



THATCHAM TOWN COUNCIL RISK MANAGEMENT STRATEGY

1. Background

- 1.1. Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of Thattham Town Council's objectives. Risk management is the process whereby Thattham Town Council methodically addresses the risks associated with what it does and the services which it provides. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in Thattham Town Council's corporate governance arrangements and its ability to deliver its priorities.
- 1.2. Risk management is not just about financial management; it is about protecting the achievement of objectives set by Thattham Town Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation and can impact on the ability to achieve desired outcomes. Thattham Town Council generally and members individually are responsible for risk management.
- 1.3. Risk management is an ongoing activity that comprises four elements:
 - a. identifying risks;
 - b. assessing risks
 - c. addressing risks; and
 - d. reviewing and reporting

2. Identifying risks

- 2.1. In order to manage risk, Thattham Town Council must know what risk it faces. Identifying risk is, therefore, the first step in the risk management process.
- 2.2. Typical categories of risk are as follows:
 - a. financial – loss of money;
 - b. security – fraud, theft, embezzlement;
 - c. property – damage to property;
 - d. legal – breaking the law or being sued;
 - e. IT – failure of IT systems or misuse; and
 - f. reputational – actions taken that could harm the Council's public reputation.

3. Assessing risks

- 3.1 Once the key risks have been identified the potential consequences of a risk occurring (impact) and how likely this is (likelihood) must be assessed.
- 3.2 The risk assessment matrix below assigns a numerical score to low (1), medium (2), and high (3), for impact and likelihood. Multiplying the two scores arrives at a final risk assessment of high, medium or low for each risk. This enables Thatcham Town Council to then decide what measures to take to manage them.

Likelihood	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

4. Addressing risks

- 4.1 Risk is unavoidable. Thatcham Town Council, however, takes steps to manage risks to a level which is tolerable in ways which can be justified. Their response to risk is called 'internal control' and involves one or any of the following reactions:
- a. Tolerate the risk:
 - i. for risks where the downside is containable with appropriate contingency plans.
 - ii. for risks where the possible controls cannot be justified because they would be disproportionate.
 - iii. for unavoidable risks, for example, terrorism.
 - b. Treat the risk:
 - i. by imposing controls so that the organisation can continue to operate.
 - ii. by setting up prevention techniques.
 - c. Transfer the risk - buying in a service from a specialist external body or taking out insurance.
 - d. Terminate the risk (activity) – this is appropriate for activities which involve intolerable risk or those where no response is available to bring the risk to a tolerable level.
- 4.2 Insurance (Appendix B) is used to manage risk in the following areas:
- a. The protection of physical assets owned by Thatcham Town Council – buildings, furniture, equipment etc (loss or damage).
 - b. The risk of damage to third party property or individuals as a consequence of Thatcham Town Council providing services or amenities to the public (public liability).

- c. The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
 - d. Loss of cash through theft or dishonesty (fidelity guarantee).
 - e. Legal liability as a consequence of asset ownership (public liability)
- 4.3 Buying services from specialist external organisations is used to manage risk in the following areas:
- a. Security for vulnerable buildings, amenities or equipment.
 - b. Maintenance for vulnerable buildings, amenities or equipment.
 - c. The provision of services carried out under agency/partnership agreements with principal authorities.
 - d. Banking arrangements, including borrowing and lending.
 - e. Ad hoc provision of amenities/facilities for events.
 - f. Market management.
 - g. Vehicle or equipment lease or hire.
 - h. Professional services (planning, architects, accountancy, design, etc.)

5. Reviewing and reporting

- 5.1 The key risks for Thatcham Town Council have been identified and assessed and are recorded in the Council's Risk Register (Appendix A).

