



# **Corfe Mullen Town Council**

## **Risk Management Strategy July 2021**

## RISK MANAGEMENT STRATEGY

### 1 Introduction

- 1.1 This document forms the Council's Risk Management Strategy. It sets out:
- What is risk management.
  - Why does the Council need a risk management strategy.
  - What is the Council's philosophy on risk management.
  - What is the risk management process.
  - Roles and responsibilities.
  - Future monitoring.
- 1.2 The objectives of this strategy are to:
- Further develop risk management and raise its profile across the Council.
  - Integrate risk management into the culture of the organisation.
  - Embed risk management through the ownership and management of risk as part of all decision-making processes; and
  - Manage risk in accordance with best practice.

### 2 What is Risk Management?

- 2.1 '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)
- 2.2 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.
- 2.3 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:

**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 worse-case scenario Government intervention.

**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.

**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.

**Operating Risk** - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

- 2.4 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.
- 2.5 Risk is not restricted to potential threats but can relate to 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.

### **3 Why does the Council need a Risk Management Strategy?**

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

### **4. Risk Management Policy Statement**

- 4.1 Corfe Mullen Town Council recognises that it has a responsibility to manage risks effectively 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.
- 4.2 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. Risk management is an integral part of the Council's management processes.

### **5. Implementing the Strategy**

#### **5.1 Risk Control**

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.

Options for control include:

**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 the risk to mitigate financial impact; and

**Acceptance** – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

## 5.2 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. It is also important to assess whether the nature of any risk has changed over time.

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.

## 5.3 Risk Management System

**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.

**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.

**Risk Prioritisation** - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored using a matrix. This will require a numeric value to be given to both the likelihood of the risk happening and the impact of the impact if it did, based upon the scoring identified in the Risk Management Schedule Risk Matrix.

## 6. Roles and Responsibilities

6.1 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 in the right place. The process must be driven from the top but must also involve staff throughout the organisation.

6.2 Elected Members – risk management is seen as a key part of the Elected Member's 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.

6.3 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 Town Clerk – will act as the Lead Officer on Risk Management and be responsible for overseeing the implementation 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.

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

- (a) 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 Council's financial procedures allows effective budgetary control.
- (e) maintain the Council's Risk Management Schedule.

6.6 Role of Internal Audit – 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.

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

6.7 Finance and Administration Committee – Review and future development of the Risk Management Policy and Strategy will be overseen by the Finance and Administration

Committee and shall make recommendations for its adoption to Full Council.

- 6.8 Training – Risk Management training will be provided to Elected Members and staff through a variety of mediums. The aim will be to ensure that both Elected Members and staff have the skills necessary to identify, evaluate and control the risks associated with the services they provide.
- 6.9 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. Future Monitoring**

- 7.1 Review of Risk Management Strategy - This Strategy will be reviewed annually in July.

## **8. Conclusion**

- 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.

## **Corfe Mullen Town Council Risk Management Schedule**

### **RISK MANAGEMENT**

#### **Notes**

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the employer to identify all potential risks inherent in the place or practices. Based on a recorded assessment the employer should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible. This document has been produced to enable the Town Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimize them. In conducting this exercise, the following plan was followed.

- Identify the areas to be reviewed.
- Identify what the risk may be and level of risk
- Evaluate the management and control of the risk and record all findings.
- Review, assess and revise if required.

This report will be reviewed and is updated on an annual

basis.

#### **Key**

L = low risk

M = medium risk

H = high risk

## ASSESSMENT OF RISK

Each risk identified will be objectively assessed in terms of its “likelihood” and “impact” upon the Town

Council.Likelihood

		<b>Probability</b>	<b>Frequency</b>
<b>4</b>	Almost Certain	>90%	Frequent Occurrence
<b>3</b>	Likely	>60%	Regular Occurrence
<b>2</b>	Possible	>10%	Occasional Occurrence
<b>1</b>	Unlikely	<10%	Has never occurred

Impact

		Risk Threat
4	Major	Financial Impact >£400,000  Fatality/life-changing injuries to staff or public/regulatory intervention – prosecution/service disruption/extensive legal proceedings against the Council.
3	Serious	Financial Impact >£200,000  Adverse media attention/public complaints/adverse findings by auditors -ICO-Ombudsman/significant service disruption/project delivery delayed or suspended/legal action.
2	Significant	Financial Impact >£50,000  Adverse service-user complaints/Some service disruption/Minor injuries or “near-misses” to staff and public
1	Minor	Financial Impact less than £5,000/isolated complaints/Minor service disruption.

