

**WINSFORD TOWN COUNCIL**



# **Risk Management Policy & Strategy**

**October 2016**

# Risk Management Policy

## Introduction

Winsford Town Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a Risk Management Policy & Strategy to protect the Town Council from avoidable losses.

## Responsibilities

This Risk Management Policy & Strategy 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.

## Definition

The Audit Commission (2001) has 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.

It is good practice that risk management processes should be supportive rather than restrictive, and should be embedded in the culture of the Town Council and embraced by all staff and Members.

## Aims

The Town Council’s aims with respect to risk management include:

- To integrate risk management into the culture of the Council
- To raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation
- To manage risk in accordance with best practice
- To minimise losses, injury and damage and reduce the cost of risk
- To ensure appropriate actions are taken to address identified risks
- To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Councils’ system of internal control

- To ensure appropriate actions are taken to identify and pursue opportunities

These aims will be achieved through the Council's risk management strategy which details the roles, responsibilities and actions necessary for successful implementation.

The co-operation of all Members and officers is essential to ensure the Council's resources and service provision are not adversely affected by uncontrolled risk, to ensure the Council does not fail to seize opportunities which benefit the community.

Winsford Town Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice.

# Risk Management Strategy

## Introduction

This strategy sets out the framework on which risk management processes at Winsford Town Council are based. This framework ensures a consistent approach is taken across the Council and provides for an element of independent oversight by Council Officers.

## Objectives

The objectives of this strategy are:

- To clearly identify roles and responsibilities for managing risk by the Town Council,
- To create a structured framework for the identification, assessment and evaluation of risks
- To ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action
- To ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities
- To ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to senior officers and Members that appropriate levels of control exist
- To provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

## Definitions

Key definitions used in this Strategy are:

- **Risk** - an event or action which will adversely affect an organisation's ability to achieve its objectives, projects, plans or processes and thus to successfully execute its strategies.
- **Risk Management** - process by which risks are identified, evaluated and controlled, includes the following approaches:
  - *Treat the Risk* - improve the controls to reduce the probability or impact to acceptable limits

- *Transfer the Risk* - insure against risk/outsource/design & build option for contracts
- *Tolerate the Risk* - live with it, the risk is acceptable and additional controls would not be cost-effective
- *Terminate the Risk* - do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level

## Categories of Risk

The risks facing any organization can be divided into two main categories:

- **Strategic** - risks which may threaten the achievement of the Council's objectives, and
- **Operational** - risks which Members and staff may encounter in the daily course of their work.

These categories can include examples such as the ones listed below:

<b>STRATEGIC</b>	<b>OPERATIONAL</b>
<i>Political</i> - failure to deliver objectives/policies other levels of government	<i>Professional</i> – professional competencies of staff
<i>Economic</i> – Town Council's ability to meet its financial commitments	<i>Financial</i> – financial planning/control and insurance cover
<i>Social</i> – effects of demographic/residential/socio-economic trends	<i>Legal</i> – possible breaches of legislation
<i>Technological</i> – dealing with technological change/use of technology	<i>Physical</i> – fire, security, accident prevention, health & safety
<i>Legislative</i> – changes in law	<i>Contractual</i> – failure of contractors to deliver to agreed costs etc.
<i>Environmental</i> – consequences of service delivery, e.g. pollution	<i>Technological</i> – reliance on equipment e.g. IT systems
<i>Competitive</i> - ability to deliver value in service delivery	<i>Environmental</i> – pollution, noise of service delivery
<i>Customers</i> – failure to respond to changing needs	

In terms of processes, the Town Council has a process around implementing risk management. This consists of:

- Identifying risk
- Analysing risk
- Profiling – evaluating the level of risk
- Prioritising action – entering risks in the risk register
- Determining action
- Controlling risk – actions set out in the risk register
- Monitoring – Town Clerk will keep the Risk Register under review and progress against actions will be monitored

Risks identified by the Town Council, analysed and scored are given a 'High/Medium/Low' rating.

## **Risk Assessments**

Winsford Town Council will carry out risk assessments in accordance with the Approved Code of Practice (ACOP) and published guidance.

General risk assessments will be carried out on all Town Council workplaces and on all activities organised by the Council. Risk assessments will be carried out, where possible, involving staff who are familiar with the work of the areas.

