



**HARPENDEN  
TOWN COUNCIL**

*CLOSER TO THE COMMUNITY*

# **RISK MANAGEMENT STRATEGY**

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## 1 **Introduction**

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

- Town Council's Risk Management Policy
- Objectives of Risk Management
- Types of Risk
- Roles and responsibilities
- Risk Management process
- Approach to future monitoring

1.2 This Strategy aims to further develop risk management and raise its profile across the Town Council by:

- Integrating risk management into the culture of the organisation;
- Embedding risk management through the ownership and management of risk as part of all decision making processes;
- Managing risk in accordance with best practice.

## 2. **The Town Council's Risk Management Policy**

2.1 The 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.

2.2 The 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.

2.3 Risk Management is an integral part of the Town Council's management processes.

## 3. **Objectives of Risk Management**

3.1 The objectives of risk management are to:

- Identify, evaluate and manage the opportunities and risks to which the Town Council is exposed, at strategic and operational level;
- To protect physical assets, promote employee and public safety and maximise resources;
- Embed risk management into day to day management and working arrangements;
- Enable effective and safe delivery of services to local people and to minimise the risk of significant failures;

- Enable the identification of opportunities and risks associated with the Council's budget options and business planning to ensure that opportunities and risks are controlled;
  - Enable better, more informed decision making at all levels;
  - Review, evaluate and implement issues identified from past experience.
  - To promote good corporate governance.
- 3.2 It is the responsibility of all Members, designated officers and staff to have regard for risk management whilst carrying out their duties.
- 3.3 This Strategy will enable risks and opportunities to be identified, evaluated, controlled, monitored and reported.

#### 4. **Types of Risk**

- 4.1 Risk can be classified into various categories. They can be strategic risks which affect the long term goals and objectives of the Council or operational risks which staff can encounter during their daily work.
- 4.2 Appendix A outlines the main risk categories used by the Town Council in preparing its risk register. These will provide a consistent means of grouping areas of similar risk together.

#### 5 **Roles and Responsibilities for Risk Management**

- 5.1 All Members, designated officers and staff of the Town Council are responsible for risk management.
- 5.2 All Members:
- Have collective responsibility to understand the strategic risks that the Town Council faces.
  - Ensure that all identified risks have been considered in decision making and countermeasures and controls are defined.
  - Agree and publish a clear Risk Management Strategy and oversee the effective management of risks by officers.
  - Monitor the effectiveness of the Town Council's risk management arrangements by reviewing any risk management reports to Council.
  - Know how the Town Council will manage and operate in a crisis through its agreed Business Continuity Plan.

- Seek assurances that action(s) are being taken on risk related issues identified by auditors and inspectors.

### 5.3 Town Clerk:

- The lead officer for risk management and owner of the Risk Management Strategy.
- Has the responsibility to understand the strategic and operational risks that the Town Council faces and to oversee the effective management of these risks by officers.
- Lead on the corporate governance agenda which includes risk management and with the Town Mayor approve the Annual Governance Statement.
- Ensure that risks are fully considered in all strategic decision making and that the Risk Management Strategy helps the Town Council to achieve its objectives and protection of assets.
- Provides advice as to the legality of policy and service delivery and update the Town Council on the implications of new or revised legislation.
- Assess and implement the Council's insurance requirements.
- Assess the financial implications.

### 5.4 Management Group:

- Support the Town Clerk in all aspects of risk management.
- Understand the strategic and operational risks that the Town Council faces.
- Ensure that a structured and systematic approach is in place for the identification, recording and reporting of risks and opportunities.
- Ensure that risks are fully considered in all decision making and that the Risk Management Strategy helps the Town Council to achieve its objectives and protection of assets.
- Assist in embedding a culture of risk management through the Town Council and encourage appropriate training, including induction and refresher training for staff.

### 5.5 All Employees:

- Understand their accountability for individual risk.

- Understand how they can enable continuous improvement of risk management.
- Understand that risk management and risk awareness are a key part of the organisations culture.
- Report systematically and promptly to management and the Health and Safety Officer [Town Clerk] any perceived new risk or failure of existing control measures.
- Record areas of risk which fall directly within their day to day areas of control and review in line with agreed target dates.
- Provide a pro-active role in the reporting and assessing of physical risks in respect of public, staff and property.