## Risk Matrix

Likelihood	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Impact			

Area	Risk(s) Identified	Impact	Likelihood	Level	Controls of risk/management <i>(bold indicates areas where work is needed)</i>	Review/assess/revise
<b>Assets</b>	Protection of workplace assets	1	1	L	Office and office furniture insured.	Ensure all equipment is fit for purpose, review insurance annually.
	Security of buildings, equipment etc*	2	2	M	Double Lock on Council Office door. Burglar alarm and fire alarms installed maintained and checked annually. CCTV installed.	Continuing contract arrangements with alarm providers. Review contract annually and diarise checks as appropriate.
	Theft or vandalism of Council Vehicles  Vehicle damage	1	3	M	Vehicles kept locked and empty at rear of Village Hall in sight of CCTV. Vehicles kept locked on site when unattended. Full Comprehensive insurance for all Council Vehicles Ground Staff reminded of responsibilities in respect of driving Council Vehicles as part of the staff handbook.	Annual review of insurance.  Review of staff driving licences every 3 years.

	Maintenance of buildings etc	3	2	M	<p>Inspections of outside of properties required as appropriate.</p> <p>Play parks inspected weekly by Grounds Team and annually by outside contractor.</p> <p>Full review of insurances and valuations for all buildings due August/September 2021.</p>	<p>Deputy Town Clerk to review weekly check sheets.</p> <p>Community Services Committee to carry out checks as part of Parish Tour.</p> <p>Council to receive report from outside contractor to review and consider any necessary works.</p>
	Mayoralty and items of value (Mayor's Chain, Regalia) risk of theft.	3	1	L	<p>Items are currently insured (mayor's chain and civic regalia). Mayor to be accompanied at civic functions to reduce risk of robbery when in civic regalia.</p> <p>Chain and other items of value to be kept in the Town Council Safe.</p>	<p>Update and review insurance annually.</p>
	Ongoing Management of Trees identified as requiring immediate/moderate attention failing.	4	2	H	<p>Tree consultants instructed as and when required management for those problem trees identified and being actively managed.</p>	<p>Submission where appropriate to LPA for TPO consent managed by consultants on instruction.</p> <p>Existing procedures adequate.</p>
<b>Finance</b>	Banking	1	1	L	<p>Funds all held at Co-operative Bank, Lloyds Bank and the Public Sector Deposit Fund.</p>	<p>Ensure the bank accounts are relevant and fit for purpose.</p>
	Loss of cash through theft or dishonesty	1	1	L	<p>No cash regularly handled all infrequent cash held in office safe and paid in asap preferably on the same day of receipt. Receipt given to payee.</p>	<p>Existing procedures adequate</p>

	Financial controls and records	1	1	L	Monthly reconciliation prepared by Clerk/RFO and reported publicly to Members. Two signatories on cheques and counter-signed by Clerk. Financial regulations approved. Internal and external audit.	Monitor annually.
	Comply with HMRC Regulations	2	2	M	Use help line when necessary. VAT payments and claims calculated by Clerk/Office Staff. VAT reclaimed quarterly. Internal and external auditor to provide double check.	Existing procedures adequate
	Sound budgeting to underlie annual precept	2	1	M	Budget produced annually based on previous expenditure and any planned works from figures prepared by clerk.	Existing procedures adequate
	Complying with borrowing restrictions	1	1	L	No new borrowing likely at present. If a loan is considered current financial regulations to be followed.	Existing procedures adequate
<b>Insurance</b>	Public Liability (statutory)	4	1	L	Continue existing cover (£10m)	Review annually with broker
	Employers Liability (statutory)	4	1	L	Continue existing cover (£10m)	Review annually with broker
	Vehicle Insurance (statutory)	2	2	L	Insurance renewed annually with vehicle depreciation factored.	Review annually with broker
	Fidelity Guarantee Insurance	4	1	L	Continue existing cover (£500,000)	Review annually with broker – possible rise in 2021 for the following year to provide adequate cover.

