  **RISK MANAGEMENT POLICY**

# ALFRETON TOWN COUNCIL

This policy creates a system for controlling the Councils Assets and Liabilities by identifying areas which need to be monitored and have adequate measures for protection.

**Definition of Risk Management**

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.

This document has been produced to enable the Council to assess the risks that it

faces and satisfy itself that it has taken adequate steps to minimise them. The Council is

aware that although some risks can never be eliminated fully, it has in place a strategy that

provides a structured, systematic and focused approach to managing risk.

**Risk Plan**

The recognition and management of risk is integral to the Council’s stewardship of their assets and resources and the effective and efficient discharge of their duties and responsibilities to the community.

Risk assessment is a continuous process for the Council. Risks may be financial or non-financial.

The Council are responsible for the management of risk in accordance with this policy and plan. The Town Clerk is responsible for advising the Council on risk assessment and for conducting his/her duties in a manner, which avoids undue risks to the Council.

Key risks are identified in the Risk Management Plan and Register. Risk Management is an aspect of the internal controls operated by the council through their approved Financial Regulations. Internal Controls are subject to scrutiny by the internal auditor.

This plan defines how the Council will manage identified risks. Risks can be defined as any threat or possibility that an action or event will adversely (or beneficially) affect the interests of the Council. Risk management is not a process of avoiding risk altogether but seeks to identify risk and assess its implications in order to inform decisions.

Generally much of the identified risk, which can be quantified, is covered by insurances carried by the Council, i.e.

* Public liability
* Employer liability
* Money
* Fidelity guarantee
* Property damage
* Officials indemnity
* Equipment

The Council will review the Plan annually.

The Plan should read in conjunction with the Council’s Financial Regulations and Health and Safety Policy.

**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.

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.

An assessment should be undertaken of the impact and likelihood of risks occurring scored on a low, medium or high matrix. A priority then needs to be given for remedial action to be taken.

Likelyhood and risk

Low

Medium

High

Priority

1 immediate

2 within 1 month

3 within 3 months

4 within 6 months

5 annually

It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The process must be driven from the top but must also involve staff throughout the organisation.

**RISK MANAGEMENT REGISTER**

Priority

1 immediate, 2 within 1 month, 3 within 3 months, 4 within 6 months, 5 annually

Likelyhood and risk

Low

Medium

High

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| **RISK** | **LIKELYHOOD** | **IMPACT** | **MITIGATION & PRIORITY** | **CONTROL** | **RESPONSIBILITY** |
| Damage to Council assets | Medium  Previous damage to property at Alfreton House due to Anti-Social Behaviour (ASB) | Cost of replacement or repair | The assets register is kept up to date.  5 annually with audit | Assets are covered by insurance and security measures. Insurance cover regularly reviewed. | Clerk |
| Financial loss due to banking error | Low  At least monthly checks made | Reduction in  Council’s financial  resources. | Monthly balance of accounts  Funds in 2 accounts to provide FSCS cover  5 annually | Application of financial  regulations, including  scrutiny of all bank  statements upon monthly.  Periodic review of banking arrangements to secure best possible terms and conditions. | Clerk and Responsible Finance Officer (RFO) |

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| **RISK** | **LIKELYHOOD** | **IMPACT** | **MITIGATION & PRIORITY** | **CONTROL** | **RESPONSIBILITY** |
| Loss of monies due to fraudulent action by  employee(s) | Low  Any  significant impact  would easily be  detectable. | Reduction in  Council’s financial  resources. | All transactions authorised by two Councillors,  against invoices. All  expenditure approved  by Council. Accounts  subject to Council  and Auditor scrutiny.  Fidelity insurance £250k.  Security arrangements are in place. CCTV coverage, a safe for the security of any valuables and a small amount of petty cash held  5 annually | Application of financial  regulations. Council. | Clerk and Responsible Finance Officer (RFO) |
| Council processes not in place or reviewed regularly | Medium  Regular review required for changes in regulation and appropriateness  Schedule in place to review at least annually | Council decisions and activities may not be in line with legislation | Regular review of all policies  Standing Orders adopted  5 Annually | Ensure all members and staff aware of processes and legislation  Policies reviewed at Full Council | Clerk |

