

Great Aycliffe Town Council



RISK MANAGEMENT STRATEGY & POLICY

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Contents

RISK MANAGEMENT STRATEGY & POLICY	1
1. Introduction	1
2. Equalities	1
3. Risk Management Policy Statement	1
4. What is Risk?	3
5. Links.....	3
6. Objectives	5
7. The Process.....	5
7.1 Identifying Risks.....	5
7.2 Analysing Risk	6
7.3 Controlling the Risks	7
7.4 Monitoring & Managing Risks	8
8. Roles and Responsibilities	8
9. Benefits of Managing Business Risk	9
9.1 Improved Strategic Management	9
9.2 Improved Operational Management.....	9
9.3 Improved Financial Management.....	9
9.4 Improved Customer Service	9
10. Communication	10
RISK MANAGEMENT PROCESS MAP	11
BUSINESS RISK ASSESSMENT	
BUSINESS RISK ASSESSMENT MATRIX	
ROLES AND RESPONSIBILITIES	

RISK MANAGEMENT STRATEGY & POLICY

1. Introduction

Great Aycliffe Town Council regularly monitors all plans, policies and strategies as part of the drive to achieve excellence in the planning and delivery of its services. The Council is committed to ensuring that it provides good governance, service provision and improving the quality of life for the people living in Great Aycliffe.

In 2015, following a large consultation as part of the Great Aycliffe Neighbourhood Plan, the Town Council's strategic mission statement was updated to become:-

“A proactive and responsive council, working in partnership, listening to and speaking up for the community, contribution towards making Great Aycliffe an excellent place in which to live for all its residents.”

This document forms the Town Council's Risk Management Strategy. It provides an overview of risk management, how we will be dealing with risk and what to expect from the risk management process. The Risk Management Strategy is only one of a number of strategic documents which will help achieve the Council's mission set out above.

2. Equalities

Great Aycliffe Town Council is committed to the removal of all barriers preventing access to our services arising from - Age; Disability; Gender Reassignment; Marriage & Civil Partnership; Pregnancy & Maternity; Race; Religion & Belief; Sex or Sexual Orientation.

3. Risk Management Policy Statement

Great Aycliffe Town Council

- is committed to providing services to the community, which are of a high quality in the most efficient and cost effective way;
- recognises that it is accountable to its stakeholders for its decision-making and management;
- is committed to the highest standards of corporate governance, including best practice management of business risks;
- recognises that it has a duty of care to be efficient, transparent and accountable to its stakeholders, citizens, customers, local people, employees and partners.

The Risk Management Strategy and Policy supports the aims of the Council which are

1. To provide good quality governance and management of the council
2. To manage the Council's finances and assets in a responsible manner
3. To provide accessible, affordable leisure facilities and opportunities
4. To provide pre-school education as appropriate in Great Aycliffe
5. To contribute to the environmental improvement of Aycliffe by managing and developing parks, play areas and green spaces

6. To help and encourage partnership working to improve the services and facilities for the residents of Great Aycliffe
7. To encourage the residents of Great Aycliffe to become involved in local democracy
8. To research information and make the case for Great Aycliffe

This document seeks to enforce the commitment shown by the Council to deliver its aims.

The Town Council's policy for better risk management is to:

- A. Adopt an effective and transparent approach to proactive risk management in order to:
 - ◆ Identify, evaluate and manage risks so as to minimise the costs and disruption to services caused by undesirable events.
 - ◆ Integrate risk management into the planning and decision making process.
 - ◆ Make better informed decisions and adapt to the changing social, environment and legislative conditions.
 - ◆ Encourage innovation and improvement through taking calculated and well managed risks to improve service delivery.
 - ◆ Minimise risk of injury, damage, or loss to residents, service users, members and officers connected to the provision of Great Aycliffe Town Council services.
- B. Develop a better awareness of business risk management and promote a risk aware culture through promotion, training, performance management and monitoring.

The Council's strategy and policy recognises that risk management is an inclusive proactive process that requires the participation of all councillors, employees and partners. It also recognises that it is a continuous and dynamic process.

It is the responsibility of each service and all managers to manage risks in their own work environment. Risk Management is not about being 'risk averse' it's about being 'risk aware'. Risk management is about making the most of opportunities and lessening the impact of threats. Being risk aware and taking a proactive approach puts the council in a better position to deal with any risks that arise.