Written risk assessments will be produced.

Activities of a short duration may also need a risk assessment, e.g. public events organised by the Town Council will require a risk assessment, particularly where they involve large numbers of people. Small-scale construction or maintenance works carried out using Town Council employees and / or contractors may well need risk assessment depending on the nature of the work, the duration and the possible effects on others.

Where contractors are used and for larger projects the person arranging the contract must ensure that the contractors have carried out an adequate risk assessment on the proposed work.

The risk assessments will be used to determine where action is required to achieve or maintain adequate control of risks. Any action taken will be in accordance with the principles set out in regulation 4 of the Management of Health and Safety at Work Regulations 1999. Where required by other regulations, more specific assessments will be carried out.

## **Roles and Responsibilities**

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 Town Council.

### *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.

This will include:

- Approval of the Risk Management Policy & Strategy;
- Analysis of key risks in reports on major projects;
- Ensuring that all future projects and services undertaken are adequately risk managed;
- Consideration, and if appropriate, endorsement of the assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues

### *Town Clerk/Finance Officer*

Will act as the lead officer on Risk Management, overseeing the implementation of the detail of the Risk Management Policy & Strategy.

The Town Clerk will:

- Ensure that risk assessments are carried out for areas and activities under his/her control;
- Ensure that such assessments are updated at regular intervals or whenever there is reason to believe that the assessment is no longer valid;
- Ensure that risk assessments are adequately recorded and documented;

- Ensure that action is taken to adequately control risks to health and safety identified by the assessment;
- Liaise with Cheshire West & Chester Council's Health Safety Officer to ensure that risk assessments are suitable and sufficient as required by regulation 3(1) of the Management of Health and Safety at Work Regulations 1999;
- Ensure that staff members are kept adequately informed of risks to health or safety and also of any control measures provided;
- Ensure, for areas under their control, that contractors or visitors to the areas who may be exposed to risk are adequately informed of the risk and any required precautions or preventive measures;
- Hold copies of risk assessment documents that apply to areas under his/her control.
- Keep a central record of risk assessments;
- Give advice and, where appropriate, assistance in carrying out risk assessments; and
- Develop and deliver training in risk assessment techniques where this is appropriate

#### *Responsible Finance Officer*

Acting as RFO, the Town Clerk will also:

- Assess and implement the Council's insurance requirements;
- Assess the financial implications of strategic policy options; provide assistance and advice on budgetary planning and control;
- Ensure that the Financial Information System allows effective budgetary control; and
- Inform investment decisions made by the Town Council.

#### *Staff*

Staff will undertake their job within risk management guidelines ensuring that the skills and knowledge passed 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 process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Town Clerk.

#### *Contractors*

Where contractors are used to carry out a task they are responsible for assessing the risks arising from their activities. It is not for the Council to do risk assessment for contractors. This applies to a wide range of tasks for which we engage contractors and is not limited to construction works. The Council does, however, have a responsibility to ensure that works carried out on its behalf are performed with due regard to health and safety. Checking of contractor's risk assessments is an important part of this.

Anyone engaging contractors will:-

- Where necessary, ensure that the contractors have carried out an adequate risk assessment on the proposed work;
- Where there is any doubt as to the adequacy of a contractor's risk assessment or where further advice is required, will submit the risk assessment to the Town Clerk for approval; and
- Ensure that contractors working on Council property are informed of any risks to their health or safety inherent in the property or arising from Council activities carried out at the property.

### **Training**

Risk Management training will be provided to Elected Members and staff if required. 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.

### **Review of the Strategy**

This Strategy will be reviewed on a regular basis as part of the Council's continuing review of its Policy Documents, Standing Orders and Financial Regulations.

Recommendations for change will be reported to the Town Council.

The date of the next review will be October 2017.

It is crucial that the information on the Town Council's Risk Register is regularly reviewed and updated. New risks will emerge and need to be controlled. Feedback from Internal and External Audit can identify areas for improvement, as can the sharing of best practice via professional bodies, including the Institute of Risk Management, the National Association of Local Councils, Society of Local Council Clerks, Institute of Local Council Management and Association of Accounting Technicians.

The Town Clerk will present an annual report to the Town Council detailing progress on risk management over the year and providing a summary of the Risk Register and control assurance statements.