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| **RISK** | **LIKELYHOOD** | **IMPACT** | **MITIGATION & PRIORITY** | **CONTROL** | **RESPONSIBILITY** |
| Budget Setting | Low  Must be set to claim funds | Council will not receive funds | Meeting set in January to set the budget  5 Annually | Officers responsible for ensuring budget is set and requested | Responsible Finance Officer | |
| Payroll and salary payments | Low  Completed using HMRC site and standing orders in place | Staff members would not receive pay or may receive incorrect pay | Standing orders in place  2 members of staff can process in case of illness or holidays  Payments approved by 2 members and 1 staff  5 Annually | Completed each month on or around 24th | Clerk | |
| Damage to Council  property by third party or natural causes. | Medium  ASB and public access to all properties | Repair costs to be  covered. | Covered by insurance, fire alarm and extinguishers. No smoking is allowed in the building. Records are kept in locked filing cabinets and on computer and computer records are backed up on to a hard drive  5 annually | Maintain property in good  condition.  Ensure adequacy of  insurance cover and protection systems. | Clerk | |

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| **RISK** | **LIKELYHOOD** | **IMPACT** | **MITIGATION & PRIORITY** | **CONTROL** | **RESPONSIBILITY** |
| Damage to Allotments | Low  Each allotment site is managed by a group | Most costs would be covered by their association | All the allotment sites are let to allotment associations and will be covered by the Town Council`s rules and regulations  5 Annually | All sites visited during Tour of the Town | Clerk |
| Personal injury/damage  to member(s) of the  public or their property  arising from defect(s) in  Council’s property. | Low  Council  property  comprises of  fixed installations. All properties checked each week. | Claims for  compensation and  costs to the Council  in defending claims  when appropriate. | Covered through  Council’s  insurance(s) Public Liability £10  million  5 annually | Regular maintenance and  prompt repair of any damage.  Periodic review of  insurance cover and timely renewal- significant changes to be agreed by  Council. | Clerk |
| Compensation claim by  employee (or contracted  person) in respect of  injury sustained in the  cause of his/her  employment/engagement | Low  Risk assessments in place and PPE provided | Claims for  compensation and  associated costs. | Potential liabilities,  including costs,  covered by  insurances (£10m)  5 annually | Maintain adequate  insurance cover (as per above) | Clerk |

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| **RISK** | **LIKELYHOOD** | **IMPACT** | **MITIGATION & PRIORITY** | **CONTROL** | **RESPONSIBILITY** |
| Compensation claim  resulting from (alleged)  negligent act or  accidental error or  omission by the Council  or its employee(s) | Low  Risk assessments in place and PPE provided | Potentially a  substantial cost to  Council | Risk Covered by  Council’s insurances.  Infidelity and insured for Legal costs  5 annually | Maintain adequate  insurance cover.  Ensure Council decisions  are based on full  information including  professional advice where  appropriate | Clerk |
| Actions against the  Council for libel or  slander. | Low  Proper  conduct of Council  meetings and  Clerk’s professional  judgement  regarding  communications | Potentially  substantial cost to  the Council. | Risk Covered by  Council’s insurances.  Insured for legal expenses.  5 annually | Member awareness.  Proper conduct of meetings  by Chairman.  Professional advice from Clerk. | Clerk |
| Failure to represent  community interest  adequately in relation to  matters likely to impact  significantly on the  Town. | Low  Parish  Council well  established as  consultee. | Reduction in local  facilities and/or  quality of life or  missed opportunity  to benefit from  external funding or  advice. | Council recognised  by other agencies for consultation and  information  dissemination.  Membership of  NALC/SLCC.  5 annually | Threats and opportunities  reported to Council  meetings. Special meetings | Clerk |
| Works by Contractors | Low  Risk Assessments in place. Evidence of insurance required | Damage to property or public | Council insured public liability £10m.  Contractors have own insurance minimum £5m.  5 annually | Risk assessments completed for reduction of any risks | Clerk |