



NewquayCouncil

CorporateService

Policy: **Risk Management Strategy 2021**

Date of Inception: **20 May 2021**



This is the Risk Management Strategy of Newquay Town Council.

Policy/Procedure File Status

| | | | |
|----------------------------|--------------------------------------|-------------------------|--------------|
| Version | 0.1 | Approving Body | Full Council |
| Date | 08.05.2021 | Date of Approval | |
| Responsible Officer | Town Clerk & Chief Executive (TC&CE) | Minute Reference | |
| Oversight Committee | Governance & Resources | Review Date | May 2022 |

Version History

| Date | Version | Author/Editor | Comments |
|------------|-----------------|---------------|---|
| 16.03.2015 | 1.0 Draft | Town Clerk | First draft pre committee |
| 23.03.2015 | 1.0 Final Draft | Town Clerk | <i>Inquorate Meeting</i> |
| 15.04.2015 | 1.1 Final | Town Clerk | Amendments from F&P Committee - Recommended |
| 03.06.2015 | 2.0 Final | Town Clerk | Adopted at Full Council |
| 17.06.2020 | 2.1 | Town Clerk | Minimal Review |
| 08.05.2021 | 0.1 | TC&CE | Annual Review |

Review Record

| Date | Type of Review Conducted | Stage Completed | Summary of Actions Taken or Decisions Made | Completed By |
|------------|--------------------------|-----------------|--|--------------|
| 15.06.2020 | Minimal Review | Yes | | Town Clerk |
| 19.05.2021 | Annual Review | Yes | Committee names updated | TC&CE |
| | | | | |
| | | | | |

Contents

- 1.0 Policy Background 4
- 2.0 Policy Statement..... 4
- 3.0 Policy Objectives..... 5
- 4.0 What is Risk Management 5
- 5.0 Why does the Council need a Risk Management Strategy? 7
- 6.0 Policy Implementation 7
 - 6.1 Risk Control7
 - 6.2 Risk Monitoring8
 - 6.3 Risk Management System8
 - 6.4 Roles and Responsibilities9
- 7.0 Future Monitoring11
 - 7.1 Review of Risk Management Strategy.....11
- 8.0 Conclusions11
- 9.0 Alternative Formats.....11
- 10.0 Freedom of Information11

1.0 Policy Background

- 1.1 This policy document forms the Council's Risk Management Strategy. It sets out:
 - 1.1.1 What risk management is
 - 1.1.2 Why the Council needs a risk management strategy
 - 1.1.3 the Council's philosophy on risk management
 - 1.1.4 the risk management process
 - 1.1.5 Roles and responsibilities
 - 1.1.6 Future monitoring

2.0 Policy Statement

- 2.1 Newquay Town 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 goals and objectives and to maximise the opportunities to achieve its vision.
- 2.2 The Council is committed to risk minimisation and proactive management of risk in all aspects of its operations, whether strategic, legal, financial, verbal or manual in nature.
- 2.3 The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.
- 2.4 Risk management is an integral part of the Council's management processes.
- 2.5 Committees are responsible for leading their own project and service risk assessments and management. However, Full Council remains overall responsible for all Risk Management Processes and shall review risk assessments and raise risk related matters on a regular basis (including when noting minutes of committee meetings).

3.0 Policy Objectives

- 3.1 The policy aims to:
 - 3.1.1 Further develop risk management and raise its profile across the Council
 - 3.1.2 Integrate risk management into the culture of the organisation
 - 3.1.3 Embed risk management through the ownership and management of risk as part of all decision making processes
 - 3.1.4 Manage risk in accordance with best practice

4.0 What is Risk Management

- 4.1 'Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.' Audit Commission, *Worth the Risk: Improving Risk Management in Local Government*, (2001:5).
- 4.2 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.
- 4.3 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:
 - 4.3.1 **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, and in the worst case scenario Government intervention.
 - 4.3.2 **Compliance Risk** - failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance; Risks exposure to prosecution, judicial review,

employment tribunals and the inability to enforce contracts.

4.3.3 **Financial Risk** - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.

4.3.4 **Operating Risk** - the failure to deliver services 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.

4.4 Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might not be an adequate recompense. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.

4.5 Risk is not restricted to potential threats but can be connected with missed 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.