The Risk Management Strategy and Policy has therefore been developed as a common sense approach, with a view to eliminating risk as far as possible, and to minimise risk when a risk is identified. It is designed to bring Risk Assessment and Risk Management to the forefront of decision-making, and to require members and officers to consider potential risks in formulating Council policies, projects and programmes. It will inform a review of the Council's insurance arrangements.

4. What is Risk?

Great Aycliffe have defined risk as:

“the threat that an event or action may adversely affect the Council’s ability to achieve its aims and to successfully deliver services for the benefit of its citizens, community and visitors.”

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 hours or loss of reputation. It is central to this strategy that risk is understood in this wider scope: it is not limited to physical hazards, financial or insurable risks.

Great Aycliffe have agreed four levels of risk, which are:

1. **Strategic** risks are those which need to be taken into account in any judgement about the medium and long term goals and objectives of the Council. Risks that may ultimately damage the reputation of the Council and lead to a loss of public confidence.
2. **Operational** risks are those associated with the particular nature of the day to day delivery of Council’s services.
3. **Financial** risks such as fraud and corruption, but also include any other issues which will impact significantly on the Council’s resources.
4. **Health & Safety** risks are those physical risks relating to fire, security, buildings and plant, accident prevention and personal safety. These are covered in detail under the Council’s Health & Safety Policy.

There are two types of risk which must be considered in any risk assessment.

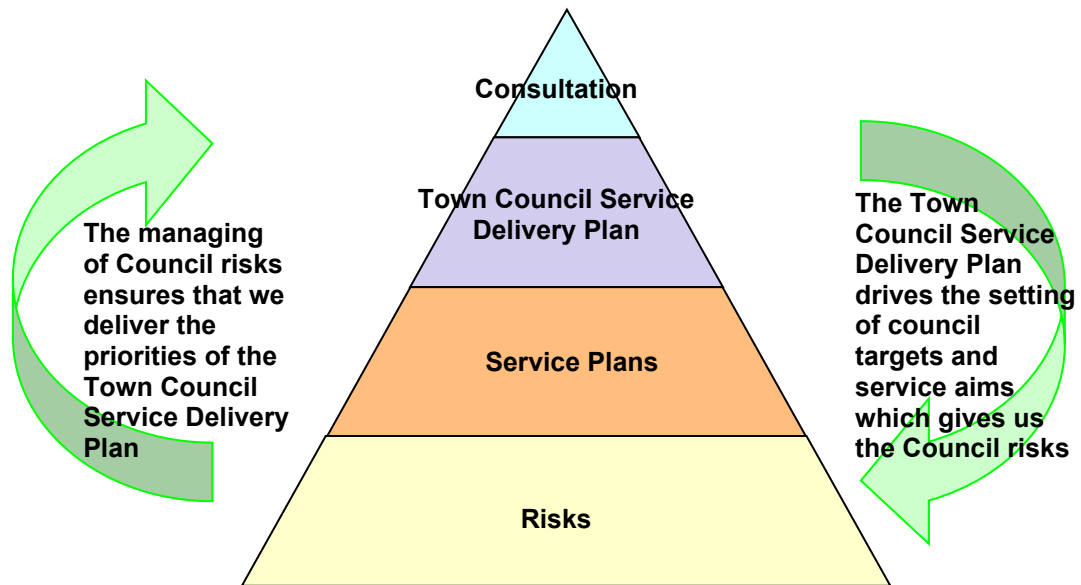
1. **Threats** or events which could lead to a failure to achieve the council objectives and targets and
2. **Opportunities** which if exploited could offer an improved way of achieving the council’s objectives and targets.

It is recognised and accepted that risk management is not a one-off exercise, but a continuous and cyclical process.

5. Links

The Council recognises that risk is simply the reverse side of reward and so is an essential part of effective decision-making and management. It helps us to achieve our objectives and commitments to our stakeholders. By better managing risks, we can avoid failing to provide best value in service provision.

Risk Management is only one small part of service delivery. The following diagramme highlights how risk management fits into the bigger picture.



Although simplified this is a widely recognised, and used, business model for highlighting the 'golden thread' and links to other strategic documents. It does not intend to imply that the work undertaken by the Council only originates from the Town Council Service Plan. The Council recognises that many work matters and projects are generated from other areas as and when funding becomes available.

