



RISK MANAGEMENT

1. Introduction

- 1.1 Risk management is the process whereby local councils methodically address the risks associated with what they do and the services which they provide. The focus of good risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences.
- 1.2 It is not just about financial management - it is about ensuring the achievement of objectives set by the Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, the ability to achieve desired targets and, eventually on the local community's Council Tax bills.
- 1.3 Local authorities currently face pressures that potentially give rise to a range of new and complex risks and which suggest that risk management is more important now than at any other time.
- 1.4 Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, at least once each year Members should:
 - Take steps to identify and update their record of key risks facing the Council;
 - Evaluate the potential consequences to the Council if an event identified as a risk takes place;
 - Decide upon appropriate measures to avoid, reduce or control the risk or its consequences; and
 - Record any conclusions or decisions reached.

2. Areas of risk management

- 2.1 The decisions taken by the Council can, broadly, be split under three headings in terms of how risks are managed.

A. Insurance

- 2.2 Inevitably, insurance cover is the major part of any risk management strategy. Whilst other elements of the strategy are designed to avoid the need for insurance claims, it is essential that certain types of inherent risks are covered by insurance.



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2.3 The Council's insurance policy is based on a similar document adopted by many local authorities and covers:

- The protection of the physical assets owned by the Council i.e. loss, damage etc.;
- Loss of rental income;
- Theft of money including through staff dishonesty (Fidelity guarantee);
- Public liability; ☐ Employers liability; ☐ Personal accident.

2.4 The insurance policy as a whole is reviewed annually by the Town Clerk at or around the renewal date and any changes recommended to Finance & General Purposes Committee. Other changes are made as and when circumstances require such as the acquisition of a new item of equipment.

B. External Advice

2.5 Where necessary and appropriate the Council seeks the advice of others to assess risks:

- Annual professional inspection of play equipment;
- Banking arrangements;
- Use of professionals to provide expert services, for example, Estate Agents regarding letting of office space and Land Agent regarding farm tenancy;
- Careful selection of contractors to ensure that they have the appropriate skills and qualifications to carry out work on behalf of the Council;
- Annual inspections of fire extinguishers, wherever located, and a quarterly inspection of the fire alarm system at the Almonry;
- An internal audit system with regular checks by Members in accordance with the Financial Regulations, in addition to six monthly internal audits carried out by professionally qualified auditors.

C. Internal Controls

2.6 Many of the risks facing the Council arise from its day to day activity. To that extent there is a degree of self-management, the main features of which are:

- Regular maintenance of financial records and systems for authorising expenditure and payment of invoices;
- Budget monitoring by Committees at each meeting and reviews by Finance & General Purposes Committee;



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- VAT returns submitted in accordance with timetable set by HM Revenue and Customs;
- Prompt preparation of the record of meetings, with minutes properly numbered, signed and kept in safekeeping;
- The preparation and updating of policy documents, including financial regulations;
- The placing of documents on the Council's web-site to ensure that they are in the public domain;
- The recording of Members' pecuniary interests;

3. Protection of assets

3.1 Key to this is the compilation and updating of an asset register. This is reviewed annually by the Town Clerk. Other than items which the Council has specifically resolved not to include, these assets are covered by the insurance policy. The assets are physically checked annually by the Town Clerk as part of the Annual Return procedures.

3.2 Additionally, during the course of their day to day work the Council's grounds maintenance staff are aware of the need to be alert to anything which might put assets at risk and to report to the Clerk accordingly.

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