NEWMARKET TOWN COUNCIL
RISK MANAGEMENT SCHEME

Introduction

This document sets out the framework on which risk management processes at Newmarket Town Council are based. This framework should assist in ensuring that a consistent approach is taken across the Council for the identification, assessment and evaluation of risks, and for ensuring that actions are proportionate to identified risks, thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls. Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

Risk Management

Risk – '*Risk is the combination of the probability of an event and its consequence. Consequences can range from positive to negative'.*

Risk Management - *'Process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure.'* [Institute of Risk Management (IRM)]
Risk management is an essential feature of good management and applies to all aspects of the Council's business.

There is an Audit requirement under the Accounts and Audit (England) Regulations 2015 s.3 to establish and maintain a systematic strategy, framework and process for managing risk. Risks and their control will be collated in a Risk Register. A statement about the system of internal control and the management of risk will be included as part of the Annual Statement of Accounts and summarised in the Council's Business Plan.

Implementing the strategy involves identifying, analysing/prioritising, managing and monitoring risks.

Risks Types

Strategic Risk - long-term adverse impacts from poor decision-making or poor implementation. Risks causing damage to the reputation of the Council, loss of public confidence, or in a worse case statutory intervention.

Compliance Risk - failure to comply with legislation, or laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts etc.

Financial Risk - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council tax precept levels/impact on Council reserves.

Operating Risk - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

Not all these risks are insurable and for some the premiums may not be cost-effective. Even where insurance is available, money may not be an adequate recompense. The emphasis should always be on eliminating or minimising risk. Risk can be connected to opportunities as well as potential threats.

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 –Identified risks need to be systematically and accurately assessed using proven techniques. Analysis should make full use of any available data on the potential frequency of events and their consequences.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored Low (1), Medium (2) and High (3). The scores for both impact and likelihood are scored in this manner. Risks scoring 6 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

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.
Options for control include:
Tolerate – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.
Treat – loss control measures are implemented to reduce the impact/ likelihood of the risk occurring;
Transfer – the financial impact is passed to a third party or by way of insurance. This is good for mitigating financial risks or risks to assets; Terminate – the circumstances from which the risk arises are ceased so that the risk no longer exists;

Risk Register –Details on the impact and likelihood matrix are included below. A summary is carried forward in to the annual Business Plan.
Health and Safety risks are assessed in a similar manner but are assessed, recorded and managed separately to the matrix below.

Risk Monitoring – The risk management process does not finish with putting any risk control procedures 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.

Roles and Responsibilities -

Councillors – risk management is seen as a key part of the councillors' stewardship role and there is an expectation that Elected Members will lead and monitor the approach adopted. This will include: Approval of the Risk Management Strategy;
Consideration of the Annual Risk Assessment Matrix

Proper Officer and Responsible Financial Officer- will ensure that Risk Management is an integral part of any service review process, ensure that recommendations for risk control are detailed in service review reports and will lead in developing and monitoring Performance Indicators for Risk Management.

Project Officers and Service Managers – when developing projects or recommending service changes will ensure that risks are identified and the measures to eliminate or control risks are documented in agenda reports/briefing papers to be considered by Council and committees.

Employees – will undertake their job within risk management guidelines ensuring that the skills and knowledge passed to them are used effectively.

Role of Internal Audit – the Internal Audit Team provides an important scrutiny role carrying out audits to provide independent assurance to the Council. 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.

Training – Risk Management training will be provided to key staff. Councillors will receive appropriate briefings.