	Property	4	1	L	5 yearly building revaluation exercise completed. Last revaluation carried out in 2016, due in 2021.	Review annually with broker
	Personal Accident.	3	2	M	£10,000 per incident covered for staff, Councillors and volunteers. Further cover for specific incidents also covered.	Review annually with broker
	Terrorism	1	1	L	Currently no cover in place.	Council to consider before next insurance renewal.
	Business Interruption	1	1	L	Continue existing cover (£100,000)	Review annually with broker.
<b>Payroll</b>	Loss of data on PC due to system fault.	1	1	L	Payroll carried out monthly on SAGE and systems registered with HMRC. Insurance cover for loss of data.	Existing procedures adequate
	Incorrect pay paid to employees	1	2	L	Use of payroll system ensures accurate calculations. Checks by Clerk carried out and payments authorised by Council each month prior to pay.	Existing procedures adequate
	Loss of services of employee.	2	1	L	Job roles and descriptions to be kept up-to-date and re-drafted accordingly, ready for immediate advertisement.	Review annually

<b>Administration</b>	Payment arrangements	1	1	L	<p>Continue with requirement to report all payments to Council/committee for approval.</p> <p>Continue with requirement for signatories to initial cheque stubs. Continue with x2 Cllr signatories on cheques with clerk counter- signatory.</p> <p>Bank mandate and signatories to be reviewed annually. Financial Regulations in place.</p>	Existing procedures adequate
	Reconciliation	1	1	L	Continue with bank reconciliation to be carried out on the receipt of each statement.	Existing procedures adequate
	Agency advice	1	1	L	Continue with memberships of NALC and DAPTC.	Existing procedures adequate
<b>Minutes/agenda /notices/ statutory documents</b>	Accuracy and legality of business conducted	1	1	L	<p>Minutes, agenda and public notices are produced by the Clerk to comply with legal requirements. Minutes are approved and signed at the following council/committee meeting. Minutes and agenda are displayed according to legal requirements.</p> <p>Business at the meetings is managed by the respective Chair.</p>	Existing procedures adequate

<b>Election Costs</b>	An election is requested	2	2	M	Elections cannot be controlled. In election year or if a casual vacancy occurs, the electorate can call for an election, cost to be borne by the Town council. An amount is set aside each year via contingency in the budget to allow for an election.	Existing procedures adequate
<b>Allotments</b>	Increase in net expenditure.	2	2	L	Annual budget approved and precept raised for anticipated expenditure. Most expenditure can be reasonably anticipated and dealt with by budget monitoring and setting process.	Existing procedures adequate
	Liability	2	3	M	Insured risk and insurance adequate.	Existing procedures adequate
<b>Precept</b>	Annual precept not the result of proper detailed consideration.	3	1	L	Continue to present budget in Autumn for approval by January the following year	Existing procedures adequate
	Inadequate monitoring of performance.			L	Continue to regularly consider budget monitoring report (quarterly)	Existing procedures adequate
	Illegal expenditure.	3	1	L	Continue to ensure that all expenditure is within legal powers.	Existing procedures adequate
	Failure to apply	1	1	L	Clerk submits precept request immediately following the authorisation at Full Council before the deadline.	Existing procedures adequate

