

Purpose of Report

1. To undertake an annual review of the Council's Risk Management Policy, Strategy and Risk Register.

Background

2. Attached to this report is the Town Council's:
 - a. Risk Management Policy
 - b. Risk Management Strategy
 - c. Risk Register
3. The Committee is asked to consider the documents and make comments or updates as appropriate.

Recommendations

4. The Committee is recommended to consider and review the Council's Risk Management Policy, Strategy and Risk Register.

Stone Town Council

Risk Management Policy

Introduction

1. Stone Town Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a risk management strategy to protect the Council from avoidable losses.

Responsibilities

2. This Policy places a responsibility on all Members and Officers to have regard for risk in carrying out their duties. Its purpose is to enable the Council to manage its risks through anticipation and control.

Definition

3. The Audit Commission (2001) defined “risk” as an event or action which will adversely affect an organisation’s ability to achieve its objectives, project plans and processes and to successfully execute its strategies. Therefore “risk management” is the process by which risks are **identified, evaluated** and **controlled**.
4. It is good business practice that risk management processes should be supportive rather than restrictive, and should be embedded in the culture of the Council and embraced by all staff and Members.

Aims

5. The Council’s aims with respect to risk management are as follows:
 - a. To integrate risk management into the culture of the Council.
 - b. To raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation.
 - c. To manage risk in accordance with best practice.
 - d. To minimise losses, injury and damage and reduce the cost of risk.
 - e. To ensure appropriate actions are taken to address identified risks.
 - f. To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Councils’ system of internal control.
 - g. To ensure appropriate actions are taken to identify and pursue opportunities.

6. These aims will be achieved through the Council's risk management strategy which details the roles, responsibilities and actions necessary for successful implementation.
7. The co-operation of all Members and officers is essential to ensure the Council's resources and service provision are not adversely affected by uncontrolled risk, to ensure the Council does not fail to seize opportunities which benefit the community.

Relevant Legislation

8. Stone Town Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice.

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Risk Management Strategy

Introduction

1. This strategy sets out the framework on which risk management processes at Stone Town Council are based. This framework ensures a consistent approach is taken across the Council and provides for an element of independent oversight by Council Officers.

Objectives

2. The objectives of this strategy are:
 - a. To clearly identify roles and responsibilities for managing risk,
 - b. To follow a structured framework for the identification, assessment and evaluation of risks,
 - c. To ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action,
 - d. To ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities,
 - e. To ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to senior officers and Members that appropriate levels of control exist, and
 - f. To provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

Definitions

3. Key definitions within this strategy are:
 - a. **Risk:** an event or action which will adversely affect an organisation's ability to achieve its objectives, projects, plans or processes and thus to successfully execute its strategies.
 - b. **Risk Management:** the process by which risks are identified, evaluated and controlled, which includes the following approaches:
 - i. **Treat the Risk** - Improve the controls to reduce the probability or impact to acceptable limits
 - ii. **Transfer the Risk** - Insure against risk / outsource / design & build option for contracts
 - iii. **Tolerate the Risk** - Live with it, the risk is acceptable and additional controls would not be cost-effective

- iv. **Terminate the Risk** - Do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level

Categories of Risk

- 4. The risks facing the organisation can be split into two main categories:
 - a. **Strategic** - Risks which may threaten the achievement of the Council’s objectives, and,
 - b. **Operational** - Risks which members and staff may encounter in the daily course of their work.
- 5. These categories can also be further analysed to identify the types of risk that would be included under each as follows:

STRATEGIC	OPERATIONAL
<p><u>Political:</u></p> <p>failure to deliver key objectives or policies of other levels of Government</p> <p><u>Economic:</u></p> <p>the Council’s ability to meet its financial commitments</p> <p><u>Social:</u></p> <p>the effects in changes in demographic, residential or socio-economic trends on the Council’s ability to deliver its objectives</p> <p><u>Technological:</u></p> <p>the Council’s capacity to deal with technological change or its ability to use technology to meet changing demands</p> <p><u>Legislative:</u></p> <p>current or potential changes in national or European law.</p>	<p><u>Professional:</u></p> <p>professional competences of staff</p> <p><u>Financial:</u></p> <p>financial planning and control and the adequacy of insurance cover</p> <p><u>Legal:</u></p> <p>possible breaches of legislation</p> <p><u>Physical:</u></p> <p>fire, security, accident prevention and health & safety</p> <p><u>Contractual:</u></p> <p>the failure of contractors to deliver services or goods to agreed costs and specifications</p>

