

**Burford Town Council**  
**Risk Management Policy**

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### DOCUMENT HISTORY

<b>Title</b>	<b>Authors</b>	<b>Date</b>	<b>Review</b>
Risk Management Policy	CE-H	03.2024	Approved and adopted by BTC

## **1. POLICY STATEMENT**

Burford Town Council recognises that, in addition to its statutory duties, it has a responsibility to manage risks effectively in order to protect the community, its employees and assets against potential losses and ensure clarity of action. Risk management is an integral part of the Council's management processes.

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. INTRODUCTION**

This document forms the Council's Risk Management Strategy. It sets out:

- a) What risk management is;
- b) Why the Council needs a risk management strategy;
- c) The benefits of risk management;
- d) Roles and responsibilities of members, staff and others;
- e) How the strategy will be implemented.

2.1 The objectives of this strategy are to:

- (a) Identify risks;
- (b) Put in controls to minimise risk.
- (c) Integrate risk management into the culture of the Council;
- (d) Embed risk management through the ownership and management of risk as part of all decision-making processes;
- (e) Further develop risk management and raise its profile across the Council;
- (f) Manage risk in accordance with best practice.
- (g) Consider and respond to changing social, environmental and legislative requirements.

These objectives will be achieved by:

- (i) Establishing clear roles and responsibilities and awareness, including use of training as appropriate.
- (ii) Incorporating risk management considerations into the Council's management processes -for instance, in considering new projects

## **3. WHAT IS RISK MANAGEMENT?**

3.1. '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).

- 3.2. 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.
- 3.3. 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:
  - a) **Strategic Risk** - long-term adverse impacts from poor decision-making, poor implementation, inadequate resourcing or failure to respond to change. Failure to address risk can result in damage to the reputation of the Council, loss of public confidence, or in a worst case scenario, stimulate Government intervention.
  - b) **Compliance Risk** - failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance. This risks exposure to prosecution, judicial review, employment tribunals and/or the inability to enforce contracts.
  - c) **Financial Risk** - fraud and corruption, waste, excess demand for services, bad debts. This presents risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.
  - d) **Operating Risk** - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Presenting risk of insurance claims, higher insurance premiums, lengthy recovery processes.
- 3.4. 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.
- 3.5. Risk is not restricted to potential threats but can arise from 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.

#### 4. WHY DOES THE COUNCIL NEED A RISK MANAGEMENT STRATEGY?

- 4.1. Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 4.2. 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.
- 4.3. Strategic risk management is also an important element in demonstrating continuous service improvement.

- 4.4. There is a requirement under successive Accounts and Audit Regulations to establish and maintain a systematic strategy, framework and process for managing risk.

## **5. WHAT ARE 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:
- i) The process provides a fully documented record of all major risks and opportunities.
  - ii) The risk of failure of any initiative is reduced and, because of proper advance consideration of risk, fewer opportunities will be missed. There is also greater innovation in seizing opportunities.
  - iii) Staff can communicate their prioritised risks to members therefore enabling focus on those risks and properly evaluated risk decisions. There is also an enhanced ability to justify actions taken.
  - iv) The Council can anticipate emerging issues in an ongoing and organised manner before they reach unmanageable proportions.
  - v) To be effective, risk management requires input and ideas from all staff and members. This creates a culture of risk ownership.
  - vi) Embedded risk management satisfies Corporate Governance requirements.
  - vii) The Council's reputation is protected and enhanced.
  - viii) The Council should receive fewer complaints and will have a more satisfied community as a result.
  - ix) Income can be maximised and expenditure reduced.

## **6. RESPONSIBILITIES**

- 6.1. Burford 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 its opportunities.
- 6.2. Burford Town Council is aware that some risks can never be eliminated fully, and its strategy provides a structured, systematic and focussed approach to managing risk.
- 6.3. This Policy places a responsibility on all Members and Officers to have regard for risk in carrying out their duties. Its purpose is to enable the Council to manage its risks through anticipation and control.
- 6.4. Risk management is only considered to be truly embedded when it functions as part of the Council's day to day operations. For this to be achieved, it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process.
- 6.5. To ensure that this level of clarity exists, the Council has established a structure that sets out how Members, Officers and the various Committees and other stakeholders contribute to the overall risk management process.

