

Committee: FULL COUNCIL

Date: 21 March 2023

Title: Risk Management

Purpose of Report

For Members to consider the Risk Register.

Recommendation:

- a) Members **RESOLVE** to approve the Financial Risk Register as presented.
- b) Members **RESOLVE** to accept the Statement of Internal Control as presented.
- c) Members to note the Risk Management requirements as laid out in Sections 17.1 and 17.2 of the Financial Regulations (Approved May 2022).

Report

1. As part of the Annual Governance statement the council is required to show that it has formally considered the risks faced by the council during each financial year. This was last carried out at the Full Council meeting on the 15 March 2022.
2. Risk management is detailed in paragraphs 17.1 and 17.2 of the Town Council's Financial Regulations:
 - 17.1 The Council is responsible for putting in place arrangements for the management of risk. The clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
 - 17.2 When considering any new activity the clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.
3. The Finance Procedures Risk assessment is contained in **Appendix 14A** and reflects the current risks that the council faces. It should be noted that as a result of recognising the change in the way the precept will be processed by Somerset Council, the Town Council has looked at the banking arrangements and is looking at its investment strategies during this meeting. This is in accordance with advice provided by the Internal Auditor.
4. A specific Office Risk Assessment is contained in **Appendix 14B** that encompasses both the Old Magistrates Court and the North Street Premises. This has been reviewed at the start of March 2023 and will be checked on a regular basis.
5. The Town Council approved the revised Risk Management Policy at the meeting and this is due to be reviewed in April 2024. (**Appendix 14C**). The revised risk management documentation is still being worked upon and will be brought to Members at a meeting during the next governance year (2023-2024)

6. In addition to the Risk Management Policy and Risk Registers, the Clerk is also required to make an Annual Statement for internal control.
7. It is important that the council satisfies itself that there is sufficient evidence to confirm that there are appropriate systems of internal control and that they are operational. In addition, that these systems are aligned to processes for managing risk faced by the council and that these controls are subject to professional, independent testing and assessment.
8. Internal control provides reasonable, not absolute, assurance that the objectives of an organisation will be met. The concept of reasonable assurance implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures.
9. At its most basic level, internal control should establish that an organisation produces reliable financial reporting and substantially complies with the laws and regulations that apply to it.
10. At a more advanced level it should measure the extent to which an organisation achieves its strategic and operational objectives: achievement towards these objectives is dependent on other factors such as the impact of events and capacity.
11. Internal control is generally considered to have five components:
 - Control Environment – integrity, attitudes, competence
 - Risk Assessment – identification, analysis of risk
 - Information and Communication systems and processes – the capture and exchange of relevant information
 - Control Activities – policies and procedures
 - Monitoring Processes – to provide and measure the quality of information

Town Clerk's Statement of Internal Control 2022-23

12. Ilminster Town Council is a non-political council, and this is one of its strengths in putting in place effective measures and strategies for improving the lives of Ilminster residents. By leaving political allegiances at the door Members are able to look directly at initiatives and weigh up whether they can have an immediate impact on the lives of the residents without having to consider whether it fits in with any political targets or objectives.
13. The Members on the whole recognise the importance of a good working relationship with officers and this is reciprocated. The appointment of staff that bring a wide range of experience both of local government and also of a wider background means that the Town Council is developing a good much wider business understanding ensuring that matters can be approached in a competent and detailed manner.
14. Having signed to be a part of the Civility and Respect project and having adopted its own Voluntary Code of Conduct sanctions, Members of the Town

Council have sent a strong message of integrity and respect. Clearly adhering to this will be the most important aspect.