STRATEGIC	OPERATIONAL
<p><u>Environmental:</u> the environmental consequences of service delivery (in terms of energy efficiency, pollution, re-cycling, landfill needs, emissions etc.)</p> <p><u>Competitive:</u> the competitiveness of the service/ the ability to deliver best value.</p> <p><u>Customer:</u> failure to recognise the changing needs and expectations of the community</p>	<p><u>Technological:</u> reliance on operational equipment (IT systems or equipment and machinery)</p> <p><u>Environmental:</u> pollution, noise or energy efficiency of on-going service operation.</p>

Processes

- In line with best practice, the Council has adopted a seven-step process to support the implementation of risk management and help maintain impetus.

	Steps	Actions
1	Identifying risk	Risks will be identified during the service delivery planning process and cross-referenced, where possible, to key tasks and to the achievement of corporate objectives.
2	Analysing risk	Risks will be assessed against likelihood and impact of the identified risks using the Council's approved evaluation criteria to give a risk score.
3	Profiling risk	The evaluation exercise will result in a risk score from which significant risks can be established.
4	Prioritising action	Risks will be entered in the risk register detailing the inherent risk score, existing controls and residual risk score.
5	Determining action	Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk register. Target dates and assignment of responsibility will also be stated.
6	Controlling risk	The specified actions will be carried out as stated in the risk register.

7	Monitoring	The Town Clerk will keep the risk register under review and progress against actions identified will be regularly monitored. The register will be updated as actions are achieved and risk scores amended as appropriate. The identification of risks is a continual process and risks emerging throughout the year will be evaluated and, where necessary, added to the register.
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Risk Management Matrix

7. The risk management matrix set out below categorises risks using colour ratings to focus the Council’s attention in the right place. A red risk indicates an area where the Council should focus its attention, with that level of attention descending through amber, yellow, and through to green, where it is likely that no action could be justified.
8. Each risk is allocated a risk score by multiplying the likelihood of the identified situation occurring by the impact that its occurrence would have on the Council.
9. This assessment is undertaken twice. Firstly to assess the gross risk, which is the raw risk if no controls were in place, then secondly to assess the net risk, which is the residual level of risk after taking the existing controls into account. Only the net risk is shown in the register.
10. As identified in paragraph 3.b above, the Council will need to determine whether it wishes to treat, transfer, tolerate or terminate the risk, and the actions required, if any, to achieve that outcome.

Stone Town Council – Risk Matrix

Impact	Major				
	Significant				
	Serious				
	Minor				
		Unlikely	Possible	Likely	Almost Certain
		Likelihood			

Stone Town Council

Strategic Risk Register – March 2025

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Failure to comply with legislation, regulations or Codes of Practice	Possible legal action against Council or individuals.	Access to legal bulletins, advice and information via NALC, SLCC and Borough Council.	1	4	4	
Failure to maintain a robust and legal decision making process	Challenge to decisions, possible legal action.	Up to date standing orders, code of practice etc. reflecting current legal practices. Access to legal bulletins, advice and information via NALC, SLCC and Borough Council.	1	4	4	
Failure of financial processes and reporting	Decisions taken without full information, Members and officers not properly informed on financial resource matters, potential threat to council resources, reserves and/or reputation.	Annual financial statements prepared by responsible financial officer and, checked by internal and external auditors. Budget monitoring reports provided regularly to Members. Budget consideration annually with forward plan and information on reserves. Town Clerk is qualified and experienced accountant.	1	3	3	
Failure of internal controls	Potential for fraud/theft, procedures not followed leading to possibility of higher costs /need for additional other resources.	Insurance cover - subject to certain requirements being met, internal audit, systems and division of responsibilities. Some limitation due to small number of staff.	1	3	3	
Failure to comply with safety rules related to a pandemic or other similar public risks.	Potential for spreading of virus etc., plus exposure of Council to fines and severe reputational damage.	Regular review of rules and commitment to their implementation.	2	4	8	