**APPENDIX A - THATCHAM TOWN COUNCIL – RISK REGISTER
STRATEGIC RISKS**

Area of Risk	Impact	Likelihood	Risk	Actions to minimise risks
Disaster impacting the town	Severe (3)	Unlikely (1)	Medium	<ul style="list-style-type: none"> • Accept instructions from Category 1 responders ie Emergency Services and West Berkshire Council • Actively listen for and monitor any communications • Officers to maintain an emergency contact list and list of resources • Key individuals to be made available • Council buildings available to use as control/rest centres • Emergency Committee and Officers to determine appropriate action, if required
Town Council Offices unusable	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • No life-critical services provided • Emergency Committee and Officers to meet to determine priorities • Short term measured recovery in an alternative location • Medium/long term plan to return to Council Offices • Adequate Insurance
Sudden Loss of Staff	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Tasks shared to reduce impact • Succession plans discussed • Use of agencies/recruitment • Internal training between colleagues
Loss of financial assets eg sudden large items of expenditure required or excessive under-budgeting	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Council maintains adequate reserves • Council maintains an appropriate investment and banking strategy • All budget variances are monitored regularly • Insurance in place to cover major risks
Fraud	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Procedures and systems in place to prevent/detect • Task sharing • Informal and formal monitoring and spot checks • Internal and External Audit • Insurance in place to cover any resulting financial losses
Damage to third party property or individuals as a consequence of the Council providing services or amenities to the public (public liability)	Moderate (2)	Possible (2)	Medium	<ul style="list-style-type: none"> • Regular health and safety assessments • Regular safety checks • Training • Adequate and appropriate insurance

Damage to third party property or individuals as a consequence of the Council putting on Community and Civic Events	Moderate (2)	Possible (2)	Medium	<ul style="list-style-type: none"> • Health and Safety risk assessments carried out for each event • Event manual produced covering all aspects of the event including an emergency plan • Adequate Insurance Cover • Checklists and briefings with staff and volunteers before and after events
Contractors not supply agreed services	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • All contracts are controlled by defined contracts or service level agreements • Contracts/agreements monitored as required by relevant officers (and Committees) and relevant corrective actions taken
Damage to physical assets owned by the Council – buildings, furniture, equipment etc.	Severe (3)	Unlikely (1)	Medium	<ul style="list-style-type: none"> • An up to date register of assets • Physical verification of assets held on register • Regular safety checks on physical assets (Health and Safety) • Regular maintenance arrangements for physical assets (work schedules) • Regular review of insurance • Regular review of disaster recovery procedures
Physical safety of staff	Severe (3)	Unlikely (1)	Medium	<ul style="list-style-type: none"> • Training • Lone working policy and procedures • Adequate insurance

OPERATIONAL RISKS

A - Council meetings, Committees, Sub-Committees and Working Parties

Main objectives:

- to provide an efficient and effective service at meetings
- to ensure that all decisions taken are legal

Identified risks:

- *Council's activities are within legal powers;*
- *Members act within legal powers*

Area of Risk	Impact	Likelihood	Risk	Actions to minimise risks
Business activities within legal powers applicable to local Councils	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Standing Orders and Financial Regulations • Terms of Reference for each Committee, Sub-Committee and Working Party • Expenditure agreed under specific cost centres, in which legal powers are applicable to local Councils • Reports to Committees highlighting legal constraints • Training • Keeping abreast of current legislation
Record of meetings	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Minutes properly numbered and paginated with a master copy kept in fireproof cabinet. • Separate Minute books for each Committee (for ease of reference) • Minutes signed at following meeting by Chairman/Mayor • Electronic copies maintained and backed up
Electors wishing to exercise their right of inspection	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Freedom of Information Act – list of documents available for inspection • Publication scheme – regular review and update • GDPR policy – regular review and update
Register of Members' interests, gifts and hospitality	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Procedures in place for recording and monitoring members' interests and gifts and hospitality received • Following elections in May 2019, all Town Councillors completed declaration of interest forms and they have been submitted to the Monitoring Officer at West Berkshire Council • Code of Conduct adopted and maintained
Irresponsible behaviour; defamation etc by Members	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Code of Conduct adopted and maintained
Grants to local community bodies	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Appropriate processes and procedures in place

Area of Risk	Impact	Likelihood	Risk	Actions to minimise risks
Document control	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none">• Appropriate processes and procedures in place for document receipt, circulation, response, handling and filing

OPERATIONAL RISKS
B - Management and Administration

Main objectives:

- to ensure that the Town Council's functions and services are managed efficiently, legally and effectively
- to ensure that the staff carrying out duties do so efficiently and safely

Identified risks:

- *Mismanagement of funds, theft etc*
- *Council's activities not within legal powers*
- *Property and equipment not maintained to safe standards*
- *Safety of equipment*
- *Unsafe custody of legal documents*
- *Improper use of the Town Council's property and equipment*

