Clerk and CEO are inter-changeable titles, as are Deputy Clerk and COO.

Risk Management Policy

1. **Purpose of a Risk Management Policy**

1.1   Diss Town Council recognizes that it has a responsibility to manage the risks, both internal and external, and is therefore committed to the implementation of a risk management strategy to protect the Council from unavoidable losses.

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

1.3   Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided whilst safeguarding public resources.
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1.4   This Policy provides assurances to members and officers on the adequacy of arrangements for the conduct of business and the use of resources. Implementation of the policy leads to greater risk awareness and improved control, which should mean fewer incidents and control failures.

1.5   There is a requirement under the Accounts and Audit Regulations 2015 s3(c) that local Councils must ensure they have a sound system of internal control which includes effective arrangements for the management of risk. Risks and their control will be identified and collated in a Risk Register which will be managed by the RFO.

2. **The Principles of Risk Management**

2.1   Risk Management Policy Statement

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.

The Council recognises that it has a responsibility to manage risks effectively in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its aims and objectives and to maximise the opportunities to achieve its vision.

Whilst it is acknowledged that risk cannot be totally eliminated it is accepted that much can be done to reduce the extent of injury, damage and financial loss. Therefore, The Council is committed to identifying, reducing or eliminating the risks to both people and environments.

The RFO will ensure that the Council have insurance in such amounts and in respect of such perils as will provide protection against significant losses, where insurance is required by law or contract and in other circumstances where risks are insurable, and premiums cost effective.

The Council will seek to embed effective risk management into its culture, processes and structure to ensure that opportunities are maximised; it will seek to encourage managers to identify, assess and manage risks, and learn to accept the right risks.

3. **Risk Management?**

3.1 Risks can be classified into various types, but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working. The examples below are not exhaustive:

a) Strategic Risk - long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, in a worst-case scenario a Judicial Review or Report in the Public Interest.

b) Compliance Risk - failure to comply with legislation or laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, Judicial Review, employment tribunals, additional audit investigation, inability to enforce contracts.

c) Financial Risk - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, public objection to accounts, reduced service delivery, increased Council tax levels/impact on Council reserves, increased Council borrowing.

d) Operating Risk - failure to deliver services or maintain buildings/property effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes, increased Council tax levels/impact on Council reserves, increased Council borrowing.

3.2 These risks can be broken down further into specific areas which could impact on the achievements of the Council's long-term objectives and day-to-day delivery of services:

a) Political - Those associated with the failure to deliver either local, regional or national policy.

b) Financial – Those affecting the ability of the Council to meet its financial commitments; failure of major projects; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; new ideas overload; poor internal controls leading to fraud/mismanagement

c) Social – Those relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to deliver its corporate priorities.

d) Technological – Those 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.

3.3 It would also include the consequences of internal failures on the Council's ability to deliver its objectives.

a) <u>Legal</u> – The ability of the Council to keep up to date with changes in legislation and ensuring compliance to avoid breaches in legislation).

b) <u>Partnership/contractual</u> – Those associated with the failure of partners/contractors to deliver services to an agreed cost and specification and similarly failure of the Council to deliver services to an agreed cost and specification; compliance with procurement policies (internal/external); ensuring open and fair competition.

c) <u>Human Resources</u> – Those associated with the professional competence of staff; lack of training and development; over reliance on key personnel; ineffective project management; recruitment and selection issues; inadequate personnel policies

d) <u>Organisational</u> – Those associated with the review of services and delivering continuous improvement.

e) <u>Health & Safety/Physical</u> – Those related to fire, safety, accident prevention and health & safety which pose a risk to both staff and the public.

f) <u>Reputational</u> – Those associated with the changing needs of customers and the electorate; ensuring appropriate consultation; avoiding bad public and media relations.

3.4 Not all these risks are insurable and for some the premiums may not be cost-effective. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.

3.5 Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely defensive, responses. Measures to manage adverse risks are likely to help with managing positive ones.

4. **The Risk Management Process**

4.1 Implementing this Policy involves identifying, analysing/prioritising, managing and monitoring risks, which should be controlled in the form of a Risk register.

4.2 <u>Risk Identification</u> – Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed. All risks identified will be recorded in the Council's Risk Register.