Risk Assessment and Management (Financial & Business). May 2018

Financial: Income. L=Likelyhood. I=Impact. R=Risk

Activity	Risk Identified	L	I	R	Management of Risk	Action
Precept	Not Submitted Not Paid by District Council Adequacy of Precept Adequacy of Budget provision	L L M M	H H H H	3 3 6 6	Full TC Minute & Diary to forward request to District Check and Report if not received at beginning of each period (50% April, 15% July, 35% September) Calculated on need after other income taken from estimated expenditure Each committee drafts budget in November and continues to assess and evaluate need to February. Proposed budgets to F&P and Council with explanatory notes. Budgets discussed in public meetings	Diary Diary/Bank Statement Ensure Accountancy help, full consultation with committees, base on Strategy. Draft budget on Accountancy system. Ensure all expenditure accounted for. Ensure previous year's actual figures considered. Use RFO, Proper Officer & Accountant.
Responsible Financial Officer	Lack of permanent, experienced RFO & role defined in Financial Regs.	M	M	4	Role reviewed in new Financial Regs. RFO now recruited	Need to retain permanent, experienced RFO and support with training.
Funds to repay PWLB loans	adequate provision in Budget 2017/18	L	M	2	Majority of repayment built in.	ensure adequate budget provision made for future years
Charges from Severals Pavillion	Below Budget provision	H	M	6	Some promotion and bookings but remains limited	work with events manager to build strategy to increase bookings
Charges Cemetery	Plot Allocation Receipt of fees	M	M	4	Update of Burial Register. Checked with documentation Outsourced to West SuffolkRisk managed by West Suffolk	 Put Monitoring in place
Charges Allotments	Below Budget prediction	L	L	2	From Associations, so predictable	Charges revised 2018 and agreed with allotment association. Need to monitor to ensure receipt
Investment Income	Adequate to meet Budget prediction	L	M		Reviewed annually at year end. Low return at present but realistic prediction.	Keep under review.

Grant for Public Toilets	Below budget prediction	L	L	1	Regular contribution from District Council received	-
Income from Memorial Hall	Inadequate income to cover costs	M	H	6	Bookings increased due to new staff in place	Retain events manager and ensure that income is reviewed monthly at Leisure Services
VAT Claim	Lack of VAT reclaim	L	M	2	In accordance with Financial Regs. Claim paid directly in to Council's bank account and noted as receipt in cashbook. Reclaims on quarterly basis. Accountant prepares VAT partial exemption notice at end of financial year. Claims up to date.	- F and P to scrutinise to ensure receipt
Administration of Accounts	Receipt arrangements. Invoices may not be sent out in timely manner or not at all.	M	H	6	Internal controls in accordance with Financial Regs. Receipts currently entered fortnightly by accountant. Invoices prepared in accordance with procedures. Print off from bookings.	F and P to review aged debtors report and balance sheet monthly.
Handling Cash from events	Misappropriation of funds	M	H	6	Cash should be handled by 2 people, recorded in paying-in book and relevant Cashbook and banked asap. Adequate fidelity insurance in place. Temporary staff not aware of procedure.	Review operating procedure.

Financial: Expenditure

Activity	Risk Identified	L	I	R	Management of Risk	Action
Salaries	Inadequate funding for salaries & on costs Wrong pay rate, hours or deductions.	L L	I L	2 1	Posts fully costed. Reduction planned due to outsourcing of certain services Experienced temp administering PAYE. Check to PAYE calculations Check with input	Review all salaries and conditions of service. retain RFO and make responsible. Ensure Operating Procedure in place
Direct Costs and Overhead expenses	Goods not supplied Invoice incorrectly calculated Cheque payable to wrong party	 M	 H	 6	Order system. Goods/services checked against orders Check arithmetic Invoice initialled by signatories.	Review operating system
Grants	Power to Pay Agreement of Council to pay Cheque Value for Money Work not done	M L L M M	M M L M M	4 2 2 4 4	Minute power if don't have General Power. Minute & delegated limit to F&P Signatory signed (2) Review merits before approval	Maintain General Power. Ensure qualified member of staff - Prioritise in accordance with Strategic objectives. Pay on completion, on invoice/receipt
Election Costs	Invoice at agreed rate. Maintain EMR for 4 year & casual	L	M	2	Accrue annually	Establish EMR

