IMMINGHAM TOWN COUNCIL

RISK MANAGEMENT POLICY

Approved July 2023

Review July 2024

1.0   Policy Outline

1.1 This Policy sets out how Immingham Town Council manages risk via a Risk Management Policy and Risk Register, to protect its employees, assets, liabilities, reputation and community against potential losses. Immingham Town Council recognises that it has a responsibility to manage risk, both internal and external, and is committed to the implementation of a risk management policy to protect the council.

2.0   Policy Objective

2.1 The purpose of the Risk Management Policy is to ensure that Immingham Town Council provides a structured, systematic and focussed approach to managing risk through anticipation and control.

Specifically, it is to:

- Integrate risk management into the culture of the Council
- Identify risks
- Manage risk in accordance with best practice
- Consider and respond to changing social environmental and legislative requirements
- Put in controls to minimise risk

3.0   Review Statement

3.1 This Policy has been prepared considering prevailing legislation and recognised good practice. New legislation requirements or changes in current legislation may necessitate the review of this policy document. The council will continue to review and amend all/part of this Policy on an annual basis. It is the employee's responsibility to ensure that the copy of the policy being referred to is the most up-to-date version.

4.0   Equality

4.1 In putting the Policy into practice, no aspect of the Policy will discriminate on the grounds of race, sex, sexual orientation, gender reassignment, age, religion, politics, marital status, disability, politics, caste and/or union membership or any other grounds likely to place any particular employee at a disadvantage.

5.0   Governance

5.1 Immingham Town Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice. The Policy is managed by the Council and will be reviewed on an

annual basis, in line with its corporate governance responsibilities. This review will form part of the year-end financial process and is part of the checks and balances that ensure that the Council is managed in an effective, efficient, transparent and safe manner.

6.0 Roles and Responsibilities

6.1 It is important that risk management becomes embedded into the every day culture and performance management process of the Council. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. The process must be driven from the top but must also involve staff throughout the organisation.

6.2 Councillors

Risk management is seen as a key part of the Councillors' stewardship role and there is an expectation that Councillors will lead and monitor the approach adopted, including:

- Approval of the Risk Management Policy and Risk Register
- Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed
- Consideration, and if appropriate, endorsement of the Annual Governance Statement
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues

6.3 Employees

All employees will undertake their job within risk management guidelines ensuring that their skills and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Town Clerk.

6.4 Town Clerk

The Town Clerk will act as the Lead Officer on Risk Management and be responsible for overseeing the implementation of the Risk Management Policy.

The Clerk will:

- provide advice as to the legality of policy and service delivery choices
- provide advice on the implications for service areas of the Council's corporate objectives
- update the Council on the implications of new or revised legislation
- assist in handling any litigation claims
- provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work related illness or injury
- advise on any health and safety implications of the chosen or proposed arrangements for service delivery

6.5 Responsible Financial Officer

As the Council's Section 151 Officer the Clerk will:

- assess and implement the Council's insurance requirements;
- assess the financial implications of strategic policy options
- provide assistance and advice on budgetary planning and control
- ensure that the Financial Information System allows effective budgetary control
- maintain the Council's Risk Register
- effectively manage the Council's investment and loan portfolio.

6.6 Role of Internal Audit

The Internal Audit provides an important scrutiny role by:

- carrying out audits to provide independent assurance to the Council that the necessary risk management systems are in place and all significant business risks are being managed effectively
- assisting the Council in identifying both its financial and operational risks and assisting the Council in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud

7.0 Definition of Risk

7.1 The Audit Commission (2001) defined "risk" 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.

8.0 Definition of Risk Management

8.1 Risk Management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety, but applies to all aspects of the Council's work.

8.2 Risk Management is the process by which risks are identified, evaluated and controlled, which includes the following approaches:

- Elimination – the circumstances from which the risk arises are removed so that the risk no longer exists
- Reduction – loss control measures are implemented to reduce the impact/ likelihood of the risk occurring
- Transfer – the financial impact is passed to others e.g. by revising contractual terms
- Sharing - the risk is shared with another party
- Insuring - insure against some or all of the risk to mitigate financial impact
- Acceptance – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk

9.0   Types of Risk

9.1 Risks can be broken down into the following categories and are managed through the council's Risk Management Policy and in conjunction with the Risk Register and a Medium Term Financial Plan.

a. Strategic Risk

Strategic Risks are those that need to be taken into account in any judgement about the medium and long-term goals and objectives of the Council. These may be:

- Competiveness: The competitiveness of the service/the ability to deliver best value
- Customer: Failure to recognise the changing needs and expectations of the community
- Economic: The Council's ability to meet its financial commitments
- Environmental: The environmental consequences of service delivery (in terms of energy efficiency, pollution, recycling, landfill needs, emissions etc)
- Legislative: Current or potential changes in law
- Social: The effects in changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.
- Technological: The Council's ability and capacity to deal with technological changes or changing demands

b. Operational Risks

These are risks that affect the day to day management of the Council. These may be:

- Contractual: Those associated with the failure of contractors to deliver services or products to the agreed cost and specification
- Environmental: Relating to pollution, energy efficiency of ongoing service operations
- Financial: Financial planning and control and the adequacy of insurance cover
- Legal: Possible breaches of legislation
- Physical: Security of buildings and equipment, accident prevention and health and safety, fire risk etc.
- Technological: Relating to a reliance on operational equipment, such as IT systems etc.

10.0   Why have a risk management Policy?

10.1   Risk Management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

10.2   The Risk Management Policy will help to ensure that all Committees and service areas have an understanding of risk and that the Council adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.

10.3   Strategic Risk Management is also an important element in demonstrating continuous service improvement.

10.4   There is a requirement under the Accounts and Audit Regulations 2011 to establish and maintain a systematic Policy, framework and process for managing risk.

11.0   Methods to Control Risks

11.1 Indicated below are various methods to control risks. There are a number of options available that can be used as mitigation or measures to control the risks.

- **Control and Reduction**: Introduce new internal systems/practices, physical risk improvements, staff training, continued assessments and monitoring

- **Avoid or Eliminate:** Take away the risk by implementing alternative systems/practices or discontinuing the operation

- **Acceptance:** Taking an informed strategic decision to accept and tolerate the risk but continue to monitor

- **Transfer:** Pass on to others through outsourcing, insurance cover or alternative contractual arrangements

- **Sharing:** Share the risk with another party if possible

- **Inspection Regimes:** Ensure that the Council has adequate inspection regimes in place to serve as a statutory defence

12.0 Monitoring of the Risk Register

12.1 The Risk Management Policy is an evolving and ongoing process. The effectiveness of controlling risk must be reviewed and monitored.

12.2 The information generated from applying the Risk Management Policy will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover.

12.3 Councillors are ultimately responsible for Risk Management because risks threaten the achievement of policy objectives and the reputation of the Council. Therefore, councillors will lead and monitor the approach to be adopted. This will include:

- Council will approve the Risk Management Policy and Risk Register

- Council will monitor the Risk Register on an annual basis

- The Town Clerk will manage Operational Risks on a monthly basis and when issues arise