



## RISK MANAGEMENT POLICY

### WRITTEN BY:

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Finance Strategy & Management Committee – 28 January 2020

Town Council – 11 February 2020

### REVIEW DATE:

January 2022

## INTRODUCTION

1.1 Biddulph Town Council is committed to good risk management, allowing it to:

- Have increased confidence in achieving its objectives;
- Constrain threats to levels it considers reasonably acceptable;
- Take informed decisions about exploiting opportunities; and
- Assist the Chief Officer in completing the audit process.

1.2 Risk is defined as 'an uncertainty of outcome of actions or events, which has the potential to impact upon Biddulph Town Council achieving its objectives'.

1.3 The Council recognises that to achieve its objectives it must manage risk within its assessment of reasonable levels. Where risks lie beyond the risk appetite of the Council, members and officers will take appropriate action to reduce those risks. Significant risks are reviewed annually by the Finance Strategy and Management Committee. The approach to assessing risk will be consistent and will include the risk in terms of impact and likelihood.

1.4 Members are ultimately responsible for risk management because risks threaten a council's ability to achieve its objectives. The Chief Officer will therefore ensure that members should:

- Identify the key risks facing the council
- Evaluate the potential to the council of one of these risks taking place; and

Agree measures to avoid, reduce or control the risk or its consequence.

## OBJECTIVES OF THE POLICY

2.1 The purpose of this document is to involve members and officers in the ownership and accountability for corporate success, and appropriate management of the associated risks.

2.2 This document sets out how risk will be measured and monitored. The purpose is to ensure the Town Council meets its requirements to:

- maintain an adequate system of internal control, including measures to prevent and detect fraud and corruption and to review its effectiveness;
- maintain an adequate and effective system of internal audit of the council's accounting records and control systems and review their effectiveness.
- assure members there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council to conduct its business or on its finances;

carry out an assessment of risks facing the council and demonstrate how these are managed including appropriate controls.

## PROVISIONS

3.1 In addition to corporate risk, members and officers have a responsibility to assess and appropriately manage risk as part of the evaluation of project proposals, business cases and grant applications. Officers will include the detailed outcome of project and business case risk assessment in any Council agenda item that considers major financial investment.

3.2 Responsibility for assessing and managing Health and Safety risks associated with Council activity and events will be managed by the Chief Officer with methods of safe working communicated to and adhered to by members, officers and contractors.

3.3 Officers are responsible for assessing and managing risk as an integral part of their day-to-day role in ensuring the Council's objectives are met,

recognising that all risk categories must be considered, including reputation, health and safety and financial risk. Where risks are identified which have the potential to impact upon the Council's objectives, these will be referred to the Chief Officer for consideration for inclusion in the corporate risk assessment.

3.4 Members are required to review this Risk Management Policy and to consider identified risks on an annual basis. This will include ensuring that there is:

- A review of the risk assessment criteria, risk appetite and approaches to managing risk;
- An identification and updating of the schedule of risks;
- An evaluation of the likelihood and potential impact to the Council of each risk materialising;
- A decision on measures to avoid, reduce or control each risk, as appropriate; and
- A record made of the decisions reached.

3.5 The Chief Officer will ensure that all officers are aware of their responsibility in managing and reporting risk. Each officer shall make appropriate arrangements to ensure risk is continually assessed in relation to their area of responsibility.

3.6 The Chief Officer will initially review risk assessments at least annually in advance of it being submitted to the Council for review and ultimate approval.

3.7 Every council is different and there is no such thing as a standard list of risks. There are however a number of common themes that are likely to emerge. These might include:

- Physical assets – buildings, equipment, IT hardware etc.
- Finance – banking, loss of income, petty cash etc.
- Injury to the public – in playgrounds and recreation grounds, in village halls, at burial grounds etc.
- Complying with legal requirements – agendas and minutes, burial records, etc.
- Councillor propriety – declarations of interest, gifts and hospitality etc.

3.8 Each area of activity that the Town Council is involved in has a detailed risk assessment. Each document is available on request and is routinely considered by individual Committees.

The methodology involved in assessing risk is as follows:

1. Consider key activities
2. Is there a hazard attached to each of these activities?

3. Who is affected by the hazard, e.g. member of the public, employees.
4. What is the likelihood of this happening? (1- Very unlikely, 2- Unlikely, 3- Fairly likely, 4- Likely, 5- Very likely)
5. What would be the consequence if this did happen? (1- Insignificant (no injury), 2- Minor (minor injury needing first aid), 3- Moderate (up to 3 days absence), 4- Major (more than 3 days absence), 5- Catastrophic (death) )
6. Complete the equation to calculate the level of risk: The Likelihood x The Consequence
7. The risk rating is: 1 – 4 Low (acceptable) No further action required 5 – 9 Medium (adequate) If risk cannot be lowered any further, consider risk against benefit. Monitor and look to improve at next review 10 – 16 High (tolerable) Identify further control measures to reduce risk rating. Seek further advice. 17 – 25 Very High (unacceptable) Do not undertake the activity. Implement immediate improvements
8. Consider what controls are already in place, e.g. to carry out an annual review of insurance, to work closely with Police.
9. Develop an action plan: what action is required, by whom and by when.
10. Assuming the action plan has been implemented, consider if there is any residual risk.

3.9 There are three main ways of managing risk:

- Take out insurance
- Work with another party to reduce the risk; or
- Manage the risk yourself.

An annual review of insurance provision is completed and presented for Town Council for approval.

## RELEVANT LEGISLATION

4.1 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.

Smaller authorities prepare their annual governance statement by completing Section 1 of the annual return. This is in the form of a number of statements, known as assertions, to which the authority needs to answer 'Yes' or 'No'.

4.2 Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices to be applied in the preparation of

statutory annual accounts and governance statements (2019) is the relevant guidance for councils with regard to audit requirements.