The Town Council Service Delivery Plan and supporting action plans are live documents and further projects may emerge over time. Any potential future project to be added the plan will first be approved in principle by the Policy & Resources Committee.

Risk Management embraces all of the Council's activities. Some of the key areas which have a clear link to risk management are:

- Procurement
- Performance Management
- Health & Safety
- Financial Planning
- Asset Management
- HR Policies and procedures
- Insurance

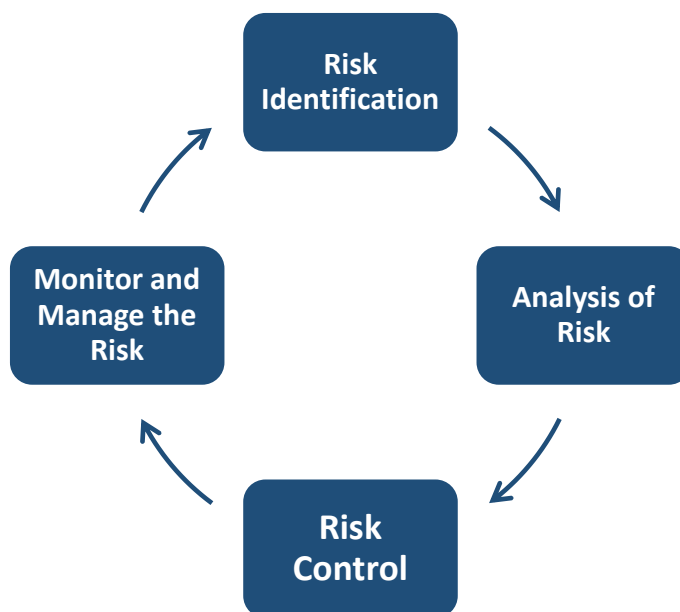
6. Objectives

Specific objectives for this strategy are to:

- Follow our effective and transparent corporate approach to identify, evaluate and manage all significant risks so as to minimise the costs and disruption to services caused by undesirable events, make better informed decisions, and encourage innovation and improvement through taking calculated and well managed risks to improve service delivery.
- Develop a better awareness of business risk management and promote a risk aware culture through promotion, training, performance management and monitoring.
- Put in place effective arrangements for reviewing of the effectiveness of risk management, including internal audit.

7. The Process

The Council has adopted a continuous and cyclical, process to business risk management consisting of four stages.



In addition, Appendix 1 sets out the approach when considering business risks to be undertaken as part of the Business Plan process and when completing business risk assessments for committee reports.

7.1 Identifying Risks

Risks arise because of the environment in which the Council operates or in relation to a specific option under consideration or decision made.

We identify the potential risks that may arise in order to make informed decisions about policies and service delivery methods. The key element of this stage is that all appropriate categories of risk are considered in relation to the specific objectives of the option or

decision. In addition to Health and Safety our aim is to capture all the major risks that arise from the following categories:

Legislative & Regulatory	Procurement	Environmental
Economic	Partnership	Customer / Citizen
Governance	Managerial & Professional	Technological
Social	Reputational	Financial

7.2 Analysing Risk

Risks are then placed into the corporate risk register which is monitored and reported to Performance Management Group and Members on a regular basis.

Available data is used to provide information to help assess the likelihood of any risk occurring and the impact it may have if it does arise.

A risk assessment matrix at Appendix 2 should be completed for risks which have been identified through the committee reporting cycle. It is a simple step by step process which is easy to follow.

Step 1 – Identify the risk and the options available to the Council.

Risk	
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Step 2 – Assess each risk identified in the risk assessment criteria if it is a new risk. Once this risk, proposal or situation has been approved the risk assessment criteria will then be developed as part of the detailed risk assessment of the situation.

No	Assessment Criteria	L'hood	Impact	Score	Actions or comments to minimise the risk
1	Does the above present a potential risk to the Council finances? YES NO				
2	Does the above present a potential risk to staff or health and safety? YES NO				
3	Does the above present a potential risk to the public? YES NO				
4	Does the above present a potential risk to the Council's reputation? YES NO				
5	Will the risk create adverse publicity?				

