CULLOMPTON TOWN COUNCIL

RISK MANAGEMENT STRATEGY AND POLICY STATEMENT 2015/16

1. BACKGROUND

1.1. Cullompton Town Council adopted the Risk Management Strategy and Policy Statement 2014/15 in April 2015 (Minute ………………………..). This Strategy and Policy Statement together with the detailed action plan and record of risks must be reviewed annually and the following statement provides an update for the Council to agree and adopt; to meet this requirement.

2. INTRODUCTION TO RISK MANAGEMENT

2.1. In all types of undertaking, there is potential for events and consequences that may either be opportunities for benefit or threats to success. Local councils are no different and risk management is increasingly recognised as being central to their strategic management.

2.2. Risk management is the process whereby local councils methodically address the risks associated with what they do and the services which they can provide. The focus of good risk management is to identify what can go wrong and take proportionate steps to avoid this and successfully manage the consequences.

2.3. The Council faces risks to people, property and continued operations. The systematic management of risks therefore assists the Council in achieving its objectives by enabling the provision of a diverse range of services to the community and visitors to the area.

2.4. Not all risks the Council faces can be insured against, and it is not just about financial management: it is about ensuring the achievement of objectives set by the Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, the ability to achieve desired targets, and eventually, on the local community's Council Tax Bills.

2.5. The importance of looking afresh at risks comes in the wake of a more demanding society, bold initiatives and more challenging when things go wrong. It also arises because of the significant changes taking place as a result of the Government's service improvement agenda and encouraging delegation of service delivery

associated with the Localism Act 2011. Local Councils face pressures which, potentially, give rise to new and complex risks and which suggest that risk management is more important now than at any other time.

2.6.   The first stage in the risk management process is to identify the risks to the Council's objectives (inherent risks). The Council classifies these risks as either strategic (risks that relate to doing the wrong thing) or operational (risks that relate to doing the right things in the wrong way). The risks are further sub-divided into reputation, information, financial, people and regulatory categories.

2.7.   All the risks identified are evaluated in terms of their impact, likelihood of occurrence and proximity. Following the identification and evaluation process, the most appropriate and cost-effective solution is found in order to control the risks. The solutions will fall into one of four categories: tolerate, transfer, terminate and treat. The risks are then re-evaluated in the light of the suggested mitigation (re-evaluated risks are called residual risks).

3.   RISK MANAGEMENT IN SERVICE AND FINANCIAL PLANS

3.1.   In providing the diverse services of the Council, officers and members manage risk continuously. In order to secure these services, many risk management techniques are employed. These include, but are not limited to, the co-ordination of insurable risks, techniques to address health and safety matters, threats to the environment, planning issues, management of social issues and financial management methods.

3.2.   There is a need, however, to incorporate the management of risk in a Council Business/Service Plan. A Business/Service Plan identifies the Council's services, aims and objectives and is the most effective way if identifying the inherent risks and management of those risks associated with each service, aim or objective. The Plan can also identify how risks are to be reviewed and reported.

3.3.   The management of risk must be applied to all projects carried out by the Council, to ensure the objectives of the project are met.

4.   RISK MANAGEMENT AND DECISION MAKING

4.1.   Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives and must consider all risks when making policy decisions, and review risks affecting all services on an annual basis.

4.2.   The Council's Risk Management Policy ensures that it has a well-defined framework to support better decision making at a strategic level. This provides for better decision making through good understanding of risks and threats and their likely impact.

5.   THE BENEFITS OF RISK MANAGEMENT

5.1.   Risk management is regarded as an essential element of good governance and as an integral part of internal control. It provides the foundation for effective management throughout the Council and focuses attention on the achievement of corporate objectives together with a consistent and structured approach to

risk. Managing risk in this way delivers many other benefits to the Council as set out below:

5.2. The process provides a fully documented record of all major risks and opportunities.

5.3. The risk of positive initiatives not taking place is reduced and fewer opportunities will be missed. There is also greater innovation in seizing opportunities.

5.4. Services are able to communicate their prioritised risks with members therefore enabling focus on those risks and properly evaluated risk decisions. There is also an enhanced ability to justify actions taken.

5.5. Services are able to anticipate emerging issues in an ongoing and organised manner before they reach unmanageable proportions.

5.6. To be effective risk management requires input and ideas from all staff and members. This creates a culture of risk ownership.

5.7. Embedded risk management satisfies Corporate Governance requirements.

5.8. The Council's reputation is protected and enhanced.

5.9. The Council will receive fewer complaints and will have more satisfied customers.

5.10. Income can be maximised and expenditure reduced.

6. SUMMARY OF RISK MANAGEMENT ROLES

6.1. Effective risk management can only be achieved when ownership of risks is allocated to appropriate risk owners within the Council. Without this, responsibility and authority for implementing control actions will not be clear.

7. THE ROLE OF COUNCIL MEMBERS

7.1. To consider and if appropriate approve the Risk Management Strategy and Policy Statement.

7.2. To consider the risk motivators and risk priorities.

7.3. To consider and if appropriate approve the action in response to risks proposed by officers.

7.4. To oversee the management of risk by Council officers.

8. THE ROLE OF THE TOWN CLERK

8.1. To promote the Council's Risk Management Strategy, Policy Statement and framework.

8.2. To be responsible for managing the Council's key risks including the assessment of risks.

8.3. To encourage a culture of shared responsibility and open communication of risks.

9. THE ROLE OF COUNCIL OFFICERS

9.1. To consider risk as part of every day activities and provide input to the risk management process.

9.2. To manage risk effectively in their work in accordance with the Risk Management Strategy, Policy Statement and framework and report any threats or risks identified to the Town Clerk.

10. THE ROLE OF THE INTERNAL AUDIT

10.1. To assist with the development and review of a Risk Management Strategy, Policy Statement and framework.

10.2. To support the Council in developing and implementing risk management.

10.3. To provide independent assurance on the way risks are managed.

11. CONCLUSION

11.1. The Council faces a number of challenges because of the range of services it provides and because of the changes being faced by Local Councils. Risk management is therefore at the centre of the Council's management process. It provides a mechanism to identify, evaluate and control threats and risks to the Council's objectives and is the responsibility of every Council member and officer. Risk management is vital to the Council's efforts to deliver good governance and best value.

12. RISK MANAGEMENT POLICY STATEMENT

12.1. Cullompton Town Council provides a range of services to the community and visitors to the area. In order to secure these services, some amount of risk-taking is inevitable. However, the Council recognises that effective risk management will improve strategic, operational and financial management by helping to maximise opportunities, minimise losses and maximise resources for the services it provides.

12.2. It is the policy of the Council to adopt a risk process that supports better decision making through understanding of risks, whether a positive opportunity or negative threat and their likely impact.

12.3. The policy seeks to confirm the commitment of the Council to a risk managed culture by ensuring that every member and employee has regard for the management of risks in the decision making process and everyday work situations. The Council is committed to the management of risks in order to:

12.3.1. Achieve its Aims and Objectives.

12.3.2. Ensure compliance with statutory obligations.

12.3.3. Safeguard its employees, members, service users and all other persons to whom the Council has a duty of care.

12.3.4. Protect its assets, including property, equipment, vehicles, other resources and reduce associated losses and claims.

12.3.5. Maintain effective control of public funds.

12.3.6. Improve performance and service delivery.

12.3.7. Minimise waste, fraud and poor value for money.

12.3.8. Support better project management.

12.3.9. Promote the reputation of the Council.

13. This policy statement has the support of the Council, which recognises that achievement of these identified risk management objectives will benefit the whole community.