#### 5.6 Role of Internal Audit:

- Provide a scrutiny role by carrying out audits to provide independent assurance to Members, via the Internal Auditor's annual audit plan and post audit report, that the necessary risk management systems are in place.

## 6 The Risk Management Process

6.1 The process of risk management is straight forward and involves a number of key steps which are outlined below.

### 7 Step 1: Identification of Risks

7.1 Each officer is responsible for their individual areas of control and will look to identify any risks. Identification will be either via a formal process of planned inspections or ad hoc requests or risks being noted through everyday working situations.

7.2 When changes to working arrangements, new initiatives, events or projects are to be undertaken officers will seek to identify any risks early in the planning process and prior to implementation.

7.3 Each risk should be described and set out on a risk assessment form (Appendix B). Where the risk represents a health and safety issue this procedure should also comply with the Town Council's Health and Safety Policy.

7.4 All risks identified must be reported to the line manager prior to recording on the risk register.

## 8 Step 2: Evaluation of Risks

- 8.1 On identification of a risk the officer will assign a risk factor by reference to the risk matrix.

The risk matrix considers the likelihood of a risk materialising and the impact it would have.

**RISK MATRIX**

<b>IMPACT</b>						
Catastrophic 5	5	10	15	20	25	
Severe 4	4	8	12	16	20	
Moderate 3	3	6	9	12	15	
Minor 2	2	4	6	8	10	
Low 1	1	2	3	4	5	
<b>LIKELIHOOD</b>	Improbable 1	Unlikely 2	Probable 3	Likely 4	Very Likely 5	

- 8.2 Appendix C provides some guidance on how to select a risk factor.
- 8.3 According to the level of risk identified appropriate action should be taken.
- 8.4 If the level of risk is high it may not be possible to wait until a formal response or action has been agreed by management. The risk factor table below provides guidance in assessing appropriate action.

Risk Factor		Action
Red	10 - 25	Immediate notification to line manager and Town Clerk. Identify remedial action for consideration and implementation.
Amber	5 - 9	Immediate notification to line manager or Town Clerk in their absence.
Green	1 - 4	Notify line manager.

- 8.5 Where remedial action incurs non-budgeted costs of £5,000 or over these should be reported to the service area Standing Committee or Council at the earliest opportunity.

9 **Step 3: Mitigation of Risk**

- 9.1 Officers should consider what controls are in place to mitigate the risk. These could include controls to reduce the likelihood of a risk occurring or to reduce the impact on the Town Council.
- 9.2 Only existing controls that are already in place should be considered and included on the risk assessment/notification form.

10 **Step 4: Decide on Any Further Action to be Taken**

- 10.1 Following evaluation there are four main control options to manage the risk:

- Terminate the risk – take a decision to discontinue the activity.
- Transfer the risk – the risk is ‘passed’ on e.g. to an insurer.
- Treat the risk – put in place additional effective controls to reduce the impact or likelihood.
- Tolerate the risk – accept the risk but continue to monitor and evaluate.

- 10.2 Where additional controls or management action is required these should be agreed with the line manager and details entered onto the risk assessment form.

11 **Step 5: Allocation of Responsibility**

- 11.1 Each risk should be allocated to a named individual who will be responsible for implementing controls and ensuring they are working. This person will also be responsible for monitoring the risk.

12 **Step 6: Completing the Risk Register**

- 12.1 All completed risk assessments must be passed to the line manager for checking and signing and the Finance Manager to enter onto the risk register.

- 12.2 All risk assessments must be recorded in the risk register. To assist with the management of the risk register items will be grouped into separate files which include:

Corporate and strategic	CS
Open spaces	OS
Town centre	TC
Park Hall	PH
Town Hall, reception & office risks	TH
Members & civic activities	MM
Events – annual or ad hoc	EV

- 12.3 Appendix D shows the layout of the Risk Register and the information required.