**All Members Duties:**

- a) To consider and, if appropriate, approve and regularly review the Risk Management Strategy and Policy Statement.
- b) To consider the risk motivators and risk priorities.
- c) To consider and, if appropriate, approve the action in response to risks proposed by the Clerk.
- d) To oversee the management of risk by Council Clerk.
- e) To share collective responsibility to understand and manage the strategic risks that the Council faces.
- f) To ensure that all identified risks have been considered in decision making.
- g) To monitor the effectiveness of the Council's risk management arrangements by reviewing any risk management reports to Council.
- h) To familiarise themselves with the procedures needed to manage and operate in a crisis through the Council's agreed Emergency Plan.
- i) To seek assurances that action is being taken on risk related issues identified by auditors and inspectors and request regular updates.
- j) To include consideration of risk as standard in proposing and discussing all motions to Council.

**Town Clerk:**

- a) To promote the Council's Risk Management Strategy, Policy Statement and framework.
- b) To be responsible for managing the Council's key risks including the assessment of risks.
- c) To encourage a culture of shared responsibility and open communication of risks.
- d) To be the lead officer responsible for risk management and implementation of the Risk Management Strategy.
- e) To be responsible for the management of strategic and operational risks that the Town Council faces and to oversee the effective mitigation of these risks..
- f) To Ensure that risks are fully considered in all strategic decision making and that the Risk Management Strategy helps the Council to achieve its objectives and protection of assets.
- g) Provide advice as to the legality of policy and service delivery and update the Council on the implications of new or revised legislation.
- h) Assess and implement the Council's insurance requirements.

**Risk & Emergency Planning Nominated Member:**

- a) Support the Clerk in all aspects of risk management.
- b) Understand the strategic and operational risks that the Council faces.
- c) Ensure that a structured and systematic approach is in place for the identification, recording and reporting of risks and opportunities.
- d) Ensure that risks are fully considered in all decision making and that the Risk Management Strategy helps the Council to achieve its objectives and protection of assets.

- e) Assist in embedding a culture of risk management through the Town Council and encourage appropriate training.

**Responsible Finance Officer:** as the Council's Section 151 Officer the Town Clerk & RFO will:

- a) Assess the financial implications of any initiative or decision reached by Council.
- b) Assess and implement the Council's insurance requirements.
- c) Assess the financial implications of strategic policy options.
- d) Assist and advise on budgetary planning and control.
- e) Ensure that the Financial Information System allows effective budgetary control.
- f) Maintain the Council's Risk Register.
- g) Effectively manage the Council's investment and loan portfolio.

**All Employees:** should:-

- a) Consider risk as part of everyday activities and provide input to the risk management process.
- b) Manage risk effectively in their work in accordance with the Risk Management Strategy, health and safety legislation, Policy Statement and framework and report any threats or risks identified to the Town Clerk.
- c) Understand their accountability for individual risk.
- d) Understand how they can enable continuous improvement of risk management.
- e) Understand that risk management and risk awareness are a key part of the organisation's culture.
- f) Attend any targeted risk-related training, as requested.
- g) Report systematically and promptly to management any perceived new risk or failure of existing control measures.
- h) Record areas of risk which fall directly within their day to day areas of control and review in line with agreed target dates.
- i) Play a pro-active role in the reporting and assessing of physical risks in respect of public, staff and property.

**Role of Internal Audit:**

- a) To act as scrutiny, by undertaking audits to provide independent assurance to Members that necessary risk management systems are in place.
- b) To assist with the development and review of a Risk Management Strategy, Policy Statement and framework.
- c) To support the Council in developing and implementing risk management.
- d) To provide independent assurance on the way risks are managed.

## **7. IMPLEMENTING THE STRATEGY**

### **7.1. 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:

- a) Elimination – the circumstances from which the risk arises are removed 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 is shared with another party.
- e) Insuring - insure 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.

## **7.2. 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.

## **7.3. 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 a) the impact and b) the 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 severity of the impact if it did, based upon the following aggregate scoring:

Low = 1 to 2

Medium = 3 to 4

High = 6 to 9

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 the next 3 to 6 months. High risks will require action as soon as possible.



## **8. CONCLUSION**

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.

