Seaton Town Council Constitution

Chapter 7
Risk Management Strategy

Marshlands Centre, Harbour Road, Seaton EX12 2LT

01297 21388

townclerk@seaton.gov.uk

1.0   BACKGROUND

1.1   This Risk Management Policy outlines Seaton Town Council's ("the Council") framework for managing risk.

1.2   The Association of Charted Certified Accountants (ACCA) defines risk as:
"An unrealised future loss arising from a present action or inaction. Risks are the opportunities and dangers associated with uncertain future events".

1.3   Risk Management can be defined as:
"The process of identifying risks, evaluating their potential consequences and determining and implementing the most effective way of controlling and monitoring them. The objective of the process is to reduce adverse consequences by reducing the likelihood of the event or its impact"

2.0   AIMS AND OBJECTIVES

2.1   The aim of the Council's Risk Management Policy is to adopt best practice in the identification and evaluation of risks and the cost-effective control of risks to ensure that they are reduced to an acceptable level.

2.2   It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their role and responsibility.

2.3   The risk management objectives of the Council are to:
- Embed risk management into the culture of the Council
- Fully incorporate risk management as an integral part of setting and delivering the Council's corporate objectives, the Council's day to day operations and any projects or events that the Council undertakes
- Manage risk in accordance with best practice and in particular in accordance with the requirements of the Annual Governance Statement
- Consider legal compliance as a minimum
- Prevent injury and damage and reduce the cost of risk
- Raise awareness of the need for risk management

2.4   These objectives will be achieved by:
- Establishing a clear Risk Management Policy that is communicated to all officers and Councillors
- Establish a clear Risk Assessment procedure to ensure   that all risks are assessed to a certain standard
- Clearly define roles and responsibilities for risk management in staff job descriptions and the staff handbook
- Maintaining and reviewing a register of corporate, operational and project risks
- Regularly report risks to the Finance and General Purposes Committee along with progress reports on how risks are being managed

3.0 ROLES AND RESPONSIBILITIES

3.1 The following groups and individuals have the following roles and responsibilities for risk and opportunity management within the Council.

3.2 The **Council** will approve this Risk Management Policy and any subsequent revisions at least annually at the Annual General Meeting.

3.3 The **Finance and General Purposes Committee** will be the Committee delegated to regularly review the Council's Risk Management arrangements and to ensure that it is meeting what is set out in this Policy. The Committee will receive regular risk reports. Where the Finance and General Purposes Committee feel that an issue needs to be escalated it will be referred to Council for consideration. The Committee will also oversee the work of the Town Clerk to ensure that she is completing risk assessments and managing risk appropriately.

3.4 The **Town Clerk and Responsible Financial Officer (RFO)** is responsible for providing assurance to the Council through ensuring that risks are being identified, evaluated and managed appropriately. The Town Clerk and RFO will regularly provide updates to the Finance and General Purposes Committee.

3.5 All **employees** need to have an awareness of risk management and are responsible for ensuring that they manage risk effectively in their jobs and report hazards and risks to the Town Clerk.

4.0 STRATEGIC, OPERATIONAL AND PROJECT RISKS

4.1 Broadly speaking risks can be divided into three categories:

Strategic – risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council whilst at the same time considering the opportunities; and

Operational – risks and opportunities which the Council will encounter in the day to day operational aspects of their work.

Project - risks and opportunities which will be encountered during specific tasks/projects being undertaken

4.2 **Strategic Risks**
The major categories of strategic risk includes:

Political – associated with failure to deliver either local or central government policy. The Council could also potentially be at risk from the actions of other agencies, other Councils, partner organisations, etc.

Economic – affecting the ability of the council to meet its financial

commitments. These include internal budgetary pressures as well as external factors affecting the economy as a whole.

Social – relating to the effects of changes in demographic, residential or socio- economic trends on the council's ability to deliver its objectives.

Technological – associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands.

Reputational – associated with any actions or inaction of the Council where its reputation suffers as a result

Data Protection/Information Security – this includes the consequences of data/information transfer between the Council and other Bodies i.e. with Devon County Council, East Devon District Council, etc.

