Ilminster Town Council
Risk Management Policy
Approved by the Town Council 13 December 2016

Policy Statement

The Town Council will have a proactive approach to risk management to help achieve the objectives outlined in the strategic plan, support decision making and ensuring that its business is conducted in accordance with the law as well as economically, efficiently, and effectively.

1. What is Risk?
Risk can be formally defined as "the chance of something happening that will have an impact on objectives" Risk is normally measured as a combination of likelihood and impact.

Risks can be a threat or an opportunity; threats will adversely affect the Town Council's ability to achieve its stated objectives whilst opportunities will enhance the Town Council's ability to achieve its stated objectives. Risks can be internal or external, short term or long term, strategic, operational or project related.

2. What is Risk Management?
Risk management is the process of identifying risks and opportunities, evaluating their potential consequences, considering the existing controls and what other proportionate action may be required or desired.
Risk management is a pillar of corporate governance and should be embedded into the culture of the Town Council with Councillors and Officers recognising their shared responsibility. Effective risk management will improve strategic, operational and financial management and minimise losses through poor decision making, waste and fraud

3. Risk Appetite
Risk management should manage risk to a level that the Town Council deems acceptable (the risk appetite) rather than to eliminate all risk from the Town Council's activities and service delivery. Factors such as external environments, resources, Town Council Policies and reputation will all influence the Town Council's risk appetite.
Risk appetite can be defined *as "the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives.*
Organisations will have different risk appetites depending on their sector, culture and objectives. A range of appetites exist for different risks and these may change over time." (The Institute of Risk Management)

4. Risk Awareness
Risk is ever present and some amount of risk taking is inevitable in order to achieve objectives. Risk aversion can stymie initiative and prevent action so that objectives are not achieved and new projects are not undertaken resulting in a stagnant organisation.

5. The Town Council's Risk Management Objectives
- Increase the likelihood of achieving the Town Council's Strategic Objectives
- Improve project planning, decision making and resource allocation
- Enhance the Town Council's internal control arrangements
- Identify, understand and manage risks to minimise their likelihood and impact
- Identify, understand and manage opportunities to maximise their likelihood and impact
- Respond to risk and opportunities in a balanced way

6. The Town Council's Risk Management Principles
- Risk management activity will encompass strategic, operational or project related risks
- Risks will be anticipated and managed
- Creating a risk averse culture will be avoided
- The risks of not undertaking activities will be considered
- Appropriate opportunities will be exploited
- Mitigation measures should be effective, appropriate, proportional, affordable and flexible
- Controls will not be set up where the cost and effort is disproportionate to the expected benefits
- Procedures and controls will be implemented with minimum bureaucracy
- The Town council will work towards a culture of integrity and measured risk taking where mistakes are learnt from rather than blame being assigned.

7.Identifying and Recording Risks
Strategic and project risk registers will be in a table format as shown in the example below with entries for each of the following:
- Short risk description
- Uncertainty?
- Leading To?
- Resulting In?
- Possible causes
- Inherent Impact assessment
- Inherent likelihood assessment
- Inherent risk score
- "T" Action (Treat, Terminate, Transfer, Tolerate, Take advantage)
- Controls / Actions
- Residual Impact assessment
- Residual Likelihood assessment
- Residual risk score

No	Short Risk Description	Uncertainty?	Leading To?	Resulting In?	Possible Causes	Inherent Impact Assessment	Inherent Likelihood Assessment	Inherent Risk Score	"T" action	Controls / Actions	(Residual) Impact Assessment	(Residual) Likelihood Assessment	(Residual) Risk Score
1	Petty Cash	Is petty cash dealt with properly?	• Fraudulent activity • Inappropriate expenditure	• Loss of Council reputation	Procedures not followed	Minor	Likely	Medium	Treat	• Petty cash held does not exceed an agreed maximum amount • Petty cash locked away when not in use • Receipts must be produced to accompany petty cash claims • Cash received is signed for by recipient • Petty cash transactions are signed off by Councillors when a petty cash top is required • Internal Audit	Minor	Rare	Low

8. Risk Assessment
Risks will be assessed using the grid below

		Negligible	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Rare (< 6%)	1	Low	Low	Low	Low	High
Unlikely (6 - 20%)	2	Low	Low	Low	Medium	High
Possible (21 – 50%)	3	Low	Low	Medium	Medium	High
Likely (51 – 80%)	4	Low	Medium	Medium	High	Very High
Almost Certain (> 80%)	5	Low	Medium	High	Very High	Very High

9. Risk Ownership and Responsibility

Town Council	• Has ultimate responsibility for risk management; Sets risk appetite; ensures that that strategic plan and strategic risks are aligned, mitigated and reviewed as appropriate; • ensures that any project plans and project risks that fall within the Council remit are aligned, mitigated and reviewed as appropriate; • allocates resources, including funding, for risk mitigation • receives reports from internal and external auditors regarding risk management
Committees	• Receives the reports of any Councillor sponsors, working / governance groups or Officer to ensure that any project plans and project risks or operational risks that fall within the committee's remit are aligned, mitigated and reviewed as appropriate.
Councillor project or action sponsors	• Where a Councillor is the sponsor for a project they will also be the sponsor for the associated risk register and mitigating actions; • reports to Committee / Council as appropriate
Town Council staff	• Own risk and management of risks within their (service) area of responsibility
Internal Audit	• Provides assurance to the Town Council on the system of internal control and risk management • May be requested to provide assurance to the Town Council or Committees on eth management of specific risks

10. Risk Register Reviews
The content of each risk register will be reviewed at least every six months but generally the registers will be dynamic documents being reviewed and updated whenever there is a need.

11. Openness and Transparency

As far as possible the Town Council risk registers will be treated as "open" documents for the purposes of the Freedom of Information Act and the Local Government Access to Information Act. Where it is not appropriate for details of a risk and mitigating actions to be in the public domain in which case those risks will be recorded and reported to the Town Council and its committees as "closed" agenda items; this means that there will be an agenda item and a minute giving a broad outline of any item and decision.

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