5.0 Why does the Council need a Risk Management Strategy?

- 5.1 Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 5.2 The Risk Management Strategy will help to ensure that all Committees/ 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.
- 5.3 Strategic risk management is also an important element in demonstrating continuous service improvement.
- 5.4 There is a requirement under the Accounts and Audit Regulations 2011 to establish and maintain a systematic strategy, framework and process for managing risk.

6.0 Policy Implementation

6.1 Risk Control

- 6.1.1 Risk control is 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.
- 6.1.2 Options for control include:
 - 6.1.2.1 **Elimination** – the circumstances from which the risk arises are removed so that the risk no longer exists;
 - 6.1.2.2 **Reduction** – loss control measures are implemented to reduce the impact/ likelihood of the risk occurring;
 - 6.1.2.3 **Transfer** – the financial impact is passed to others e.g. by revising contractual terms;
 - 6.1.2.4 **Sharing** - the risk is shared with another party;

- 6.1.2.5 **Insuring** - insure against some or all of the risk to mitigate financial impact; and
- 6.1.2.6 **Acceptance** – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

6.2 Risk Monitoring

- 6.2.1 The risk management process does not stop at putting risk control procedures in place. The effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time.
- 6.2.2 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.

6.3 Risk Management System

- 6.3.1 **Risk Identification** – 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.
- 6.3.2 **Risk Analysis** – Once risks have been identified they need to be systematically and accurately assessed using proven techniques. 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 or respond to the risk.
- 6.3.3 **Risk Prioritisation** - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored using a matrix identifying the risk as Low, Medium or High.

Where a residual risk is low further action will only be taken where it is viable to do so. Medium risks will be addressed

within 3 to 6 months of being identified. High risks will require action without any delay.

6.4 Roles and Responsibilities

6.4.1 It is important that risk management becomes embedded into the everyday 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.

6.4.2 **Elected Members** – risk management is seen as a key part of the Elected Members' stewardship role and there is an expectation that Elected Members will lead and monitor the approach adopted, including:

- (a) Approval of the Risk Management Strategy;
- (b) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
- (c) Consideration, and if appropriate, endorsement of the Annual Governance Statement; and
- (d) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.
- (e) Ensure adequate resources, budgets, training and support are available to officers, ensuring they are able to effectively perform their duties in relation to Risk Management and reporting.

6.4.3 **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.

6.4.4 **Town Clerk** – will act as the Lead Officer on Risk and be responsible for overseeing the implementation and currency of the Risk Management Strategy.

The Town Clerk will:

- (a) provide advice as to the legality of policy and service delivery choices;
- (b) provide advice on the implications for service areas of 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;
- (g) assess and implement the Council's insurance requirements;
- (h) assess the financial implications of strategic policy options;
- (i) provide assistance and advice on budgetary planning and control;
- (j) ensure that the Financial Information System allows effective budgetary control;
- (k) oversee the maintenance of the Council's Risk Register;
- (l) effectively manage the Council's investment and loan portfolio.

From time to time, the Town Clerk may call upon the Deputy Town Clerk and appropriate service managers to assist with any aspect of the implementation of the risk management strategy as directed by the Town Clerk.

6.4.5 Role of Internal Audit

- 6.4.5.1 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.
- 6.4.5.2 Internal Audit 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.

6.4.5.3 Internal Audit reports, and any recommendations contained within, will help to shape the Annual Governance Statement.

6.4.6 The Governance and Resources Committee

6.4.6.1 Review and future development of the Risk Management Policy and Strategy will be overseen by the Governance & Resources Committee.

6.4.7 In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly.

7.0 Future Monitoring

7.1 Review of Risk Management Strategy

7.1.1 This Strategy will be reviewed annually.

8.0 Conclusions

8.1 The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective corporate governance.

9.0 Alternative Formats

9.1 Equality Act 2010 – copies of this document in large print (A3 Format) or larger font size can be made available for those with sight impairment on request from the Council Office or by telephoning 01637 878388 or e-mailing the Town Clerk's Office.

10.0 Freedom of Information

10.1 In accordance with the Freedom of Information Act 2000, this Document will be posted on the Council's Website www.newquaycouncil.co.uk.

Andrew Curtis
Town Clerk & Chief Executive
Newquay Town Council
Municipal Offices
Marcus Hill
Newquay
TR7 1AF

Tel 01637 878388

dpo@newquay.town