



HITRANS RISK MANAGEMENT FRAMEWORK



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EXECUTIVE SUMMARY

Highlands and Islands Transport Partnership (HITRANS) financial position requires stringent management and at times difficult decisions over resource priorities. It is important, therefore, that the maximum number of resources is channelled into achieving HITRANS' objectives.

There are, however, risks to us achieving these objectives. Risks are inevitable and, in practice, cannot be avoided. Risks, therefore, have to be managed, understood and controlled if we are to meet our objectives.

We are also obliged, under the process of corporate governance, to account for our actions. To achieve compliance with best practice we need to ensure that we have a robust system of risk management in place. A Risk Management Strategy was introduced in 2011 and is subject to regular reporting including the publication of an annual Risk Register. The full Risk Management Framework and process has been reviewed in 2025 to ensure Risk Management continues to reflect contemporary Risks including in areas such as Cyber Resilience which have become more critical in recent years.

1. Introduction

This Risk Management Framework Policy outlines the approach of the Highlands and Islands Transport Partnership (HITRANS) to identifying, assessing, managing, and mitigating risks. The policy aims to ensure that risks are proactively managed to protect HITRANS' assets, stakeholders, and objectives. By implementing an effective risk management process, HITRANS aims to foster a culture of safety, reliability, and sustainability in the transportation network across the Highlands and Islands region.

This policy applies to all HITRANS activities, including planning, project management, service delivery, financial management, and governance.

2. Risk Management Objectives

The primary objectives of the HITRANS Risk Management Framework are:

- **Identification and Assessment:** To systematically identify, assess, and prioritize risks to HITRANS' objectives, projects, and services.
- **Effective Management:** To manage identified risks effectively, reducing their impact and likelihood through appropriate mitigation strategies and actions.
- **Compliance and Accountability:** To ensure compliance with statutory requirements, regulations, and HITRANS' governance frameworks.
- **Sustainability and Resilience:** To protect and enhance the long-term sustainability and resilience of the transportation infrastructure and services across the Highlands and Islands.



3. Definitions

- **Risk:** The effect of uncertainty on HITRANS' ability to achieve its objectives, considering both positive and negative potential outcomes.
- **Risk Management:** The coordinated activities to direct and control risks in line with HITRANS' objectives. It includes risk identification, assessment, response, and monitoring.
- **Risk Register:** A living document that records and tracks risks, their likelihood, potential impacts, and mitigation actions.

4. Scope of the Policy

This Risk Management Framework applies to:

- Strategic and operational risks
- Risks related to HITRANS projects and programs
- Financial, environmental, safety, and security risks
- Risks arising from external factors such as policy changes, economic shifts, and climate change

5. Roles and Responsibilities

5.1 Board of HITRANS

The Board of HITRANS is responsible for the overall governance of risk management activities and ensuring the organization remains risk aware. They will:

- Approve the Risk Management Framework Policy and ensure it is effectively implemented.
- Regularly review the risk register and key risks at board meetings.
- Promote a risk-aware culture across the organization.

5.2 HITRANS Director

The Director of HITRANS is responsible for overseeing the day-to-day management of risks. The Director will:

- Lead the development and updating of the risk register.
- Ensure that appropriate risk management practices are embedded within the organization.
- Report key risks and mitigation strategies to the Board.

5.3 Management Team

The Management Team is responsible for identifying and managing risks within their areas of responsibility. They will:

- Assist in identifying new and emerging risks.
- Implement risk mitigation actions in operational activities.
- Monitor and report on risk status and actions taken.

5.4 HITRANS Staff

All HITRANS staff members are responsible for understanding and contributing to the identification and management of risks in their day-to-day activities.



6. Risk Management Process

6.1 Risk Identification

HITRANS will use a variety of tools and techniques to identify risks, including:

- Regular reviews and audits of HITRANS operations and projects.
- Consultation with stakeholders such as local authorities, transport operators, and the public.
- Analysis of external factors, including political, economic, and environmental influences.