	YES	NO				
6	Does the above leave the Council open to claims?					
	YES	NO				
7	Will the risk have a negative impact on Service Quality / complaints or audit reports?					
	YES	NO				
8	Does the above present a potential risk that the Council may fail to comply with any duty?					
	YES	NO				
	Overall Assessment of the proposal/ situation or risk outline above		HIGH	MED	LOW	

Step 3 – Record the overall score onto the matrix

High Risk - 3			
Medium Risk - 2			
Low Risk - 1			
Likelihood of Risk Happening	Low Impact - 1	Medium Impact - 2	High Impact - 3

RED: HIGH Priority **AMBER:** MEDIUM Priority **GREEN:** LOW Priority

1. Assess the risks and score them.
2. Enter the risk number from the left-hand column into the relevant box in the matrix above.
3. Note the appropriate actions to deal with the risk in the right-hand column.

Step 4 – Provide as much information as possible regarding the benefits and financial cost or savings to the Council and any other supporting information not covered when completing the assessment.

Expected Outcomes	A) <i>Positive</i> B) <i>Negative</i>
Financial Implications	<i>Provide details of any potential cost or savings to the Council</i>

Summary/Comments or further supporting information: - *anything not covered previously.*

Step 5 – Pass to the Town Clerk, Finance Manager and Corporate and Policy Officer to sign off.

7.3 Controlling the Risks

Risk control is the process of taking action to minimise the risks identified. There are a number of options available for controlling risks

- **Control and Reduction** – introduce new internal systems/practices, physical risk improvements, staff training, continued assessments & monitoring
- **Avoid or Eliminate** - take away the risk by implementing alternative systems/practices or discontinuing the operation
- **Acceptance** – taking an informed decision to accept and tolerate the risk but continue to monitor
- **Transfer** – pass on to others through outsourcing, insurance cover or alternative contractual arrangements
- **Sharing** – with another party

Part of the review process includes actions which are developed to lessen the impact of the risks as part of the management of risks. Each risk details, the person or group responsible, current and review score, any comments or actions and the next review date. The Council is aware that some risks will always exist, the aim is that, over time, the risk becomes one that can be acceptable.

7.4 Monitoring & Managing Risks

Progress on managing risks is monitored and reported on a regular basis.

As risk management is dynamic, the identification phase is done continuously, so that new risks are captured. It is also important to consider whether the nature of any previously identified risks has changed to ensure that risks previously considered acceptable do not become unacceptable.

Managing risks supports the achievement of the Council's strategic aims. Once appropriate action is decided, the management or control process starts. This involves taking the action determined to minimise the likelihood of the risk occurring and / or reducing the severity or impact of the consequences should it occur.

This strategy seeks to assist the process of continuous improvement. It must therefore itself be subject to regular review and assessed on its contribution to the improvement process. The annual review of the mechanisms and their effectiveness in practice will therefore also consider whether the strategy itself still meets best practice and will recommend changes over time.

The risk profile and monitoring reports arising from the formal processes will be subject to a quarterly review of high risks; a six monthly review of medium risks and an annual review of all other risks by the Performance Management Group, Audit, Risk and GDPR Sub-Committee and Full Council.

8. Roles and Responsibilities

The Performance Management Group meets regularly and undertakes a strategic risk assessment exercise once a quarter which ensures better control of the Council's key risks. The key findings from this exercise are considered by Audit, Risk and GDPR Sub-Committee after each meeting and Full Council at least once a year.

The strategic risk register and the risk management strategy was developed and agreed by Council in April 2007.

Everyone within Great Aycliffe Town Council, and our partners, has a role in better management of business risk. Precise roles, responsibilities and reporting mechanisms are outlined in Appendix 3.

The aim of the strategy is to promote, encourage and support proper risk management throughout all our activities, and to build these risk management practices into formal monitoring and accountability mechanisms where appropriate.

9. Benefits of Managing Business Risk

The Council recognises the impact risks can have on its resources and reputation and recognises the benefits of effective business risk management.

In implementing its business risk management strategy and keeping the strategy under regular review, the Council expects to achieve a number of tangible and intangible benefits for both individual services and to the Council as a whole. These benefits will include:

9.1 Improved Strategic Management

- A better informed selection of strategic objectives and associated targets as a result of the risk identification, analysis, control and monitoring process.
- A greater ability to deliver against more realistic and achievable objectives and targets.
- Tighter controls and monitoring of risk.
- A risk aware workforce and culture

9.2 Improved Operational Management

- Reduction in interruptions to service delivery.
- Reduction in management time having to deal with the consequences of risk events.
- Enhanced management control as a result of risk identification, analysis and monitoring.
- A more systematic approach to addressing legislative, regulatory or competitive demands.
- Improved control of the risks associated with arms length and contractual working arrangements.
- Improved health and safety and the enhanced condition of property and equipment.
- Improved innovation
- Improved project management.

