BINGLEY TOWN COUNCIL

Bingley Town Council, Myrtle Place, Bingley, BD16 2LF

Risk Management Strategy

Adopted by the Council: 17th January 2023
Next review date: January 2026

1. Introduction

- This document forms the Council's Risk Management Strategy. It sets out:
    - What risk management is;
    - Why the Council needs a risk management strategy;
    - The Council's philosophy on risk management;
    - The risk management process;
    - Roles and responsibilities;
    - Future monitoring.

- 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;
    - Manage risk in accordance with best practice.

2. What is 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.' Audit Commission, Worth the Risk: Improving Risk Management in Local Government (2001: 5).

- Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to meet its objectives. It is vital to recognise that risk management is simply not about health and safety or financial management: it applies to all aspects of the Council's work, and risk management is about setting objectives and achieving them in order to deliver high quality public services.

- 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 the disruption of normal working. The examples below are not exhaustive:

  - Strategic Risk – long term adverse impacts from poor decision making or implementation; risks damage to the reputation of the Council and loss of public confidence.
  - Compliance Risk – failure to comply with legislation, procedures or the lack of documentation to evidence 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 and bad debts; risk of additional audit investigation, objection to accounts, reduced service delivery, increased demand on Council services.
  - Operating Risk – the failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff and damage to property; risk of insurance claims, higher insurance premiums and lengthy recovery process.

- Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration may 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.

- Risk is not restricted to potential threats but can be connected with missed opportunities. Good risk management can facilitate proactive rather than defensive responses. Measures to manage diverse risks are likely to help with managing positive ones.

3. Why does the Council need a Risk Management Strategy?

- Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

- The Risk Management Strategy will help to ensure that all Committees/Working Groups/services areas have an understanding of risk and that the Council adopts a uniform approach to identifying and prioritising risks. This should lead to conscious choices regarding the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.

- Strategic risk management is also an important element in demonstrating continuous service improvement.

- There is a requirement under the Accounts and Audit Regulations 2011 to establish and maintain a systemic strategy, framework and process for managing risk.

4. Risk Management Policy Statement

Bingley 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 objectives and to maximise the opportunities to achieve its vision.

The Council acknowledges 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 a crucial part of the Council's management processes.

5. Implementing the Strategy

- 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.

- Risk Monitoring

The risk management process does not end with putting any risk control measures 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.

The Town Clerk and Finance and General Purposes Committee will review risks on a regular basis, including any newly identified risks, and will report back to the full Town Council. The review will include identification of any unacceptable levels of risk.

- 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 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 the likelihood of risks occurring, with impact and likelihood being scored using a matrix identifying the risk as Low, Medium or High. 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 three to six months. High risks will require action as soon as possible.

6. Roles and Responsibilities

- It is important that risk management becomes embedded into the everyday culture and performance process of the Council. The roles and responsibilities set out below are deigned to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. The process must be driven from the top but must also involve staff throughout the organisation.

- Elected Members: risk management is seen as a key part of Elected Members' 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;
  d) Assessment of risks in the setting of the budget, including an bids for resources to tackle specific issues.

- 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 cost 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 the job related risks to the Town Clerk.
  - Town Clerk – will act as the Lead Officer on Risk Management, assisted by the Deputy Clerk, 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.
  - The Deputy 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 financial information systems allows effective budgetary control.
e) Maintain the Council's Risk Register;
f) Effectively manage the Council's investment and loan portfolio.

- 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.

- Finance and General Purposes Committee:
  - Review and future development of the Risk Management Policy and Strategy will be overseen by the Finance and General Purposes Committee.
  - 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

- The Risk Management Strategy will be reviewed annually.
- Risk register/matrix to be formally reviewed quarterly.
- Risks to be identified monthly.

8. Conclusions

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.