Area of Risk	Impact	Likelihood	Risk	Actions to minimise risks
Financial records in accordance with statutory requirements	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • System controls within the accounting package • Segregation of duties • Regular scrutiny of financial records • Proper arrangements for approval of expenditure • Checks by Internal Auditor • Keeping abreast of current legislation
Management and Administration of Financial matters; Accounts, payroll, invoicing, monitoring	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Documented procedures in place • Monitoring schedule • Internal and External Audit
Customs and Excise Regulations	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Regular returns of VAT • Internal and External Audit • Keeping abreast of current legislation
Management and Administration of Services provided (allotments, burials, halls, general enquiries and complaints)	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Documented procedures in place • Complaints log • Monitoring schedule • Keeping abreast of current legislation

Personnel Management	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Job Description • Contracts • Equal Opportunities Policy • Health and Safety Policy • Appraisals, supervision and staff meetings • Disciplinary procedures • Grievance procedures • Training Policy • Work Schedules • Review and Monitoring • Keeping abreast of current legislation
Employment Law and Revenue and Customs regulations	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Contracts of employment for all staff • Regular updating of records • Communication with West Berkshire Council (payroll provider)
Insurance: <ul style="list-style-type: none"> • Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party • Loss of cash through theft or dishonesty (fidelity guarantee) • Legal liability as a consequence of asset ownership (public liability) 	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Regular review of risk and adequacy of insurance cover
Document control	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Processes and procedures for document receipt, circulation, response, handling and filing • Secure storage in fireproof cabinets of appropriate documents • GDPR policy – regular review and update

IT – correct use of computers, internet etc.	Unlikely (1)	Unlikely (1)	Low	<ul style="list-style-type: none"> • ICT policy – regular review and update • All staff sign that they will abide by the ICT policy • Social media policy – regular review and update • GDPR policy – regular review and update
Environmental legislation	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Keeping abreast of legislation • Environmental policy – regular review and update • Energy Audit • Measures to reduce waste
Security of buildings and equipment	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Security policy for buildings and equipment • Alarms • Monitoring of key allocation

OPERATIONAL RISKS C - Support

Main objectives:

- to provide an efficient and customer friendly service to members of the public
- to ensure administrative systems are running efficiently and correctly
- to ensure financial systems are running efficiently and correctly

Identified risks:

- *Inefficient administrative systems*
- *Inefficient financial systems*

Area of Risk	Impact	Likelihood	Risk	Actions to minimise risks
Records of Town Council Services e.g. allotments, burials etc.	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Processes and Procedures to ensure accuracy • Shared information amongst staff and training on record keeping
Data input to financial systems	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Processes and Procedures to ensure accuracy • Software includes system controls to maintain accuracy of information
Database maintenance	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Processes and Procedures to ensure accuracy • Software includes system controls to maintain accuracy of information
Customer service	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Training • Knowledge of information about other services available to residents is shared • Local newspapers used to obtain information of use to residents • Local government journals used to keep abreast of changes in legislation etc.
Support work for events, projects, Council and Committee meetings	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Shared information • Staff meetings to discuss
Support work for mayoral activities	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Standing Orders • Mayoral protocol • Processes and Procedures for Civic Allowance
Public Relations/Promotions	Moderate (2)	Unlikely (1)	Low	<ul style="list-style-type: none"> • Regular press releases with quotes to ensure accuracy of reporting • Monitoring and regular updating of Town Council website • Monitoring and regular updating of Town Council social media sites • GDPR policy – regular review and update

APPENDIX B - THATCHAM TOWN COUNCIL – INSURANCE (SUMMARY)

Lines of Cover	Detail	Amount
Material Damage	Buildings Sum Insured	£5,028,976.60
Material Damage	Contents Sum Insured	£166,326.96
Business Interruption	Additional Expenditure	£50,000.00
Business Interruption	Loss of Gross Revenue	£120,000.00
All Risks	Street Furniture, Civic Regalia etc.	£898,393.27
Loss of non-negotiable money	Limit any one loss	£250,000.00
Loss of other money	Limit any one loss	£5,000
Public Liability	Limit of Indemnity	£15,000,000.00
Hirers' Liability	Limit of Indemnity	£2,000,000.00
Employers Liability	Limit of Indemnity	£10,000,000.00
Libel and Slander	Sum Insured	£250,000.00
Fidelity Guarantee	Sum Insured	£1,000,000.00
Personal Accident	Cover is limited to £500,000 any one person and £2,000,000 any one incident	
Legal Expenses	Limit of Indemnity	£200,000.00