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Operational Risk Register (Resource Management) – March 2025

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Planning applications and other consultations not responded to within timescale	Views of the Council not taken into consideration resulting in developments/projects etc. not being amended/refused as requested for the benefit of residents.	Planning Consultative Committee meets monthly. Timetables negotiated with Borough Council if necessary. Delegated arrangements in place for emergency decisions.	1	2	2	
Breach of confidentiality	Confidential documents in the public domain. Possible third party claims/loss of public faith in the Council.	Staff and Members clear about need for confidentiality. Private items clearly indicated on agendas. Media protocol adopted	1	2	2	
Legal proceedings against the Council	Reputation of the Council put at risk, officers / Members personally accountable, possible significant resource implication.	Access to legal advice through NALC, SLCC, Borough Council and independent solicitors. Insurance cover gives some financial protection. Council protocols and procedures designed to prevent actions outside the law.	2	3	6	
Insufficient available resources to meet the Council's needs and priorities	Aims and objectives unable to be met. Interruption or termination of services	Budget prepared over three forward years. Regular budget monitoring by councillors and officers. Reserves at adequate level.	1	3	3	
Major budget overspend	Interruption or termination of services, including services not subject of overspend.	Financial assessment of new developments as part of reporting to Council. Regular budget monitoring by elected members and officers. Reserves at adequate level. Internal controls re ordering and payments.	1	3	3	

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Loss of trading income	Increase in net costs. Interruption or termination of services, including services not subject of income loss. Longer term threat to service where income has fallen.	Planned budget, prudent estimates for income, regular monitoring by officers and elected members allows review of costs or opportunity to expand income to reduce impact where possible.	2	2	4	
Failure of IT systems	Unable to carry out day to day administrative and financial work. Unable to prepare minutes, reports or agendas. Unable to respond to queries from Members or the public.	Professional IT support under contract to provide support to the Council. All key IT equipment to be replaced in 2026. Full review of security systems recently undertaken as part of IT refresh. Planned updating of IT hardware and software to maintain currency, compatibility and reliability.	1	4	4	IT support contract operating successfully.
Serious breach of IT security	Confidential data compromised throughout system. Possible data corruption/destruction. Failure of IT systems.	Limited personal and confidential data held. Domain level network security control. Separate guest access to internet with no access to STC data. Security of network, data, etc. reviewed as part of IT support contract. Improvements to security implemented as part of IT refresh.	1	4	4	
Loss of key staff skills for significant period (e.g. illness or resignation)	Reduced performance or reliability in some or all aspects of the Council's work.	Some posts within the organisation can be covered to provide basic service continuation but due mainly to the small size it is not possible for full crossover of skills and knowledge. A small staff base also means there is not the capacity to significantly increase workload without increasing staffing.	2	3	6	Insurance cover increased from June 2019 to cover accidents to key staff outside work (accidents to staff in work already covered)
Major failure related to health and safety legislation	Injury to or death of a member of staff, Councillor or member of the public. Possibility of legal action by Health and Safety Executive.	Appointed external consultants to support Council's health and safety work. Up to date health and safety policy and strategy. Risk assessments for Council premises and activities. Staff properly trained. NOTE: Some of these controls are not fully in place. This is currently in progress.	1	4	4	Undertake full set of risk assessments Continue programme of staff training

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Major staffing issue resulting in industrial tribunal or legal action.	Resource implications, poor press, impact on workforce and council during tribunal	Existing HR experience. Access to Borough or County HR/Legal staff for support (at a cost). Members of West Midlands Employers' Organization.	1	3	3	
Fraud/Theft	Resource implications, poor press, loss of Council assets, impact on Council reputation.	Internal controls, internal audit, fidelity insurance cover. The effectiveness of internal control is, however, severely restricted in a small organisation with limited scope for separation of duties.	1	3	3	
Economic impact of any future pandemic or other similar occurrence on the Council's activities.	Loss of income from trading activities. Potential additional demands due to impact on community. Reduced spending on public events etc..	There is a degree of self-balancing, with event expenditure reducing to partially compensate for lost income and additional demands.	2	2	4	Continue to monitor