Each identified risk will be categorized as strategic, operational, financial, environmental, or external.

6.2 Risk Assessment

Once identified, risks will be assessed based on their likelihood and potential impact, considering both the short-term and long-term effects on HITRANS objectives. The following scale will be used for risk assessment:

Likelihood:

- Remote
- Unlikely
- Possible
- Probable
- Highly Probable

Impact:

- Insignificant
- Minor
- Moderate
- Major
- Catastrophic

Impact					
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

Likelihood and Impact are multiplied together to obtain a total gross risk score as illustrated in the table below:

6.3 Risk Appetite

Risk appetite is defined as the amount and type of risk that an organisation is willing to take to meet their strategic objectives and deliver services.

The risk register format steers risk owners into considering risk appetite when updating a risk entry. Consideration must be given to the risk score before and after existing mitigating action and the final tolerable risk target status.

HITRANS risk appetite is summarised below:

Risk Rating	Net Risk Assessment	Risk Appetite Response
High	15-25	Unacceptable level of risk exposure which requires action to be taken urgently.
Medium	7-14	Acceptable level of risk but one which requires action and active monitoring to ensure risk exposure is reduced.
Low	1-6	Acceptable level of risk based on the operation of normal controls. In some cases, it may be acceptable for no mitigating action to be taken.



6.4 Risk Response

For each risk, HITRANS will determine the appropriate response, including

- **Avoidance:** Taking steps to eliminate the risk entirely by altering plans or processes.
- **Reduction:** Implementing controls or mitigation measures to reduce the likelihood or impact of the risk.
- **Transfer:** Shifting the risk to a third party, such as through insurance or outsourcing.
- **Acceptance:** Acknowledging the risk and deciding that the cost of mitigation is higher than the potential impact.

7. Risk Register

HITRANS will maintain a Risk Register that is regularly updated with:

- Identified risks
- Risk owner and management actions
- Likelihood and impact ratings
- Status of mitigation actions
- Residual risk levels

The Risk Register will be reviewed and updated regularly and reported to the HITRANS Board on an Annual Basis. Each report to the HITRANS Board will include a Risk Register to identify and assess the impact of the work set out in the report.

8. Monitoring and Review

HITRANS will continuously monitor risks and evaluate the effectiveness of mitigation actions. The risk management process will be reviewed annually by the Board to ensure it remains fit for purpose and aligns with the organization's objectives.

9. Communication and Training

HITRANS will ensure that the Risk Management Framework is communicated effectively across the organisation and to external stakeholders where appropriate. Training will be provided to staff on risk management practices to build a culture of risk awareness.

10. Cyber Resilience as a Risk Area

As an organisation reliant on digital infrastructure and technology, HITRANS acknowledges that cyber risks are a significant threat to the security, operations, and reputation of the organisation. Cyber threats, including data breaches, cyberattacks, system failures, and information security risks, have the potential to disrupt services, compromise sensitive data, and damage stakeholder trust.

10.1 Cyber Risk Identification

HITRANS will identify cyber risks through regular assessments of its IT infrastructure, software systems, and digital platforms. This includes:

- Vulnerability assessments of internal and external systems.
- Monitoring emerging cybersecurity threats and trends.
- Consultation with cybersecurity experts and partners to assess potential risks.

Cyber risks may include:

- Phishing and social engineering attacks.
- Malware and ransomware attacks.
- Data breaches and unauthorized access to sensitive information.
- Loss of service or infrastructure due to cyberattacks.
- Regulatory non-compliance related to data protection laws.



10.2 Cyber Risk Assessment

Cyber risks will be assessed using the same methodology outlined in the general risk assessment section, but with additional focus on the potential for financial loss, operational disruption, and reputational damage.