4.3 <u>Risk Analysis</u> – Once risks have been identified they need to be systematically and accurately assessed. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control it or respond to it.

4.4 The scores for impact and likelihood are added together. Risks scoring 4 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

4.5   Risk Control – the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

Options for control include:

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

4.7   Risk Monitoring – The risk management process does not finish with putting any risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed.

4.8   The information generated from applying the risk management process 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 and the balance to be reached between self-insurance and external protection.

5.   **Implementation**

5.1   Initial Identification of Risks will be by officers compiling a list of the risks in their areas of responsibility.

5.2   The Council will annually reassess its objectives and any threats to achieving them. The Council will build risk management procedures into the way that it operates.

5.3   Officers developing projects or recommending service changes will ensure that risks are identified and the measures to eliminate or control risks are documented in agenda reports to be considered by the Council and/or its committees.

5.4   The Council is entering into an increasing number of partnerships with organisations from the public, private, voluntary and community sectors. Some of these organisations may not have the same sensitivities to the risks that the Council sees as important. Part of the process of setting up future partnerships will be to ensure that all relevant risks are identified and that appropriate control mechanisms are built into the management arrangements for the partnership.

6.   **Roles and Responsibilities**

6.1   It is important that risk management becomes embedded into the everyday culture of the Council. The roles and responsibilities set out below are designed to ensure that risk is managed effectively across the Council, and responsibility for risk is allocated appropriately. Those who know the risks to a particular service should be responsible for it. The process must be policy driven 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 they should lead and monitor the approach adopted. This will include:

   a) Review and approval of the Risk Management Policy.
   b) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed.
   c) Annual review of Internal Controls; and
   d) Assessment of risks whilst setting the budget, including ensuring sufficient resources to tackle specific issues.

6.3   Senior Officers will act as the risk champions for their areas of specialty, assisting with identifying all risks within their remit and the compilation of the Risk Register. They will manage risk effectively in their service areas or projects and report how threats and risks have been managed to the Town Clerk/CEO. This includes identifying, analysing, prioritising, monitoring and reporting on service risks and any control actions taken.

Specific duties relating to individual officers are detailed below:

6.4   Town Clerk/CEO – will act as the Lead Officer on Risk Management, overseeing the implementation of the detail of the Risk Management Policy and will:

   a)   provide advice as to the legality of policy and service delivery choices.
   b)   provide advice on the implications of potential service actions for the Council's corporate aims and objectives.
   c)   update the Council on the implications of new or revised legislation.
   d)   assist in handling any litigation claims.
   e)   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.
   f)   advise on any health and safety implications of the chosen or proposed arrangements for service delivery; and
   g)   report progress to Council via the Executive Committee.

6.5   Responsible Finance Officer – as the Council's Section 151 Officer, will:

   a)   work with the Town Clerk/CEO to assess and implement the Council's insurance requirements.
   b)   assess the financial implications of strategic policy options.
   c)   provide assistance and advice on budgetary planning and control.
   d)   ensure that the Financial Information System allows effective budgetary control.
   e)   inform investment decisions made by the Council.

6.6   Deputy Town Clerk/COO will:

   a)   ensure that Risk Management is an integral part of any service review process.
   b)   ensure that recommendations for risk control are detailed in service review reports.
   c)   assist in developing and monitoring Performance Indicators for Risk Management.

6.7   Employees – will undertake their job within risk management guidelines ensuring that the skills and knowledge passed on to them 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 their Line Manager.

6.8   Internal Auditor – provides an important scrutiny role carrying out audits to provide independent assurance to the Executive Committee that the necessary risk management systems are in place and all significant business risks are being managed effectively.

   a)   The Internal Auditor assists the Council in identifying both its financial and operational risks and seeks to assist 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.

   b)   The Internal Audit Report, and any recommendations contained within it, will help to shape the Council's system of Internal Control.

6.9   Training – Where appropriate risk management training will be provided to Councillors, senior officers and key staff to ensure that both Councillors and staff have the skills necessary to identify, evaluate and control the risks associated with the services they provide.

Reporting on Progress

The Town Clerk/CEO will present an annual report to the Executive Committee detailing progress on risk management over the year and providing a summary of the Risk Register as part of the review of internal controls.