**13 Step 7: Monitoring and Reporting**

- 13.1 Team meetings will include an agenda item for risk management to ensure that any developments or issues are considered.
- 13.2 Management Group meetings will consider issues on risk management as required, including risk assessments / register, service delivery changes or risk strategy.
- 13.3 Reports will be presented to the Accounts and Risk Sub-Committee or Corporate Policy and Finance Committee on any significant changes to the Town Council's risk environment as appropriate. An annual report reviewing the current risk register (Appendix D) and risk management arrangements for the Town Council will be presented to Council via the Accounts and Risk Sub-Committee or Corporate Policy and Finance Committee.
- 13.4 The Town Council's risk management strategy is also reviewed as part of the internal control environment within the Annual Governance Statement. This is agreed annually by Council in June.



## **Risk Categories**

It is likely that some risks will fall into several categories.

### **Physical**

To include physical risks to property and people including health and safety issues e.g. fire, security, accident prevention etc.

### **Financial**

To include financial planning and control and the adequacy of insurance cover. The ability of the Town Council to meet its financial commitments or to take account of external economic changes such as interest or inflation rate changes.

### **Compliance & Legal**

Failure of the organisation to comply with core legislative and good practice regulations. This would include health and safety, employment legislation, access to information etc.

### **Service Delivery and Quality**

To include risks that would lead to an unacceptable reduction in the delivery of a service due to a variety of factors including contractor failure and technological failure.

### **Reputation**

Where an identified risk could lead to adverse publicity for the Town Council leading to a loss of reputation. This could include lack of professionalism, failure to deliver policies, failure to meet the changing needs and expectations of citizens, poor delivery of information.

### **Environmental**

Where a risk could lead to an unacceptable impact on the environment e.g. pollution.

Harpenden Town Council - Risk Assessment						
<b>Activity:</b>				<b>Assessment Date:</b>		<b>Review Date:</b>
Hazard	Risks arising from hazards	Who is at risk/ risk category	Risk Score I x L = RS	Existing Controls	Further action required to reduce risk to an acceptable level	Target date & Risk Owner
<b>Assessor's signature:</b>					<b>Manager's signature:</b>	
<b>Date:</b>					<b>Date:</b>	
<b>Manager's comments:</b>						

## Guidance on Selection of a Risk Factor

### Assessment of Impact of Risks and Opportunities

5 Catastrophic	Town Council unable to function. Financial impact - wipe out Town Council's reserves approximately £500,000.
4 Severe	Town Council's ability to function seriously undermined. Significant impact on Town Council's strategic objectives Individual operational service unable to function. Significant stakeholder concern or disruption. Marked drain on resources in excess of £100,000 but less than £500,000.
3 Moderate	Impact on Town Council's strategic objectives Moderate impact on individual operational services to function. Moderate stakeholder concern or disruption. Drain on resources in excess of £50,000 but less than £100,000.
2 Minor	Some impact on individual operational services. Some stakeholder concern or disruption. Financial impact in excess of £10,000 but less than £50,000.
1 Low	Low impact on individual operational services. Low stakeholder concern. Financial impact below £10,000.

### Assessment of Likelihood of Risk

5 Very Likely	Has occurred recently. Likely to occur each year.
4 Likely	Has occurred within the last 2 years. History of past occurrences. Difficult to control due to external influences. More than 25% chance of occurrence. Likely to occur within 5 years.
3 Probable	Has occurred within the last 4 years. History of past occurrences. More than 10% chance of occurrence. Likely to occur within 10 years.
2 Unlikely	Has not occurred within the last 10 years. Less than 10% chance of occurrence. Not Likely to occur within 10 years.
1 Improbable	No record of previous occurrence. Less than 2% chance of occurrence. Unlikely to occur.

APPENDIX D

RISK REGISTER – layout and example

REF	Activity	Risk/Hazard Description	Who is at risk / Risk Category	Risk Score				EXISTING CONTROLS Key points	FURTHER ACTIONS if required Key points	RISK OWNER	REVIEW DATES	
				Impact	Likelihood	Total	Red/ Amber/ Green				LAST	NEXT
<i>example</i>	<i>Corporate</i>	<i>Failure to comply with legislation and/or regulations</i>	<i>Council compliance reputation financial</i>	<i>4</i>	<i>2</i>	<i>8</i>	<i>Amber</i>	<i>Standing Orders, Code of Conduct and Terms of reference in place. Town Clerk is member of NALC &amp; SLCC. Town Clerk attends professional conferences.</i>	<i>Review of standing orders to be carried out.</i>	<i>Town Clerk</i>	<i>Month / Year</i>	<i>Month / Year</i>