<b>Accounting</b>	Non-standard and/or non-compliant records kept.	1	1	L	<p>Continue to require adequate, complete and statutory financial records and accounts. All invoices and payments logged and reported to Council/Committees.</p> <p>All Councillors have read only access to the full accounting package to check at their leisure.</p>	Existing procedures adequate
	Non-compliance with statutory deadlines for the completion/ approval/submission of accounts and other financial returns.	1	1	L	<p>Continue to ensure that all accounts and returns are completed and submitted by the deadlines.</p>	Existing procedures adequate
	Non-compliance with Internal Audit requirements.	1	1	L	<p>Internal auditor carries out an interim inspection followed by a full inspection.</p>	Internal auditor to be reviewed every 3 years.
<b>Contracts</b>	Ensure continued value for money coupled with continuity of work.	2	2	M	<p>Ensure financial regulations are followed.</p>	Existing procedures adequate
	Contractors	2	1	L	<p>Check relevant paperwork to ensure they are qualified to carry out work contracted to do.</p>	Existing procedures adequate
<b>Leases</b>	Breach of leases	1	3	M	<p><u>Lessee Responsibilities</u>  Wimborne Academy Trust – Lockyer’s Hub  Scouts Association – Storeroom  Dorset Council/Dorset Wildlife Trust – Springdale open space</p>	<p>Clerk ensures all in force and reviewed as appropriate.</p> <p>Auditor reviews annually.</p>

					<p>Dorset Council – Henbury Play Area  Dorset Council – Highways Agency Agreement  Dorset Council – County Field  Harry J Palmer Ltd – Broadmoor Road Allotment Site</p> <p><u>Lessor Responsibilities</u>  CMSA – SLA for Sporting fixtures at Rec  CMSA – Pavilion Lease  CMSA – Hard Standing Lease  Guides Association – Ground Rent  Scouts Association – Ground Rent  Mini Munchkins – Patio at Pavilion  Allotment Tenancy Agreements</p>	All original documents kept in locked fireproof safe, with scanned copies retained electronically.
<b>Liability</b>						
<b>Employer Liability</b>	Comply with Employment Law	2	1	L	South West Councils retained under contract to provide all advice in relation to any HR matters.	Existing procedures adequate
	Comply with Inland Revenue requirements	2	1	L	Regular advice from HMRC. Internal and external auditor carries out annual checks.	Existing procedures adequate
	Safety of Staff and visitors	2	2	M	<p>CCTV covers office and Village Hall entrance.</p> <p>Lone working discouraged to ensure 2 members of staff are always present.</p> <p>Grounds staff work in pairs.</p>	Existing procedures adequate

	Computer back up	1	1	L	Accounts package provider backs up daily. Web provider backs up computer systems weekly.	Existing procedures adequate
<b>Legal Liability</b>	Ensuring activities are within legal powers	2	2	M	Clerk to clarify legal position on any new proposal. Legal advice to be sought where necessary. Clerk holds non-practising solicitor's qualification so "day job" queries are no concern. More complicated projects, grievances may need external legal advice.  Budget provides for legal support when necessary.	Existing procedures adequate
	Proper and timely reporting via the Minutes	1	1	L	Council meets monthly with committees on a cycle. Both always receive and approve minutes of meetings held in interim. Minutes made available to press and public at the Town Council office and via the website.	Existing procedures adequate
	Proper document control	1	1	L	Central electronic files system accessed by all office staff and hard-copy office files kept for back-up/business continuation.  Publication Scheme can be found on the website.	Existing procedures adequate
	Freedom of Information	1	1	L	Timely response in line with statutory time frames.  Publication Scheme available on Website.	Existing procedures adequate

	Data Protection	1	1	L	The Town Council is registered with the Information Commissioners Office.	Existing procedures adequate
<b>Grant's and support payable</b>	Power to pay. Authorisation to pay	1	1	L	The Town Council has a grants policy and all requests for grants are considered by the Town Council in accordance with the policy.	Existing procedures adequate
<b>Grant's receivable</b>	Receipt of monies	1	1	L	The Town Council may apply for and receive grants it wishes to seek.	Existing procedures adequate
<b>General</b>						
	Complaint's procedure	1	1	L	Complaints Procedure Policy available on Website.	Existing procedures adequate
<b>Councillors' propriety</b>	Registers of Interests	4	2	H	Register of interest completed and Councillors responsible for updating as and when required.	Existing procedures adequate