Vat Payment	Vat Analysis & payment not made on time	M	L	2	All items in cash book. Payment for authorisation sheet. Payments up to date.	Verify, pay after monthly accounts.
Reserves General	Adequacy	M	M	4	Consider at budget setting, set at 25% of net turnover	Revise medium term financial plan to build general reserves
Reserves Earmarked	Adequacy	L	M	2	Consider at budget setting and year end	Assess against Strategy & consult Accountant.
Assets	Loss, damage etc. Risk to third party	M M	M M	4 4	Regular inspections, update insurance and register Review adequacy of public liability insurance Safety inspections.	Complete full inspection of assets and inventory
Staff	Loss of key personnel Fraud by staff	H L	H M	9 2	Hours, health, stress, uncertainty, conditions etc. Fidelity guarantee insurance. Monitoring by TCM and RFO Reports and authority to pay by councilors.	Council to review terms and conditions and redefine member-officer roles. Segregation of duties, Ensure that appraisal system followed.
.	Consequential loss due to critical damage or third party performance, lack of staff.	H	H	9	Insurance cover review adequacy annually.	Review Business Continuity Plan
Cash	Loss through theft or dishonesty	L	H	3	Adequacy of Fidelity guarantee insurance Checks and balances built in to procedures, but risk from lack of knowledge of temporary staff.	Put in place operating procedures.
Borrowing	Adequacy of finances to repay loans Authority to borrow	M	M	4	Financial review and cash flow forecasting. In adequate provision in budget for 2017/18, but can be taken from reserves Authority from full Council and application to DCLG	Ensure adequate provision in future Budgets

Activity	**Risk Identified**	**L**	**I**	**R**	**Management of Risk**	**Action**
Legal Powers	Illegal activity or payment	L	L	1	Education of members as to their legal powers. Maintain General Power.	-
Financial Records	Non-standard or non-Compliant records	M	M	4	Regular internal audit and year end health check. Regular expenditure/income reports to F&P Committee	Continue system of regular review and internal audit.
Medium Term Financial Plan	Need to plan for longer term	M	H	6		maintain MTFS linked to Strategy.

Petty Cash	Misuse of Petty Cash Funds	L	M	2	Allowed to sum of £250, renewed as required. Each cheque signed by 2 signatories. All petty cash expenditure is recorded in manual Petty Cash book and CB2.	Review and prepare operating procedure.
Expenses	Misappropriation	L	M	2	Staff & councillor expenses managed by Proper Officer/RFO. Mileage should be authorized in advance. Raised through expenses claim form. Expenses by councillors' expenses recorded in Ledger. RFO will raise cheque, signed by 2 signatories.	Need to ensure signatories cannot authorize own expenses.
Credit and Debit cards	Misuse by holders	M	M	4	No longer a debit Card. Credit card for use by TCM and RFO. Decision by F&P to lower limit on Credit Card.	Need to review and include operating procedure.

Strategic

Activity	Risk Identified	L	I	R	Management of Risk	Action
Grants	Is Grant Scheme linked to strategic priorities?	M	M	4	Grants given to certain community projects.	Can be cost effective but need to be linked to strategic priorities & enabled voluntary sector.
Town Vision	Unable to take forward key priorities	H	M	6	Limited commitment to delivery groups and partnership working with community.	Review delivery, recognise in Strategy and include in Business Plan.
Corporate Strategy	Lack of clear direction & allocation of resources	M	H	6	Some good ideas on future but no real agreement & evaluation	Review Strategy
Business Plan	Unable to implement Strategy	H	M	6		Review Business Plan to show how Strategy to be implemented & linked to budget.
Provision of existing Services	Unable to afford or deliver	M	M	4	Provision included in budget. Review and outsourcing should reduce cost.	Need to be in accordance with Strategy & be included in Business Plan. Risk assessment & full costing of proposals
Additional functions in future	Will needs & wishes of town be identified? Will Town Council be prepared to fill gaps?	M	M	4	No new functions proposed, but plan to free up money from outsourcing and look at priorities.	Need to bring proposals out through Strategy. Need risk assessment on new functions and allocate resources.
Neighbourhood Plan	Risk of not delivering	M	M	4	Working Group have defined objectives and policies. Planning consultation.	Need to reflect public views if to succeed at referendum. Will need planning consultant if to conform with national and local policy and be robust for delivery.

