

Risk Management Policy and Strategy

Adopted 20/04/2022 (FC22/054)

Policy Aim

The aim of this policy is to help Gainsborough Town Council to identify, evaluate and control risk.

Executive Summary

Gainsborough Town Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a risk management strategy in line with the Audit and Accountancy Regulations in order to protect the Council from avoidable losses.

Responsibilities

This Policy places a responsibility on all Members and Officers to have regard for risk in carrying out their duties. Its purpose is to enable the Council to manage its risks through anticipation and control.

Risk management is only considered to be truly embedded when it functions as part of the Council's day to day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process.

To ensure that this level of clarity exists, the Council has established a structure that depicts how Members, Officers and the various Committees, and individuals contribute to the overall risk management process.

Organisational Structure and Summary of Key Roles

Council

- Monitor annual report on risk management activity
- Confirmation of the Council's annual Statement on Internal Control

Finance and Strategy Committee

- Approve risk management policy and strategy and related documents
- Approve content of risk registers and proposed risk mitigation plans and monitor implementation via regular monitoring reports
- Monitor report on risk management activity
- General oversight of the Council's risk management process
- Receiving regular reports to review/scrutinise/challenge current and proposed risk management procedures and

processes

- Advise the Council on risk management activity
- To recommend any changes to risk management frameworks, strategies and processes
- Identify, analyse and prioritise risks
- Determine responsibilities and actions to control risks
- Monitor progress on managing risks against action plans

Town Clerk with RFO

- Provide advice and support on risk management matters
- Maintain the risk management policy, strategy and framework
- Identifying, analysing and prioritising risks
- Determining risk management action plans and delegating responsibility for control
- Monitoring progress on the management of risks

Staff

- Maintaining awareness of risks, their impact and costs and feeding these into the formal risk management process
- Controlling risks in their every day work
- Monitoring progress in managing job related risks

Definition

“Risk” is defined as an event or action which will adversely affect an organisation’s ability to achieve its objectives, project plans and processes and to successfully execute its strategies. Therefore “risk management” is the process by which risks are **identified, evaluated and controlled**.

It is good business practice that risk management processes should be supportive rather than restrictive, and should be embedded in the culture of the Council and embraced by all staff and Members.

Aims

The Council’s aims with respect to risk management are as follows:

- a) To integrate risk management into the culture of the Council.
- b) To raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation.
- c) To manage risk in accordance with best practice.
- d) To minimise losses, injury and damage and reduce the cost of risk.

- e) To ensure appropriate actions are taken to address identified risks.
- f) To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Councils' system of internal control.
- g) To ensure appropriate actions are taken to identify and pursue opportunities.

These aims will be achieved through the Council's risk management strategy which details the roles, responsibilities and actions necessary for successful implementation.

The co-operation of all Members and officers is essential to ensure the Council's resources and service provision are not adversely affected by uncontrolled risk, to ensure the Council does not fail to seize opportunities which benefit the community.

Relevant Legislation

Gainsborough Town Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice.

APPENDIX

RISK MANAGEMENT STRATEGY

a. Introduction

This strategy sets out the framework on which risk management processes at Gainsborough Town Council are based. This framework ensures a consistent approach is taken across the Council and provides for an element of independent oversight by Council Officers.

b. Objectives

The objectives of this strategy are:

- to clearly identify roles and responsibilities for managing risk,
- to follow a structured framework for the identification, assessment and evaluation of risks,
- to ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action,
- to ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities,
- to ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to Members and Officers that appropriate levels of control exist, and
- to provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

c. Definitions

- a) **Risk:** an event or action which will adversely affect an organisation's ability to achieve its project plans or processes and thus to successfully execute its strategies
- b) **Risk Management:** the process, by which risks are identified, evaluated and controlled, which includes the following:
 - Improve the controls to reduce the probability or impact to within acceptable limits (treat the risk)
 - Insure against risk / outsource / design & build option for contracts (transfer the risk)
 - Live with it, the risk is acceptable and additional controls would not be cost effective (tolerate the risk)

- Do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level (terminate the risk)

d. Categories of Risk

The risks facing the organisation can be split into Strategic and Operational.