## Appendix A

### WINSFORD TOWN COUNCIL – RISK REGISTER 2016-2017

<b>FINANCIAL AND MANAGEMENT</b>				
<b>Subject</b>	<b>Risk(s) identified</b>	<b>H/M/L</b>	<b>Management/Control of risk</b>	<b>Review/Assess/Revise</b>
Business Continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance	H	There is no management plan presently for loss or long term incapacity of a Clerk, loss or theft of records, full or majority replacement of the Council at an election or other such instances. So although the risk of it happening is low, not having a plan would leave the Council in a difficult position.	Prepare Business Continuity Plan for Town Council
Precept	Inadequate precept requirements to CWAC	L	<p>The Town Council has a number of controls in place with regard to budgets/accounts. To determine the level of precept, the Town Clerk/Finance Officer will prepare a draft budget in conjunction with Members towards the end of calendar year. This will then be consulted on and a final budget approved in February of the following year. With this information the Council maps out the required monies for standing costs and projects for the following year and applies specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from CWAC. This figure is then submitted by the Town Clerk.</p> <p>The Town Council also operates a Finance Committee. At every meeting a schedule of invoices for payment is submitted for approval. The schedules indicate spending against budget for each budget head. The Town Council further manages its accounts through the AdvantEDGE Finance Package.</p>	Existing procedures adequate
Financial Records	Inadequate records Financial irregularities	L L	The Town Council has Financial Regulations which set out the requirements	Existing procedures adequate. Review Financial Regulations annually

Bank and Banking	Inadequate cheques Bank mistakes Loss Charges	L L L L	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The Town Council has five bank accounts (current, 1 <sup>st</sup> reserve, Capital Project no. 1, Allotment Project and Silver Jubilee). Cheques require three signatures. Any three authorised signatories can sign. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive; these are dealt with immediately by informing the bank and awaiting their correction.	
Cash	Loss through theft or dishonesty	L	The Town Council has Financial Regulations which set out the requirements. Cash received is banked once a week. A 'double check' of cheques being banked is made. A petty cash float of £100 is maintained.	Existing procedures adequate.  Review Financial Regulations annually.
Reporting and auditing	Information communication  Compliance	L  L	The Clerk performs bank reconciliation every month. The Town Council operates a Finance Committee. At every meeting a schedule of invoices for payment is submitted for approval. The schedules indicate spending against budget for each budget head. The Council employs an independent internal auditor and the accounts are also audited externally on an annual basis.	Existing procedures adequate.  Review Financial Regulations annually.
Direct Costs Overhead expenses Debts	Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices	L L L L M	The Council has Financial Regulations which set out the requirements.  At each Council meeting the list of invoices awaiting approval is distributed to Councillors and considered. Council approves the list of requests for payment.  The Finance Committee meets once a month, but there is no meeting in May or August. This can lead to a backlog of unpaid invoices.	<b>The Town Council aims to pay invoices within a maximum of 4 weeks.</b>  <b>Three members are required to sign cheques.</b>
Grants and Support-payable	Power to pay Authorisation of Council to pay	L L	Members are aware of the S137 rules via training provided by the Cheshire Training Partnership.	Existing procedure adequate.  Further S137 guidance as required

			The Town Council has a grants budget. The Town Council operates a Grants Sub-Committee which considers applications and makes recommendation to the Finance Committee. An application form is available for applicants. Payment arrangements are subject to the requirements of Financial Regulations.	Grants Policy in place from April 2017 onwards – already approved by Town Council
Grants receivable	Receipt of grants	L	The Town Council receives reimbursement of milk subsidy from the Rural Payments Agency and the Nursery Milk Reimbursement Unit  Claims are made every month based on information requested from all infant and nursery schools in Winsford	Existing procedure adequate
Charges-rentals payable	Payment of charges, leases, rentals	L	The Town Council pays these charges on receipt of invoices. Payment is in accordance with Financial Regulations. All payments are authorised by the Town Council.	Existing procedure adequate
Charges-rentals receivable		L	The Town Council owns land, property and allotments.  Tenants enter into agreements/leases and are invoiced for the required rental in line with usual procedures.	Existing procedure adequate
Best value accountability	Work awarded incorrectly Overspend on services	L M	Financial Regulations require public notice to given of proposals to enter into contracts exceeding £5,000 but not exceeding £20,000. If the contract exceeds £20,000 similar notice is given to all firms on the appropriate approved list of contractors.  If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council.	Existing procedure adequate. Include when reviewing Financial Regulations.
Salaries and associated costs	Salary paid incorrectly Wrong hours paid Wrong rate paid  False employee Wrong deductions of NI	L L L  L L	The Town Council authorises the appointment of all employees through a Staffing Committee which makes recommendations to the Council. Incremental progression is subject to performance appraisal. The Town Council has a Service Level Agreement with CWAC in respect of the preparation and payment of salaries and wages; and the appropriate deductions. The Groundsmen and Casual	Existing appointment and payments system is adequate.