9.3 Improved Financial Management

- Better informed financial decision making.
- Enhanced financial control.
- Reduction in costs associated with loss.
- Reduction in insurance premiums.

9.4 Improved Customer Service

- Minimal service disruption to customers.
- Positive external image of the Council and protection of reputation.

10. Communication

The importance of risk and risk management will be communicated to senior staff and members through a series of awareness sessions. Information will be made available on the Council's website and in the corporate filing folder.

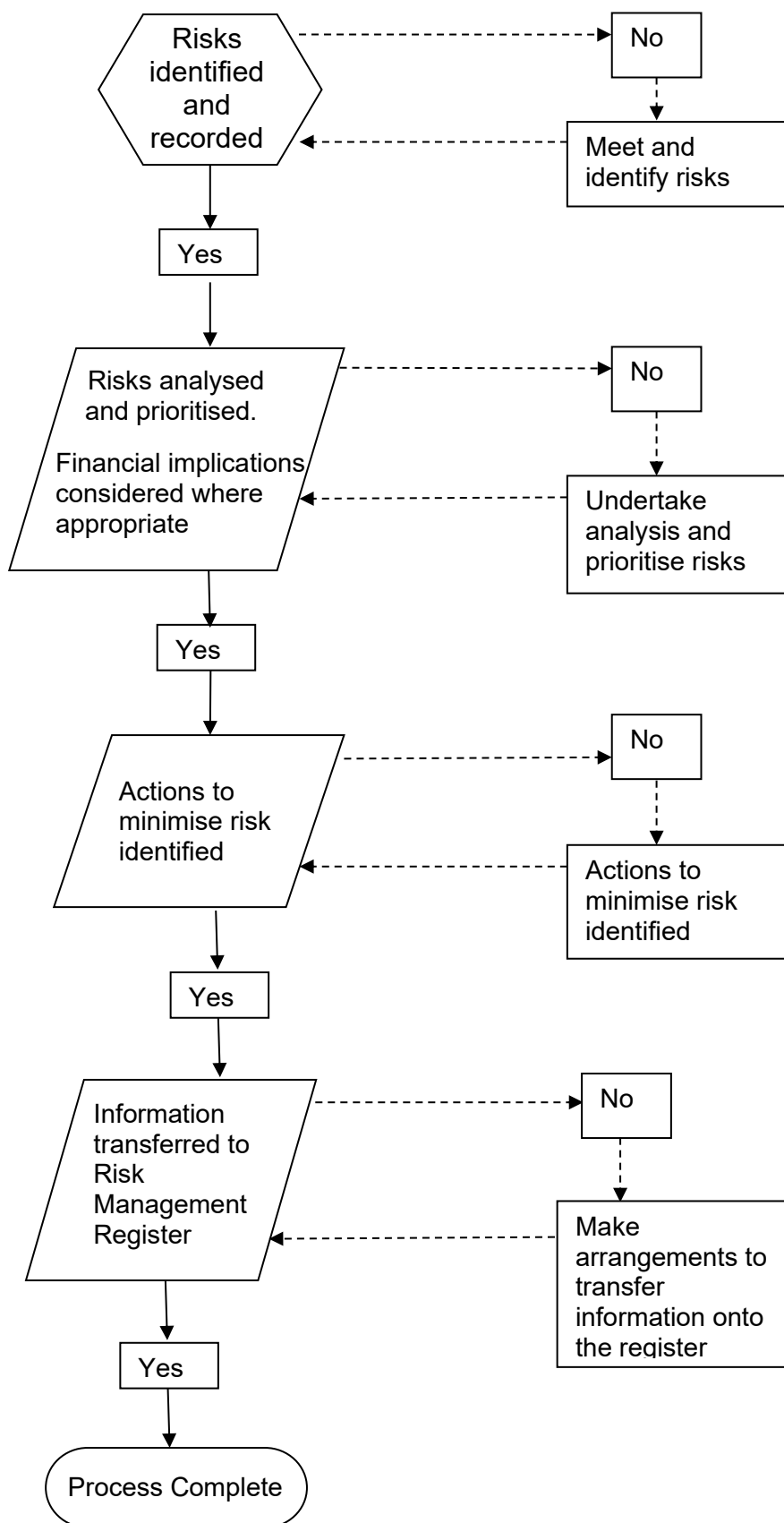
Templates will be provided to ensure the consistent application of investigating and assessing risks.