Legislative – associated with current or potential changes in national or European Law.

Health and Safety – This includes all aspects of Health & Safety as well as the Corporate Manslaughter legislation

Environmental – relating to the environmental consequences of progressing the council's strategic objectives (e.g. in terms of climate change including energy efficiency, pollution, recycling, flooding, etc).

Competitive – affecting the competitiveness of the Council (in terms of cost or quality) and/or its ability to deliver Value for Money.

Customer/Citizen – associated with failure to meet the current and changing needs and expectations of customers and citizens.

Partnership – associated with working in partnership with another local Council or partner

4.3 **Operational Risks**
These may be:

Professional – associated with being able to recruit the right people into the right roles

Financial – associated with financial planning and control and the adequacy of insurance cover.

Legal – related to possible breaches of legislation e.g. Health and Safety at work Act, Data Protection Act, etc.

Personal Safety – related to lone working and the potential to encounter

aggressive or confrontational people whilst carrying out their duties.

Physical – related to fire, security, accident prevention and health and safety (e.g. hazards/risk associated with buildings, vehicles, plant and equipment, etc).

Contractual – associated with the failure of contractors to deliver services or products to the agreed cost and specification.

Technological – relating to reliance on operational equipment and the potential for technological failure (e.g. IT systems or equipment and machinery)

4.4 **Project Risks**
These may be:

People – associated with whether we have the right people with the right skills involved in the task/project.

Technical – associated with the Councils reliance on the software provider to deliver what has been agreed in the contract and that they provide support for dealing with any systems problems or issues

Cost – associated with the potential for the project to go over budget if the people and technical matters are not delivered as per the Business Case and Project Plan

Time – ensure that the right amount of time is allocated to the project as well as sufficient contingency as slippage can cause to project delay/failure and this can also have an impact on cost and quality

Quality – depending on what goes into the project will determine the quality of the output

The categories are neither prescriptive nor exhaustive. However, they should provide a framework for identifying and categorising a broad range of risks for the Council.

5.0 RISK MANAGEMENT PROCESS

5.1 The *four*-step process below will cover all areas of risk management including making decisions, managing strategic, operational and project risks and opportunities.

Step 1 – Identify Risks
All sources of risk need to be identified. These should include strategic, operational and project risks.

Step 2 – Analyzing Risks
Once the risks have been identified they then need to be analysed to

consider the impact/severity and likelihood or any risks occurring using the risk assessment template.

The assessment process uses a 3x3 scoring matrix (see below) where the scores of impact x likelihood equal the total risk score. Risks scoring between 6 and 9 would be classed as the high risk (red). Risks scoring between 3 and 4 would be classed as medium risk (amber) and risks scoring between 1 and 3 would be low risk (green).

Impact		1. Low	2. Medium	3. High
	3. High	3	6	9
	2. Medium	2	4	6
	1. Low	1	2	3
		1. Low	2. Medium	3. High
		Likelihood		

Once analysed the risks need to be ranked and prioritised according to their likelihood and severity i.e. those scoring 9 will be at the top of the list and those scoring 1 will be at the bottom of the list.

Step 3 – Control the Risks
This involves taking action to minimise the likelihood of a risk occurring and/or reducing the severity of the consequences should the risk occur.
Actions need to be allocated to responsible officers along with a realistic target date for implementation.

Determine the best course of action for the Council. There are 4 key action strategies to managing risk:

- **Transference** - Transfer the risk to the third party e.g. use of insurance
- **Avoidance** – Risk decreased as much as possible by avoiding risky areas
- **Reduction** – Limit exposure to risk or decrease effects of risk should it occur
- **Acceptance** – Accept risk may occur and choose to deal with it if it does occur.

Step 4 – Monitor and Report Progress
Progress in managing risks should be monitored and reported so that losses are minimised and intended actions and opportunities are achieved. Risk Management is an on-going process that should be constantly revisited and reviewed to ensure that new and emerging risks and opportunities are picked up and acted upon.

5.2   It is important to recognise these four steps as part of a cycle. Risk management is dynamic and so the identification phase needs to be done continuously. It is also important to consider whether the nature of the risk has changed over time.

Reviewed - May 2017