| STRATEGIC Risks which may threaten the achievement of the Council's objectives | OPERATIONAL Risks which members and staff may encounter in the daily course of their work. | SIGNIFICANT PROJECT RISKS Risks associated with significant projects |
|--|--|---|
| Political: failure to deliver key objectives or policies of other levels of Government Use of political allegiance to influence Council policies | Professional: professional competences of staff | Resources: failure to provide sufficient human and financial resource to a project. |
| Economic: the Council's ability to meet its financial commitments | Financial: financial planning and control and the adequacy of insurance cover | Legal Requirements: possible breaches in legislations. |
| Social: the effects in changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives | Legal: possible breaches of legislation | Reputation: failure to manage expectations and consult and engage with residents. |
| Technological: the Council's capacity to deal with technological change or its ability to use technology to meet changing demands | Physical: fire, security, accident prevention and health & safety | Knowledge & Skills: failure to understand the implications of the project and/or new task. |
| Legislative: current or potential changes in national law or regulation. | Contractual: the failure of contractors to deliver services or goods to agreed costs and specifications | |
| Environmental: the environmental consequences of service delivery (in terms of energy efficiency, pollution, recycling, landfill needs, emissions etc) | Technological: reliance on operational equipment (IT systems or equipment and machinery) | |
| Competitive: the competitiveness of the service/ the ability to deliver best value. | Environmental: pollution, noise or energy efficiency of on-going service operation. | |
| Customer: failure to recognise the changing needs and expectations of the community | | |

e. **Processes**

In line with best practice, the Council has adopted a seven-step process to support the implementation of risk management and help maintain impetus.

| | Steps | |
|---|---------------------|---|
| 1 | Identifying Risk | Risk will be identified during the service delivery planning process and cross-referenced, where possible, to key tasks and to the achievement of corporate objectives. |
| 2 | Analysing Risk | Risks will be assessed against probability and impact of the identified risks using the Council's approved evaluation criteria to give a risk score. |
| 3 | Profiling Risk | The evaluation exercise will result in a risk score from which significant risks can be established. |
| 4 | Prioritising Action | Risks will be entered in the risk register detailing the inherent risk score, existing controls and residual risk score. |
| 5 | Determining Action | Further actions required to reduce the threat of the risk occurring or minimising its impact will be stated in the risk register. Target dates and assignment of responsibility will also be stated. |
| 6 | Controlling Risk | The specified actions will be carried out as stated in the risk register. |
| 7 | Monitoring | The Finance and Strategy Committee will keep the risk register under review and progress against further actions identified will be monitored quarterly. The register will be updated as actions are achieved and risk scores amended as appropriate. The identification of risks should be a continual process and risks emerging throughout the year should be evaluated and, where necessary, added to the register. |

f. **Risk Management Matrix**

| Impact on Council | | | | | |
|--------------------------|----------|----------|----------|----------|----------|
| | | 1 | 2 | 3 | 4 |
| Likelihood | 1 | 1 | 2 | 3 | 4 |
| | 2 | 2 | 4 | 6 | 8 |
| | 3 | 3 | 6 | 9 | 12 |
| | 4 | 4 | 8 | 12 | 16 |

| Likelihood | |
|-------------------|--|
| 1 | Unlikely to happen – once in 20 years or more |
| 2 | Unlikely to happen – once in 10 years |
| 3 | Likely to happen with the 4 year term of Council |
| 4 | Very likely to happen within year or has happened recently |

| Consequences of Impact | |
|-------------------------------|--|
| 1 | Temporary or minor impact on Customer, finance or reputation – impact over less than a month |
| 2 | Some impact on reputation and/or finance – impact less than 3 months |
| 3 | Substantial impact with moderate financial or reputational consequences – impact up to a year |
| 4 | Significant impact with likely large scale financial or reputation consequences – impact over more than one year |

| | |
|--|--|
| | Overall risk is low. Regular monitoring but action not urgently required |
| | Overall risk is medium. Monitoring essential and action required to mitigate risks |
| | Overall risk is high. Essential action is required immediately to manage risk. |

Contacts

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