Business risks are predominantly a management responsibility and will, generally, only be dealt with at that level.

Everyday health and safety risks and risk assessments associated with health and safety may be undertaken by all relevant staff.

RISK MANAGEMENT PROCESS MAP

To be undertaken as part of the Business Plan Development and when preparing business risk assessments for committee reports.



BUSINESS RISK ASSESSMENT

Risk	
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RISK ASSESSMENT MATRIX

High Risk			
Medium Risk			
Low Risk			
Likelihood of Risk Happening	Low Impact	Medium Impact	High Impact

RED: HIGH Priority **AMBER:** MEDIUM Priority **GREEN:** LOW Priority

1. Assess the risks and score them.
2. Enter the risk number from the left-hand column into the relevant box in the matrix above.
3. Note the appropriate actions to deal with the risk in the right-hand column.

No	Assessment Criteria	L'hood	Impact	Score	Actions or comments to minimise the risk
1	Does undertaking this proposal present a potential risk to the Council finances? YES NO				
2	Does undertaking this proposal present a potential risk to staff or health and safety? YES NO				
3	Does undertaking this proposal present a potential risk to the public? YES NO				
4	Does undertaking this proposal present a potential risk to the Council's reputation? YES NO				
5	Will undertaking the proposal create adverse publicity? YES NO				
6	Does undertaking the proposal leave the Council open to claims? YES NO				
7	Will undertaking the proposal have a negative impact on Service Quality / complaints or audit reports? YES NO				

ROLES AND RESPONSIBILITIES

Group / Individual	Roles and Responsibilities
Full Council	<p>Understands risk management and its benefits.</p> <p>Receives and considers the risk reports and annual review.</p> <p>Receives business risk assessments from committee reports.</p>
Management Team	<p>Understands risk management and its benefits.</p> <p>Develop the corporate risk management strategy.</p> <p>Promote and oversee the implementation of the strategy across the Council.</p> <p>Monitor and review the effectiveness of the risk management strategy.</p>
Policy & Resources Environment Recreation Committee(s)	<p>Understand risk management and its benefits.</p> <p>Receives business risk assessments for consideration and recommendation to full Council.</p> <p>In addition Policy & Resources Committee receive the risk reports and annual review via Audit Sub-Committee.</p>
Town Clerk	<p>Signs the Annual Return which provides “an objective, balanced and understandable statement and assessment of the authority’s risk management and internal control mechanisms and their effectiveness in practice”.</p>
Chairman of the Council	<p>Understand risk management and its benefits.</p> <p>Signs the Annual Return which provides “an objective, balanced and understandable statement and assessment of the authority’s risk management and internal control mechanisms and their effectiveness in practice”.</p>
Audit Sub-Committee	<p>Undertake an annual review of internal audit as part of the preparation of the Annual Return.</p> <p>Receives business risk assessments from committee reports via Full Council for review and comment.</p> <p>Receives all appropriate risk reports and annual review.</p>
Internal Audit	<p>To monitor and undertake an annual audit of risk management, its strategy as part of the preparation of the Annual Report.</p>
Service Managers	<p>Understand risk management and its benefits.</p> <p>Feed into the development of the corporate risk management strategy from a service specific perspective.</p>

	<p>Identify any service issues relating to risk management.</p> <p>Ensure that the risk management strategy is implemented effectively across their service.</p> <p>Establish training requirements of staff with regard to risk management.</p> <p>Report to management team any new risk, changes to current risks or any failures in the control mechanisms.</p> <p>Ensure that all staff have regard to risk management in their day to day activities.</p> <p>Implement the detail of the risk management strategy.</p> <p>Recommend the necessary training for employees on risk management.</p> <p>Share relevant information with colleagues.</p>
Employees	<p>Understand risk management and its benefits.</p> <p>Liaise with their line manager to assess areas of risk.</p> <p>Report to their line manager any new risk or changes to current risks and any failures in the control mechanisms.</p>
Partners / Contractors / Suppliers	<p>Understand risk management and its benefits.</p> <p>Responsible for aspects of the risk management process that are assigned to them.</p>