10.3 Cyber Risk Response and Mitigation

HITRANS will take the following actions to manage and mitigate cyber risks:

- **Prevention:** Implementing robust cybersecurity measures, such as firewalls, encryption, multi-factor authentication, and regular patching of systems.
- **Detection:** Deploying monitoring tools to detect cyber threats in real time, enabling rapid response to potential incidents.
- **Recovery:** Developing and testing incident response plans and business continuity plans to minimize downtime and data loss in the event of a cyberattack.
- **Training and Awareness:** Providing cybersecurity training to staff to increase awareness of common cyber threats and best practices for data security.
- **Compliance:** Ensuring compliance with data protection regulations, such as GDPR, and cybersecurity frameworks and standards relevant to the transport sector.

10.4 Cyber Risk Register

Cyber risks will be specifically tracked in the Risk Register, with clear owners and actions to address identified risks. HITRANS will ensure that the Risk Register is regularly updated with the latest cyber risk assessments and mitigation strategies.

10.5 Monitoring and Review

HITRANS will continuously monitor its cyber resilience strategies and the effectiveness of its cybersecurity measures. The organization will conduct regular audits of its systems, implement stress tests and simulations of cyber incidents, and adjust its policies and procedures as necessary to respond to evolving threats.

11. Financial Planning

11.1 Risk Identification in Financial Planning

HITRANS will identify financial risks that could affect its ability to meet objectives, including:

- Insufficient funding or changes in government funding allocations.
- Unanticipated cost increases in service delivery or projects.
- Economic downturns or regional financial pressures.
- Risks associated with external funding sources and grants.
- Cash flow challenges, particularly during periods of lower funding or unexpected expenses.

11.2 Medium Term Financial Plans and Forecasts

HITRANS will develop and maintain medium-term financial plans (3-5 years) to support long-term planning and decision-making. These plans will outline projected income, expenditure, funding sources, and major investments. Financial forecasts will be updated annually to reflect changing economic conditions, policy decisions, and emerging financial risks.

11.3 Financial Risk Response and Mitigation

HITRANS will manage financial risks through:

- Diversification of funding sources to reduce reliance on any single income stream.
- Regular monitoring of expenditure against budget, with early identification of any variances.
- Building financial reserves where possible, to provide flexibility in times of financial stress.
- Implementing cost-control measures to ensure projects and services are delivered within budget.



12. Public Service Reform

12.1 Risk Identification in Public Service Reform

Key risks associated with public service reform may include:

- Changes to national or local government policies affecting transport funding or priorities.
- Reforms in the governance of public transport or infrastructure that may require HITRANS to adjust its role or responsibilities.
- Shifts in public expectations regarding service delivery standards and quality.
- The introduction of new regulations or compliance requirements that HITRANS must adhere to.

12.2 Response to Public Service Reform

HITRANS will manage the risks associated with public service reform through:

- Active participation in consultations regarding transport policy and reforms.
- Flexible planning and budgeting processes to accommodate changes in government policy and funding.
- Collaboration with stakeholders, including government bodies and transport providers, to ensure alignment with new public service objectives.
- Proactive monitoring of legislative and regulatory developments to remain compliant with new public service standards.

13. Changing Electoral Cycle

13.1 Risk Identification in the Electoral Cycle

The following risks are associated with the electoral cycle:

- Changes in political leadership that may result in shifts in transport priorities and funding allocations.
- Political instability or changes in governance that may affect strategic direction and decision-making.
- The introduction of new transport policies or funding cuts after elections.
- Delays in decision-making due to the electoral cycle, particularly during periods of transition between administrations.

13.2 Response to Changing Electoral Cycles

HITRANS will manage these risks by:

- Maintaining strong relationships with elected officials and political leaders to ensure alignment between HITRANS' priorities and the political agenda.
- Developing long-term strategies and financial plans that can withstand political shifts, ensuring continuity in transportation services.
- Preparing contingency plans for potential disruptions in funding or policy changes.
- Ensuring transparent and effective communication with stakeholders to adapt to changing priorities during and after elections.

14. Conclusion

HITRANS is committed to managing risks in a structured and proactive manner to safeguard its assets, services, and stakeholders. By embedding risk management into everyday operations and governance, HITRANS aims to achieve its strategic goals while minimising potential disruptions to the transportation network.



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