Operational

Activity	Risk Identified	L	I	R	Management of Risk	Action
Insurance Cover for Council	Risk to finances, staff and third parties if inadequate cover. Action taken against Council by employee or third party	M	H	6	Buildings/ Land/ Carparks/ Allotments/ Cemeteries/bus shelters etc. Vehicles & Plant Contents Equipment Fidelity Theft Personal Injury (Councillors & Officers) Public Liability Slander/Libel Employer Liability External Events	Monitor Cover and update as necessary, particularly in light of outsourcing. Clarify liabilities
Office Security	Risk to staff, damage to building/contents & data	H	H	9	Maintain security of building, alarms, back up files offsite, fire safety, password protect computer data. Hi risk due to lack of staff and control of keys, locking/unlocking procedures etc.	Permanent staff structure. Review all procedures.
Regular maintenance of assets and	Risk to staff & third parties also of loss or damage	M	M	4	Annual Business Risk Assessments completed Adequate legislative safety checks of assets	Monitor and review.
Asset Register	Risk if assets not properly recorded & valued	L	M	2	Asset Register,	Review and update. Add maps and photographs.
Council Liability	Lone person working-compliance with law	M	M	4	Procedure for safety but needs to be reviewed with new staff structure.	Monitor & review
	Contract of Employment	M	M	4	Proposed for all staff but confusion over terms and conditions.	Need to review HR policies. Need to ensure all permanent staff have Contracts as appointed
	Duty of Care to visitors, staff and councillors	M	H	6	Adequate insurance, risk assessments and action plans, but management weak due to lack of staff. H&S risk assessments carried our recently & recommendations being actioned	Monitor, review & implement improvements
	Other Employment Conditions compliance with legislation	L	L	2	Confusion over current Green book application.	New conditions adopted. Work with HR support company to ensure continued compliance
	Loss of Key Staff	M	H	6	Need contingency arrangements and succession planning	High risk of not keeping staff if conditions not adequate and a stable environment not established.

	Councillors- must be adequately advised of their responsibilities and culpability.	M	M	4	Needs to re-define member and officer roles.	Induction & refresher training. Review Code and consider Member-officer protocol.
Health and Safety	Responsible for Members, Employees, Public & Contractors	M	H	6	Need regular Safety risk assessments both general and specialist, safety policy and safe working procedures.	Need review of risk assessments & SWPs. Need to decide on one professional advisor or coordinate their efforts.
Town & Country Planning	Adverse effect on community amenities if fail to respond to Planning applications or Local Plan consultations	L	M	2	Council respond through Development & Planning Committee or Council for major applications. Need guidance and processes	Review & follow processes. Need to introduce guidance.
Training	Essential for councilors & staff if to reach potential	M	M	4	No annual training & development plans	Need to put in place Training & Development Policy, annual plan and build in to Business Plan.
Freedom of information	Need to respond to requests	L	H	3	Procedure to be accurate and timely	Monitor & report
Governance Documents	Interrupt operations if not current & following best practice. Some are legal requirement.	M	M	4	Council undertaking a review in line with best practice	Complete review asap.
Press releases	Comply with publicity code? Lost opportunity for good public relations and	M	M	4	Few issued, no established procedure or guidance	Review procedure and guidance. Be proactive.
Data Protection	Need to keep data secure	M	H	6	Need operational procedure. Current Registration.	Put OP in place and monitor how data is stored, made available and disposed of.
Byelaws	Reference to models when adopting	L	L	1	Not currently applicable	-
Archiving documents	Security and statutory retention periods	M	M	4	Needs to be in accordance with a document retention policy	Adopt document retention policy and review.
Public Access	Public need to be able to safely access services according to need.	L	M	2	Services available at stated times. Subject to safety inspections	Monitor
Office administration	Needs to be effective if it to support operations and democracy	H	H	9	Lack of staff and procedures results in high risk of not being done or errors. Temporary staff reliable and able.	Review & monitor and appoint staff.
Contracts	Compliance with legislation/ governance documents when letting	M	H	6	Prepare specification, determine on price and quality.	Need to consider legal advice on outsourcing process before finalizing decision. Need to finalise split of responsibilities.
	Risk to performance and cost if not properly monitored	M	H	6	No monitoring provision in place	Monitor against specification and price

