

Risk Management Policy

1. General Statement

Risk management is an essential part of effective corporate governance. Therefore, the Council has a statutory duty to have in place arrangements for managing risk as stated in the Accounts & Audit Regulations 2015 (234 – Part 2)¹.

“A relevant authority must ensure that it has a sound system of internal control which ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk”.

2. Definition

Risk is the chance or possibility of loss, damage, injury, or failure to achieve the Council’s policies and objectives caused by an action or event for which the Council may be unprepared. Risk management will involve a process of identifying those risks which could either threaten the Council financially or its well being, and wherever possible to mitigate those risks to the lowest possible level.

3. Aim

This procedure outlines the Council’s risk assessment process to ensure the health and safety of persons affected by the Council’s activities which complies with all relevant legal requirements.

4. Legal Requirements

Thame Town Council will conform with all legal requirements relating to risk, and in particular:

- Health and Safety at Work Act 1974
- Management of Health and Safety at Work Regulations 1999
- Employment rights Act 1996
- Equality Act 2010

5. Policy Statement

Thame Town Council has acknowledged through its Code of Corporate Governance and Financial Regulations that it has a responsibility to manage its risks effectively ~~in~~ order to protect its employees, assets, liabilities and community against potential losses and to minimise any impact which could present itself, thus preventing the Council from achieving its vision.

The Council is aware that not all risks can be eliminated fully, however through correct and careful procedures there will be a focussed approach to managing any risks.

The Council will expect all Members and employees at all levels to understand the nature of any risks and accept responsibility for risks associated within their area of authority, as follows:

¹ <https://www.legislation.gov.uk/ukxi/2015/234/part/2>

| | |
|------------------------|---|
| Councillors | To oversee effective management of risk by council staff |
| Senior Officers | To ensure that the Council <u>identify hazards and manage risk effectively through the development of a comprehensive Risk Register management strategy which includes maintaining a positive culture towards Health and Safety and continuous improvement.</u> |
| Employees | To manage risk effectively within their jobs |

6. Objectives

The Town Council will:

- a) Ensure that Risk Management forms an integral part of the Council's procedures by including it as a standing item on relevant internal meeting agendas.
- b) Manage any risk in accordance with best practice.
- c) Anticipate and respond to changing social, environmental, and legislative requirements.
- d) Identify risks and the impact of those risks when adopting policies and making operational decisions.
- e) Positively and actively promote an awareness of risk management for all council services.

7. Implementation

The Town Council will:

- a) Establish clear roles, responsibilities, and reporting lines within the Council
- b) Inform relevant Committees of the Council, where applicable, of potential risks identified
- c) Provide training and refresher training of staff in risk management procedures
- d) Carry out risk assessments in all areas of the council's activities
- e) Continue to monitor procedures and assessments periodically.
- f) Prepare contingency plans for potential risks which could have a significant effect on the Council and or the community

8. Risk Assessments

Risk assessments will be carried out by a competent person for all significant projects, events functions, and services.

Risks will be determined according to the impact of the risk on the project, function or service and the likelihood of it occurring. From the risk assessments an Action Plan will be produced if required. Where relevant, the Risk Assessment and Action Plan will be reported to the responsible Committee, along with any mitigation proposals and financial consequences that may require funds to achieve.

Risk assessments will be monitored and reviewed at appropriate points, either during the progress of a particular project, or in the case of functions and services provided by the Town Council, whenever there is any significant operational or legislative change impacting on that function or service or change in personnel.

Every report (requiring action) prepared for consideration by elected members will contain a paragraph entitled Risk Assessment, wherein the risk of any proposal will be assessed, and mitigation proposals suggested where appropriate.

9. Level of Risk

Impact will be viewed in terms of the consequences of the identified risk on the Service, (i.e. the extent to which it may cause failure or unavailability). Impact will be classified using the following criteria:

- Extreme (5) e.g. total failure of process / death
- Very High (4) e.g. serious disruption to the process / major injury / damage
- Medium (3) e.g. disruption to the process / Lost time injury / lost business
- Low (2) e.g. some minor impact to the process / minor injury / business interruption
- Negligible (1) e.g. annoyance but does not disrupt the process. / trivial

An assessment of the likelihood of the identified risk occurring within a relevant timeframe will be carried out using the following classification.

- Almost Certain / imminent (5)
- Likely (4)
- Moderate / possible / may happen (3)
- Unlikely (2)
- Rare / remote (1)

Based on the above, each level of impact will be multiplied against each level of likelihood, providing a rating.

| Likelihood | Impact Extreme (5) | Impact Very High (4) | Impact Medium (3) | Impact Low (2) | Impact Negligible (1) |
|--------------------|--------------------|----------------------|-------------------|----------------|-----------------------|
| Almost Certain (5) | 25 | 20 | 15 | 10 | 5 |
| Likely (4) | 20 | 16 | 12 | 8 | 4 |
| Moderate (3) | 15 | 12 | 9 | 6 | 3 |
| Unlikely (2) | 10 | 8 | 6 | 4 | 2 |
| Rare (1) | 5 | 4 | 3 | 2 | 1 |

10. Prioritisation of Risk

Using the table and the results of the risk ratings, all the identified risks will be categorised into three levels. This will enable attention to be focused on the highest priority area.

| | |
|----------------|--|
| H-25-16 | Risks requiring immediate response, active monitoring, and management |
| M-15-8 | Risks requiring management and monitoring |
| L-6- 1 | Risks which do not require specific management attention but may be monitored, as appropriate |