	or Tax Unpaid Tax & NI contributions to the  Inland Revenue	L	employees submit weekly timesheets containing hours worked/tasks undertaken. These are checked by the Town Clerk/Finance Officer and submitted to CWAC for processing.	
Employees	Employees Loss of key personnel  Fraud by staff  Actions undertaken by staff  Health & Safety	L  L  L  H  M	As good practice, the Council should ensure Employee Guidelines are followed/reviewed.  The requirements of the Fidelity Guarantee insurance to be adhered to with regards to fraud.  The Town Council is a Member of the Cheshire Association of Local Councils (ChALC) from whom general and legal advice can be sought. The Clerk is a Member of the Society of Local Council Clerks.  The Groundsmen are provided with adequate direction and safety equipment needed to undertake the roles, i.e. protective clothing and training. They are provided with mobile phones. They phone the office every morning to confirm they are on site. They attend an annual Health and Safety Seminar run by the Council's insurers, Zurich Municipal.	
Councillor Allowances	Councillors over-paid Income tax deduction	L	Town Councillors do not claim meeting allowances. Travel expenses are payable for approved duties.	Existing arrangements adequate.
Election costs	Risk of an election cost	L/M	Risk is higher in an election year. When an election is due the Town Clerk will obtain an estimate of costs from CWAC for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled.	Existing procedures adequate
VAT	Reclaiming/charging	L	The Councils Financial Regulations set out the requirements.  The AdvantEDGE program automatically calculates VAT payments which are checked against the respective invoice.	Existing procedures adequate

Legal Powers	Illegal activity or payments	L	All activity and payments within the powers of the Town Council are resolved and minuted at Full Town Council/Finance Committee Meetings	
Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality  Business conduct	L  L	Minutes and agenda are produced in the prescribed method by the Town Clerk and adhere to the legal requirements.  Minutes are approved and signed at the next Council/Finance Committee meeting.  Minutes and agenda are displayed according to the legal requirements, including on noticeboards and on the Town Council's website.  Meetings of the full Council are chaired by The Mayor.	Existing procedures adequate.  <b>Guidance/training to chair should be offered if required.</b>
Members Interests     Insurance	Conflict of interest Register of Members Interests   Adequacy Cost Compliance Fidelity Guarantee	L    L L L L	Although not a requirement, the declaring of interests by members at a meeting should be a process to remind Councillors of their duty. It is a standard item on all agendas.  The Town Council has a Code of Conduct in place.  All Members are required to complete Register of Interests forms which are held in a public register. Update forms are distributed annually and are available on request.  An annual review should be undertaken (before the time of the policy renewal) of all insurance arrangements in place.  Employers and Employee liability insurance is a necessity and must be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place.	Existing procedures adequate.  <b>Conduct annual review of Insurance arrangements – December</b>  Other procedures adequate
Data Procedures	Policy provision	L	The Town Council is registered with the Information Commissioner's Office	