Compliance

Activity	Risk Identified	L	I	R	Management of Risk	Action
Legal Powers	Not having legal powers for activities	M	M	4	Council have General Power of Competence until May 2019. Have two thirds elected Members but not CiLCA qualifies Clerk.	Need to have CiLCA qualified Clerk.
Minutes	Accurate and Legal	L	H	3	Decisions of Council/committees recorded as resolution/recommendation. Approved at following meeting, adopted at Council Minutes in lose form with numbered pages. Each page initialed by Chairman Experienced Minute Clerk.	.
	Loss of Minutes	L	H	2	Minutes in TC's office and archived in memorial Hall. More recent on IT & backed up.	
	Lack of transparency	H	M	6	Usually available in office and on Website	Website needs to be up to date. Staff need to be trained.
Confidential Matters	Accurate and Legal	M	H	6	On agenda but confidential minutes are not public	Need to ensure minutes of confidential items are public minutes but do not reveal confidential information

Members Interests	Conflict of Interest	M	L	3	Update declarations of interest Recording on minutes of declarations	
Councillor Declarations	Accurate and Legal	H	H	9	Copies on Website or link to Forest Heath, but not up to date. Could be criminal offence	Review & update, urgently
Dispensations	None compliance with legislation	M	M	4	Require individual applications and approvals. Dispensations revised in Standing Orders	Review & follow process
Budget & Precept	In accordance with legislation	H	H	9	Need to make resolution for both Budget and Precept	In future need to make resolution for precept demand
Accounts & Annual Return	In accordance with Regulations	L	H		Compliance with Regulations	follow process
Website	Not compliant with Transparency Code	H	M	6	Information required not on or not current	Review & update.
Code of Conduct	Compliant with legislation & best practice	M	M	4	Code Adopted.	Review or add guide. Consider Member-Officer Protocol. Training.
Agendas and Notices	Not complying with legislation	M	H	6	Follow legislation and adopted practices. Some risk due to staff shortage	Review & follow process
Freedom of Information	Legal compliance	M	M	4	Need to follow legislation, allow request by letter/email.	Review process and ensure staff can administer
Publication Scheme	Legal compliance	M	M	4	. Not on Website but information guide is	Review Publication Scheme and Information Guide. Update on Website.
Data Protection	Keep Legal	M	H	6	Need operational procedure Current Registration.	Put OP in place and monitor how data is stored, made available and disposed of. Need to follow guide
Charitable Trust	Understanding responsibilities and separate legal decision making	L	L	1	No trusts operated by Council	

Statutory Governance Documents	Not compliant with legislation or current best practice	M	H	6	Currently reviewing Standing Orders, Standing Orders for Contracts, Financial Regs.	Need to adopt and review annually.
Staff Resources	Discontinuation of Services and practices	H	H	9	Lack of permanent staff is high risk.	Finalise staffing structure & appoint. Ensure 2 admin members fully trained in the Council's office procedures and practices Rapid training.

Internal & External Audits	Failure to secure Internal Audit Non-compliance with audit requirements	M H	H H	6 9	Prepared Audit Brief. Requested 4 proposals/quotes Poor track record but now requirement in Financial Regs that Council must agree response to each recommendation.	Need to appoint internal auditor at start of year to secure interim audit Need to actually agree response & include action plan in Business Plan.
Councillors	Act inappropriately and beyond their legal boundaries Lack of transparency Lack of membership/quorum	H H L	H H L	9 9 1	TCM responsible for ensuring Declaration of office signed and Code given to them. Members responsible for declaring interest in form to Monitoring Officer and at meetings Council encourages councillors to participate in work, but lack of staff has meant roles blurred, however councillors have kept things going Declaration of interest forms displayed on Website but not up to date. Attendance and apologies recorded for meetings. Care over quorum. Town Clerk responsible for notifying casual vacancies to District Council and advertising in accordance with legislation.	Re-define officer and member roles. Introduce Protocol. Get declarations & website updated. Move to new website to ensure transparency code met.