## APPENDICES

### Appendix 1

CATEGORIES OF RISK	
<b>Physical Risks:</b>	<p>Threaten the safety of residents and visitors or their property</p> <ul style="list-style-type: none"> <li>- when using TC infrastructure eg play areas</li> <li>- due to activity of contractors engaged by the TC</li> <li>- in relation to TC responsibilities within the Parish as a whole eg flooding</li> </ul>
<b>Statutory Risks:</b>	<p>Threaten the ability of the TC to meet its statutory responsibilities</p> <ul style="list-style-type: none"> <li>- TC exceeding statutory authority</li> <li>- loss of continuity of council business</li> </ul>
<b>Environmental Risks:</b>	<p>Threaten the sustainability of the parish</p> <ul style="list-style-type: none"> <li>- Changing demographic</li> <li>- Deterioration of natural environment</li> </ul>
<b>Financial Risks:</b>	<p>Threaten the Council's ability to meet its duties</p> <ul style="list-style-type: none"> <li>- Inadequate income eg insufficient precept</li> <li>- Failure to achieve value for money in use of funds</li> </ul> <p>Fraud involving council funds</p>
<b>IT/Information Governance:</b>	<p>Threaten the Council's ability to meet its duties</p> <ul style="list-style-type: none"> <li>- Data loss</li> <li>- Inappropriate sharing of information</li> </ul>
<b>Reputational:</b>	<p>Threaten the legitimacy of council decisions</p> <ul style="list-style-type: none"> <li>- Conflicts of interest</li> <li>- Contracting Process</li> </ul>

## Appendix 2

### Processes

In line with best practice, the Council has adopted a seven-step process to support its risk management.

	Steps	
1	Identifying risk	Risks will be identified during the day-to-day business of the Council, during the planning process of new projects and cross-referenced, where possible, to key tasks and to the achievement of existing objectives.
2	Analysing risk	Risks will be assessed against probability and impact of the identified risks using the Council's evaluation criteria to give a risk score.
3	Profiling risk	The evaluation exercise will result in a risk score from which significant risks can be established.
4	Prioritising action	Risks will be entered in the risk register detailing the inherent risk score, existing controls and residual risk score.
5	Determining action	Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk register. Target dates (where appropriate) and assignment of responsibility will also be stated.
6	Controlling risk	The specified actions will be carried out as stated in the risk register.
7	Monitoring	The risk register will be kept under review by the risk and emergency planning lead Councillor and progress against further actions identified. The register will be a standing agenda item for Council and updated as actions are achieved and risk scores amended as appropriate. The identification of risks should be a continual process and risks emerging throughout the year should be evaluated and, where necessary, added to the register.

### Appendix 3

#### Risk Management Matrix - Impact

	Physical	Environmental	Statutory	Financial	Reputational	IT/Information
<b>Low = 1</b>	Minor injury requiring first-aid only  Damage to property <£100	Minor reversible loss of natural habitat or amenity	Council inadvertently exceeding statutory authority without significant consequences  Councillor vacancies with no impact on business	Failure to demonstrably deliver best value when contracting leading to temporary local adverse publicity	Temporary adverse local publicity relating to a decision of council	Loss of data or information with minor impact on council business
<b>Medium= 2</b>	Injury requiring medical attention and/or absence from work or school  Significant property damage	Changes to built or natural environment leading to reduction of amenity or village facilities	Council business impacted by inadequate numbers of councillors or loss of Clerk	Financial loss >£1000 due to above with more significant adverse publicity  Legal action against council for claim covered by insurance	Significant sustained adverse publicity due to conflict of interest or perceived corruption	Loss or inappropriate sharing of data or information without catastrophic impact on council function or breach of Data Protection Act
<b>High = 3</b>	Injury which is life or limb threatening and/or leading to	Major demographic shift undermining foundations of the village and/or long-	Failure to comply with legislation	Fraud or legal action compromising ability of council to	Legal challenge or action against councillors relating to conflict of	Breach of Data Protection Act or

	permanent disability	term loss of village facilities	leading to legal action	perform its duties or to continue	interest or corrupt activity	catastrophic information loss
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### Risk Management Matrix – Likelihood

<b>Low = 1</b>	Rare or unlikely
<b>Medium = 2</b>	Probability 10% - 50% over life of Risk
<b>High = 3</b>	Highly likely >50% probability

### Risk Scoring Matrix

<b>Impact</b>	<b>3</b>	<b>6</b>	<b>9</b>
	<b>2</b>	<b>4</b>	<b>6</b>
	<b>1</b>	<b>2</b>	<b>3</b>
	<b>Likelihood</b>		

Red Risk: Unacceptable – reduce by mitigation, close by transfer if possible

Amber/Red Risk: Severe - reduce by mitigation and review regularly

Amber Risk: Moderate – plan to reduce if possible

Green Risk: Acceptable – monitor and close if possible