15. Officers are showing a willingness to participate in various training courses as well as to undertake Local Government directed qualifications and this will benefit the town as it moves forwards.
16. Risk Assessment is an everyday part of the work that the council carries out. By looking in detail at projects that are put before them, Members should be considering all the known risks associated with carrying out these projects. Officers endeavour to identify and assess what the risks are in order to minimise or remove them entirely.
17. As already identified in the report we are looking to introduce revised Risk Management documents in the coming year. Having initiated a number of new initiatives over the past 18 months officers are finding that some of these are taking longer to complete than originally expected.
18. One of the main risks that any council faces is a risk to its reputational standing. Over the past 18 months there have been an increasing number of positive comments on the way the council is looking to deliver projects that benefit the community.
19. Some of the issues that are affecting the delivery include the number of projects that are in the pipeline, the effects of the transition from two primary authorities to one and additional information being requested to ensure that officers are acting according to delegated responsibility meaning officers are being deflected from delivery.
20. Increasingly Members are willing to provide officers with delegated authority however there are times when the need to take things to council does add additional workload to staff. By using the delegated powers and communicating intended actions to Members to comment upon, it does speed up the efficiency of day to day activities that officers carry out.
21. Communication with officers and Members is on the whole very good with queries from Members able to be dealt with effectively. There are times when information is provided in the reports only for these reports not to be read.
22. Members have a duty to ensure that before meetings they have fully read all papers in preparation for meetings. If then there are questions for officers it is helpful if they are emailed before meetings so that answers can be given and where additional information is required an attempt can be made to find the information out and where appropriate brought to meetings for all Members.
23. We are aware that over the past few months there have been occasional issues with some Members having difficulties accessing the papers ahead of meetings. This is being looked into and it is hoped that through the introduction of online secure areas for Members to access the files and by making tablets available to Members at meetings these issues will be overcome.

24. Overall the ICT systems have proven to be reliable but that does not mean that we should not be planning forward to ensure that they are being used more efficiently.
25. As outlined above one of the risks to a council is reputational damage. This can often be mitigated to a certain extent by ensuring that the community are aware of the limitations that a Town/Parish Council faces. The amount of influence a Town Council such as Ilminster has is limited however this may change in the coming years as a result of the new Somerset Council being formed.
26. As a result of the work being done to keep current with the unitary changes the Town Council's reputation both at a district and county level has increased. This has not only benefited the council financially but also by receiving additional support from officers at the higher tier authorities.
27. There are a lot of unknowns currently that surround the evolving Local Community Networks (LCN's). Members have been provided with information to ensure that they are in a position to answer questions from the public. The reintroduction of Members surgeries, whilst slow to take off, will it is hoped gather more momentum in the coming months.
28. Increased information is being provided to the community on the work that is being done by the council. This is being achieved through social media with the result the number of followers of the council is increasing, the local press and also through emailing information to community groups directly.
29. However, all of the good work can very easily be undermined when misunderstandings in the community are created by Members operating outside of their roles. It is very important for members of the public to understand that decisions are made by the council as a body and that no individual councillor has any more authority than another.
30. It really is important that Members check information with officers before commenting too widely. There have been several instances in the past months where Members acting in a unilateral capacity has led to members of the public being misled over what the council was trying to achieve. Misinformation can undo all the good work done in the past year literally overnight.
31. Upon the current officer team taking on their roles at Ilminster it became clear that a number of the policies that the council had in place were either out of date or were in fact not in place. Steady progress has been made to update these, but more work is required to ensure that we have the requisite policies and procedures in place. The work that various staff have been undertaking as part of their CiLCA qualifications will be of great benefit to the council in this process.
32. As a result of the officers undertaking the qualifications there is a great deal of sharing of information with other councils. This has the benefit to ensure that

any information put before Members is both current and apposite for its needs. Where appropriate information is brought to Members showing what and why they need to consider certain matters. Where necessary this is supported by either a recommendation to “Note” the report or a suitable recommendation for the Members to consider. However Members are always reminded that they are able to arrive at their own recommendations should they so choose.

33. It is suggested that: -
- a) Members **RESOLVE** to approve the Financial Risk Register as presented.
 - b) Members **RESOLVE** to accept the Statement of Internal Control as presented.
 - c) Members to note the Risk Management requirements as laid out in Sections 17.1 and 17.2 of the Financial Regulations (Approved May 2022).
34. Members are free to amend or suggest alternative proposals if they so choose.

Mark Tredwin
Town Clerk
March 2022