



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 Chartered 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 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 and keeping under review this Risk Management Policy
 - establishing a clear risk assessment procedure via a risk register to ensure that all risks are assessed to a certain standard
 - clearly defining 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 reporting risks to the Finance and General Purposes Committee and/or Council as appropriate, 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 the Risk Management Policy, 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, as soon as practicable.

4.0 STRATEGIC, OPERATIONAL AND PROJECT RISKS

- 4.1 Broadly speaking risks can be divided into three categories:

Strategic – risks which need to be considered in judgements about the medium to long term goals and objectives of the Council whilst, at the same time, considering 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 and 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 legislation relating to corporate manslaughter

Environmental – environmental consequences of progressing the Council's strategic objectives – for example, 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 other councils or stakeholder organizations

4.3 **Operational Risks**

These may include:

Professional – ability to recruit and retain appropriate staff to roles. Prolonged absences of staff due to long-term illness.

Financial – financial planning and control and adequacy of insurance cover

Legal – possible breaches of legislation – for example, Health and Safety at Work Act, Data Protection Act, Town & Country Planning Act

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 – for example, 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 – for example, 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 or project

Technical – the Council’s 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 exceed approved budget if people and technical aspects 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 provide 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 decision-making and the managing of 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; for example, 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 considered 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 are 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.