Freedom of Information Act	Policy Provision	L	The Council has a Publication Scheme in place	Monitor and report any impacts of requests made under the FOIA
Civic and other events	Public Liability Weather conditions for outdoor events Catering/room hire etc	L M L	The Town Council organises several major events e.g. Salt Fair, Civic Parade & Service; Mayor's Ball; Remembrance Sunday etc. The Mayor/Deputy Mayor represents the town at other events. The Council's Insurance policy covers its public liability obligations. The Town Clerk maintains a calendar of civic events and activities and liaises with the Mayor/Deputy mayor as appropriate	<b>A risk assessment should be completed for all events organised by the Town Council</b>
<b>LAND, PREMISES AND EQUIPMENT</b>				
Assets	Loss or Damage  Risk/damage to third party property or individuals	L  L	The Council has an Asset Register which is reviewed annually.  The Council's insurance policy is updated to reflect current assets	Existing procedure adequate
Notice boards	Risk/damage/injury to third parties  Road side safety	L  L	The Council has two notice boards. One is in the Town Centre and the other is in Wyvern House, outside the Town Council Offices. All noticeboards have insurance cover and are inspected regularly by the Clerk and/or Groundsmen. Any repairs/maintenance requirements are brought to the attention of the Town Council. Keys are held by the Clerk and Groundsmen.	Existing procedure adequate
Land	Encroachment Adverse possession Inadequate  maintenance of land	M L L	The Town Council owns or leases a number of parcels of land and premises in and around Winsford, including the Over Allotment site and Wharton Allotments site.  In 2001 a major land survey was commissioned. The survey recommended that:- <ul style="list-style-type: none"> <li>• The exact boundaries of land in the Council's ownership needed to be clarified</li> <li>• A system of management is introduced to ensure that access and occupation is properly monitored.</li> </ul>	

			<p>The Groundsmen carry out monthly inspections of the Councils recreation grounds and play areas and complete inspection sheets detailing any maintenance works required.</p> <p>The Council appointed a contractor to carry out a regular programme of maintenance during the summer months. The contractor also undertake specific works on request</p> <p>Regular inspections of the allotments site are conducted.</p> <p>There is an Over Allotments Association.</p>	
Property	Failure to inspect and report matters requiring attention	L	<p>The Town Council must ensure that its property is properly maintained and in a safe condition.</p> <p>The Town Council owns premises at the Guildhall, Winsford United Football Club and at the Over and Wharton Recreation Grounds.</p> <p>All are covered by index linked insurance with Zurich Municipal.</p> <p>The Town Council leases office accommodation at Wyvern House from CWAC. Contents cover for the offices and Town Council Chamber is provided</p>	
Equipment	<p>Failure to inspect and report matters requiring attention</p> <p>Personal injury</p>	<p>L</p> <p>M</p>	<p>The Groundsmen carry out monthly inspections of the Council's recreation grounds and play areas and complete inspection sheets detailing any maintenance works required.</p> <p>All play and other equipment is covered by insurance policy with Zurich Municipal.</p>	
Vehicles	<p>Accident</p> <p>Poor condition</p> <p>Tax/insurance/MOT</p>	<p>L</p> <p>L</p> <p>L</p>	<p>The Council owns a vehicle for use by the Groundsmen. The Council's insurance cover enables any person to drive the vehicle with the consent of the Council. Tax/MOT matters are handled by the Town Clerk.</p>	Existing procedure adequate

Contractors	<p>Lack of site assessment</p> <p>Inadequate public liability insurance</p> <p>Inadequate resources to complete contract</p> <p>Unsatisfactory contractual arrangements</p> <p>Unsatisfactory monitoring of contract performance</p>	<p>L</p> <p>L</p> <p>L</p> <p>L</p> <p>L</p>	<p>A site risk assessment should be provided</p> <p>A copy of the insurance certificate with sufficient public liability insurance cover must be provided</p> <p>The Town Councils financial regulations deal with the tendering process for contracts with the authority.</p> <p>The Councils Groundsmen visit the recreation grounds and play areas daily and carry out a routine programme of checks and inspections.</p>	<p>Existing procedure adequate</p> <p>Existing procedure adequate</p>
Christmas Lights	<p>Public liability</p> <p>Contractual problems</p> <p>Complaints</p>	<p>L</p> <p>M</p> <p>M</p>	<p>The Town Council provides Festive Lighting from Over Square to the Weaver roundabout. The equipment is stored at the Wharton Recreation Ground.</p> <p>PAT testing is carried out on the lights annually.</p> <p>The Council has £2m Public Liability cover. The equipment is erected and taken down by contractors. Tenders are invited annually for the work.</p> <p>Tenders are invited annually. The Town Council reviews performance</p>	Existing procedures adequate
Civic Regalia	Theft Damage	L	The Council's Civic Regalia is kept securely. Each major item is included in the Council's Asset Register. It is included in the 'All risks' section of the Insurance policy	Existing procedures adequate