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Operational Risk Register (Service Delivery) – March 2025

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Failure to review and/or collect charges	Reduced income to the Council and non-competitive charges.	Charges reviewed annually as part of budget process. Income levels compared to budget by month as part of budget monitoring processes. Casual hirers pay in advance, regular bookings invoices. Market traders pay in advance. Booked traders who do not turn up are expected to pay on their next visit.	1	1	1	
Lack of adequate insurances	Claims against the Council would result in expenditure in excess of the budget.	Regular review of insurances. Requirement for market traders to have their own indemnity insurance, which is checked before a stall is allocated.	1	3	3	Need to obtain appropriate insurances to cover loaned items at Heritage Centre
Vandalism	Loss of bookings, additional expenditure, poor image.	Users, caretaker or cleaner report any problems to DTC, who takes action accordingly. Terms and conditions of hire for FJC and Station updated to make responsibilities or hirer re damage to premises or equipment clear.	2	3	6	
Inadequate budget provision	Routine and essential maintenance not undertaken or equipment not replaced resulting in reduced bookings and health and safety issues. Deterioration in leased buildings which would need to be reinstated under lease. Open spaces may become unsafe.	Budgets reviewed yearly. Condition of buildings, equipment and open spaces regularly reviewed.	1	4	4	
Inappropriate terms for leased buildings	Council unable to meet obligations under lease, or restrictions prevent Council from making optimum use of asset.	Legal advice sought for new leases, and financial and other implications reported to Members before signing.	2	3	6	

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Buildings and equipment not maintained	Fabric of building deteriorates, resulting in less attractive building for hirers and failure to meet lease obligations.	Building maintenance budget in place for planned and reactive work. Periodic building inspections.	2	3	6	Regular buildings inspections (DTC) Planned preventative maintenance programme (TC)
Lack of Security	Theft and damage resulting in possible loss of assets, cancelled bookings, reduced income and higher insurance premiums.	Regular banking, insurance, buildings alarmed, on-site caretaker at Stone Station, key codes at civic office. CCTV installed at Frank Jordan Centre and Heritage Centre.	1	3	3	Need to improve lone worker provisions now that Police no longer share Station Road offices.
Availability of sufficient marquees for market	Market traders turned away	Council has stock of marquees, which are regularly maintained. Access is available to additional marquees for hire. Refresh of Council marquees last undertaken in March 2019.	1	2	2	
Allotment tenancy agreements not in place	Lack of control of tenancies and income. Tenants not clear on terms of their agreement	Signed tenancy agreements in place with all allotment holders.	1	2	2	
Stone Heritage Centre	New Centre with new challenges and no existing Council operational experience.	Experienced manager appointed. Projected costs based on experience at other Council buildings. Steering Group with external expertise in place.	2	3	6	New Steering Group recently established with overview of operations. This risk will need further analysis in future years when the Heritage Centre is fully operational.
Japanese Knotweed at allotments	Allotment revenue lost, Damage to reputation if spreads.	Regular monitoring and prompt treatment of any Knotweed presence. NOTE: Previous treatment of Knotweed completed.	3	2	6	
Fly tipping at open spaces	Unightly and possibly hazardous resulting in increased expenditure to remove and possible claims against the Council.	Rubbish removed as and when required.	2	2	4	
Illegal encampment	Unightly, unable to gain access for maintenance, health and safety issue resulting in complaints and poor image.	Access partially restricted by gates and fences. Police to be informed as soon as illegal encampment is identified and dealt with by them.	1	3	3	

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required
			Likelihood	Impact	Total	
Litter/dog mess in open spaces	Unsanitary, health and safety issue resulting in complaints and poor image.	Dog bins provided, areas litter-picked regularly.	2	2	4	
Unable to provide services due to restrictions related to any future pandemic or other similar occurrence..	Resource impact (see above). Loss of service to residents. Loss of town centre activity (events and markets). Possible closure of offices.	Plans in place to facilitate remote working if office closed. Regular review of regulations to ensure service provision is maximised within legal requirements.	2	2	4	