Seaton Town Council Constitution

Chapter 7
Risk Management Policy

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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 via a risk register 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 the associated Risk Register and any subsequent revisions at least annually.

3.3 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 provide updates to the Council as appropriate.

3.5 All officers of the Council 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

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

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

4.2 **Strategic Risks**
The major categories of strategic risk may include:

Political – failure to deliver either local or central government policy

Economic – 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 – effect of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.

Technological – capacity of the Council to deal with the pace and scale of technological change, or its ability to use technology to address

changing demands

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

Data Protection/Information Security – consequences of data/information transfer between the Council and other bodies such as Devon County Council or East Devon District Council

Legislative – current or future potential changes in legislation

Health and Safety – all aspects of health & safety as well as the corporate manslaughter legislation

Environmental – environmental consequences of progressing the Council's strategic objectives e.g. in terms of climate change, energy efficiency, pollution, recycling, flooding, etc.

Competitive – competitiveness of the Council, in terms of cost or quality and/or its ability to deliver best value

Community – failure to meet the current and changing needs and expectations of the community

Partnership –working in partnership with another local council or stakeholder organizations

4.3 **Operational Risks**
These may include:

Professional – ability to recruit appropriate staff to roles

Financial – financial planning and control and the   adequacy of insurance cover

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

Personal Safety –lone working and the potential to encounter aggressive or confrontational people whilst carrying out duties

Physical – fire, security, accident prevention and health and safety e.g. hazards/risk associated with buildings, vehicles, land, plant and equipment

Contractual – failure of contractors to deliver services or products to the agreed specifications and costs

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

4.4 **Project Risks**
These may include:

People –whether the right people with the right skills are engaged in each task/project

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

Cost – potential for the project to go over budget if the people and technical matters are not delivered in line with a project plan

Time – ensuring sufficient time is allocated to a project including provision for slippage, to ensure cost and quality is not affected

The categories are not exhaustive, but a framework for identifying potential risks faced by the Council.

5.0 RISK MANAGEMENT PROCESS

5.1 The 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 are identified and listed in the Council's Risk Register.

Step 2 – Analyzing risks
Once identified, an assessment of the likelihood and consequences of the risk happening is conducted.

Step 3 – Managing risks
The management of risk is how the Council controls the risk. There are four 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 – Monitoring risks
The reviewed level of risk is the level of risk after mitigating measures are taken into account and where further ongoing attention is required such as regular inspections. Progress in managing risks should be

monitored. Risk management is an on-going process that should be constantly revisited and reviewed to ensure that new and emerging risks assessed acted upon.

5.2 It is important to recognize these 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.

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