

FULL COUNCIL

Date: 20 February 2024

Title: Review of Risk Management Policy

Purpose of Report

For Members to consider the Risk Management Policy.

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 2023).

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 21 March 2023.
2. As part of the last visit the Internal Auditor suggested that it would be better from a procedural point of view for the Town Council to consider the Risk Management Review nearer to the start of the council year rather than at the end as we do currently. For this reason Members are being asked to consider the report and its recommendations on the basis that this will then be brought before them at either the June or July Full Council meeting later this year.
3. 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.*
4. The Finance Procedures Risk Assessment is contained in **Appendix 15A** and reflects the current risks that the council faces. It should be noted that because 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.
5. A specific Office Risk Assessment is contained in **Appendix 15B** that encompasses both the Old Magistrates Court and the North Street premises. Once the North Street premises is handed back to Somerset Council we will look to remove these from the assessment.

6. The Town Council approved the revised Risk Management Policy at the meeting and was due to be reviewed in April 2024. **(Appendix 15C)**. The revised risk management documentation is still being worked upon and will be brought to Members to the meeting in the new Administration Year.
7. In addition to the Risk Management Policy and Risk Registers, the Clerk is also required to make an Annual Statement for internal control.
8. 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.
9. 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.
10. 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.
11. Members are brought Income and Expenditure reports on a regular basis (ideally monthly, but at least quarterly) as well as copies of the Schedule of Payments. Members are also provided with multiple opportunities to look at the budget proposals for each financial year and to make suggestions and comments regarding the budget.
12. 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.
13. 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 2023-24

14. 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 can 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.

15. The Members overall 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.
16. This has been reflected in the recent appointments that have been made in order that we might be able to manage the fallout from Somerset Council's financial difficulties.
17. 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.
18. 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. It is expected that Councillors also participate in various training when it is offered in order to be able to manage the ever-evolving responsibilities that come with being a Public Servant.
19. 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.
20. However it is not possible to completely eliminate all risks and Members need to ensure that they are cognisant with any risks that may affect the council when decisions are made. As part of this they should be ensuring that they read all reports ahead of meetings and that emails sent to them are also read.
21. As already identified in the report we are looking to introduce revised Risk Management documents in the coming year. Officers have worked hard to ensure that projects have moved forward over the recent period and this has seen the new children's play equipment installed at Winterhay, the improvements to the Cemetery being positively commented upon, the hedge laying, both the Recreation Ground Users Group and the Herne Hill Users Group regularly meeting, the replacement doors to the toilets, a greater range of stalls at the Market, work starting on the canal area, Herne Hill improvements as well as consultations with the community over changes.
22. 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. There have been positive comments over the way the Cemetery, Herne Hill, the Recreation Grounds and the Market are all developing.
23. The Tennis Courts whilst taking a far longer period to be completed than was anticipated is now being praised by the people who are using it and an initial issue with the locking system has been resolved through recalibrating the gate

technology and we now know how to resolve this should it happen again.

24. 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 speeds up the efficiency of day-to-day activities that officers carry out.
25. This efficiency is often commented upon when people come to the office with queries and staff are able to either sort out the problem directly or point them in the right direction to where they can get answers. The ability for people to be able to get a quick response to questions regarding benches and memorials has been very effective in showing the council in a good light.
26. 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 and/or emails not to have been considered.
27. 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.
28. 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. By introducing the principle of "reading time" before meetings it is hoped that this will assist Members. We are now also close to finalising the SharePoint migration, which has taken us longer than anticipated but which we hoped to have in place shortly.
29. 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 devolving of services and assets to the Town Council due to the financial pressures facing Somerset.
30. As a result of the work being done to keep current with the unitary changes the Town Council's reputation has increased. This has not only benefited the council financially but also by receiving additional support from officers at the higher tier authority. However it is clear that the big 5 towns of Bridgewater, Taunton, Yeovil, Wells and Frome are receiving greater attention from Somerset Council due to the number and size of assets that Somerset can divest themselves of.
31. Local Community Networks are now starting to have a beneficial impact in some areas of the county. However, this varies due to the different approaches that member councils and organisations are taking. In our local area the priority for them has been towards highways and the delivery of the various services that may over time get devolved down to the lower councils to deliver.

32. There has also been the added benefit of better relationships with both towns and parishes in the local LCN. The fact that we are in a position to be able to investigate how an alternative Highway Steward scheme might be introduced to Somerset's own scheme is a good indication of this.
33. 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. As already mentioned, we have now run two community consultations and the information gleaned from these is starting to show in the type of work that the council is proposing to carry out.
34. However, all of the good work can very easily be undermined when misunderstandings in the community are created by Members operating outside of their remit. It is very important for members of the public to understand that decisions are made by the council as a "Corporate body" and that no individual councillor has any more authority than another.
35. It really is important that Members check information with officers before commenting too widely. With the large increases in the precept and the reduction in the services that will follow over the next few years, it will be increasingly important that it is the council's position that is put across rather than any one person's viewpoint.
36. Steady progress has been made to update our policies and procedures and this work is ongoing. The work that staff have been undertaking as part of their CiLCA qualifications will be of great benefit to the council in this process.
37. 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.
38. Whenever it is considered, 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 **Resolution** for the Members to consider. However Members are always reminded that they can arrive at their own **Resolutions** should they so choose.
39. 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 2023).
40. Members are free to amend or suggest alternative proposals if they so choose.

Mark Tredwin
Town Clerk
February 2024