and/or is assessed to be escalating in terms of assessed likelihood or impact. Ongoing attention and reporting on the management of the relevant risk is required with a prioritisation of resource in order to sustain, and where required adapt and/or increase, the mitigation approaches.
Amber		Assessed residual risk after implementation of management actions is moderate. Agreed mitigation actions may still be appropriate over time. Close supervision and monitoring of the risk area remains a high priority for management review and opportunities may have to be taken to implement additional mitigation measures to further reduce risk levels
Green		Mitigation measures are working effectively and/or opportunities have been successfully taken. Risk is at an acceptable level.
Closed		Where risk trend is assessed as green for a period of time and there is no concern of likelihood of risk increasing in the foreseeable future, the risk may be deemed to be closed and removed from the risk register. This allows the risk register to remain focused on key uncertainties and opportunities that require the focus and attention of management.

## EMBEDDING RISK MANAGEMENT

11. Taking a lead from the Strategic Risk Management approach and the resultant Strategic Risk Register, all plans and project developments are expected to be designed on a risk managed basis. This requires both an awareness of strategic risk management actions and also a more specific focus on lower level operational risks and their management, which may otherwise impact on the delivery of their more specific objectives.
12. Papers taking proposals to the Board should highlight the means by which they interact with the strategic risk register – this may be to act to help manage existing risks, or add new risks as a result of presenting new untried opportunities and / or add new uncertainties to the Authority's sphere of operations.
13. Delivery plans flowing from Board decisions and the Authority's operational plans are each expected to develop and follow core risk management approaches agreed by the Authority. They should identify whether and how they help address strategic risk management through implementing their planned activities, in addition to establishing the operational and delivery risks that may impact on the achievement of objectives.
14. A project management tool kit has been developed and implemented by the Authority that assists all project managers in coordinating their project activities, including standardising their approach to risk management. The Authority's approaches to project delivery, linked to its appetite for risk, allows project managers to adapt their use of the templates included in the toolkit to suit their and their project team's needs, and also the scale, complexity and anticipated delivery duration of the activity concerned. The key requirement is that the approach to delivery of each project or activity is considered in advance; appropriate delivery structures commensurate with the needs of the activity are developed and implemented; and the risk management considerations of the activity are considered in keeping with the Authority's Risk Management Strategy.