



# whitchurch town council

## Risk Management Scheme

Adopted by Full Council on 16/10/2024 (WTC/FC/26/2425)

### Introduction

Risk Management has been identified by the National Audit Office as an essential part of effective Corporate Governance and the Council has a statutory duty to plan for managing risk.

The principles of good governance are integrity, accountability, and openness. This approach is essential to improve confidence in the Council.

This document sets out a framework on which risk management processes at Whitchurch Town Council are based. The framework should assist in ensuring that a consistent approach is taken across the Council for the identification, assessment, and mitigation of risks, and for ensuring that actions are proportionate to identified risks, thereby effectively and efficiently using resources to maintain a balance between risks and controls.

Effective risk management strengthens the ability of the Council to achieve its objectives and enhances the value of services provided.

### Risk and Risk Management

Risk is “the combination of the probability of an event and its consequences. Consequences can range from positive to negative” (Institute of Risk Management).

Risk Management is “the process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure” (Institute of Risk Management).

Risk Management is, therefore, an essential feature of the way the Council manages its affairs and applies to all aspects of its business.<sup>1</sup>

In addition, there is an audit requirement to establish and maintain a systematic strategy, framework, and process for managing risk and all risks with their respective controls are collated into an organisational Risk Register (see Appendix).<sup>2</sup>

A statement about internal control and the management of risk is also included as part of the Annual Statement of Accounts.

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<sup>1</sup> Governance & Accountability, 2022, 5.89

<sup>2</sup> Accounts and Audit (England) Regulations 2015, s3 and Governance & Audit for Smaller Authorities (England) 2019

## Types of Risk

The Council considered risk in the following, broad, categories:

<b>Strategic</b>	Long-term, adverse, impacts from poor decision-making or implementation. This includes reputational risk, loss of public confidence or statutory intervention.
<b>Compliance</b>	Failure to comply with legislation or procedures, or the lack of documentation designed to give assurance of compliance. This includes exposure to prosecution, judicial review, employment tribunals or an inability to enforce contracts.
<b>Financial</b>	Fraud or corruption, waste, excess demand for services or bad debts. This includes additional audit investigation, objection to accounts, reduced service delivery or dramatically increased Council Tax Precept levels or negative impact on Council reserves.
<b>Operating</b>	Failure to deliver services effectively, malfunctioning equipment, hazards to service users, the public, staff or contractors and damage to property/ies. This includes the risk of insurance claims, higher insurance premiums or lengthy recovery processes.

The Council recognises that not all risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, money may not be an adequate recompense.

Therefore, the emphasis is always on eliminating or mitigating risk to an acceptable and manageable level. Risk can also be connected to opportunities as well as potential threats.

## Risk Management Processes at Whitchurch Town Council <sup>3</sup>

### Risk Identification

Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed.

### Risk Analysis

Identified risks are systematically and accurately assessed using proven techniques. Analysis makes full use of available data on the potential frequency of events and their consequences.

### Risk Prioritisation

An assessment is undertaken on the likelihood and impact of each risk, with impact and probability, each categorised as Low, Medium, or High via a numerical scale. Any risk score of 6 or higher is subject to further, detailed consideration and preparation of contingency or actions plans to appropriately control the risk identified.

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<sup>3</sup> Reg 3 (c) Accounts & Audit Regulations 2015

Potential Impact	High	3	6	9
	Medium	2	4	6
	Low	1	2	3
		Remote	Possible	Probable
		Likelihood		

### Risk Control

Risk Control is the process of undertaking actions to minimise the probability of a risk event occurring and / or reducing the severity of its consequences if it should happen. Typically, our risk control measures may include the identification and implementation of revised operating procedures. In exceptional circumstances, more drastic action may be needed to reduce the risk to an acceptable and manageable level.

Other risk control options may include:

- Tolerate** Documenting a conscious decision, after assessment, of areas where the Council accepts or tolerates risk.
- Treat** Control measures implemented to reduce the impact or probability of the risk occurring.
- Transfer** Passing financial impact to a third party through insurance (usually in mitigating financial risks or risks to the Council's assets).
- Terminate** The circumstances from which risk may arise are ceased and therefore no longer exist.

## **Risk Monitoring and Review**

The effectiveness of risk control measures is regularly reviewed and monitored, and it is also important to assess whether the nature of any risk has changed over time.

Information gathered from applying risk management measures also helps to ensure that risks can be avoided or minimised in future. This also informs the nature and extent of cover provided by our insurances and a balance reached between self-insurance and external protection.

## **The Risk Register**

Details of our Risk Matrix are given in the attached appendix.

**Health & Safety risks** (within our buildings or at events, for example) are assessed in a similar manner, but are recorded and managed separately using the same processes outlined above.

## **Risk – Roles and Responsibilities**

### **Councillors**

Risk Management is a core component of the Councillors' stewardship role and there is an expectation that Members of Public Office will lead and monitor the approach adopted. This includes:

- Approval of this Risk Management Scheme
- Consideration to any resultant Risk Register Matrix

The Council has a responsibility to undertake an annual audit of financial and other governance or operational procedures to ensure that recommendations from internal or external audits are implemented.

### **Officers (particularly the Proper Officer / Responsible Finance Officer)**

When developing projects or recommending service changes, officers will ensure that risks are identified and the measures to eliminate or control risks are documented within agenda / briefing reports to be considered by the Council or its Committees.

The Proper Officer also ensures that all decisions are accurately recorded in minutes of meetings and that these decisions are effectively carried out.

**Some matters may be delegated to the Proper Officer, however, responsibility for the management and mitigation of risk must remain with the Council as a corporate body.**

All employees are expected to undertake their duties within risk management guidelines using safe working and best practice guidance wherever possible.

## Training

The Council ensures that all officers and Members receive appropriate risk management training commensurate with their role/s.

## Audit Control

### **The role of Internal Audit**

The Internal Auditor, appointed by the Council, provides important scrutiny by undertaking audits to give independent assurance to the Council. Internal Audit helps the Council to identify both its financial and operational risks and assists in developing or implementing proper arrangements to manage or mitigate risk, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

### **The role of External Audit**

External Auditors, appointed nationally, are responsible for checking that the accounts comply with relevant enactments and proper accounting practices. This gives assurance that the Council's Annual Statement is true and fair, and that the authority had proper arrangements in place for securing economy, efficiency, and effectiveness in the use and management of its resources. The external audit approach is based on the completion of an annual return by the Council, relying heavily on cooperation of the Council with the External Auditor with a significant amount of self-certification as part of the process (Annual Governance and Accountability Return – AGAR).

## Review

**The Council ensures that this Risk Management Scheme is reviewed no less than annually.**

## Whitchurch Town Council – Risk Register 2024

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Personal injury or damage to member(s) of the public or their property arising from defect(s) in Council property</b>	Low – Council property comprises fixed installations as set out in the Asset Register	Claims for compensation and costs to the Council in defending claims, where appropriate	Covered under Public Liability Insurance arrangements	Regular maintenance and prompt repair of damage	Council
<b>Compensation claims by employees (or contracted persons) in respect of injury sustained during their employment / engagement</b>	Low – given the nature of the roles and training / guidance regarding safe working practices	Claims for compensation and associated costs	Covered under Council’s Employer’s Liability Insurance arrangements  Adherence to Health & Safety at Work Act – risk assessments in place for activities undertaken by employees / contractors	Maintain adequate insurance cover  Provision of appropriate training and other controls	Council
<b>Loss of cheques / cash held on the Council’s behalf</b>	Low – Receipts are rarely in cash. Electronic payment encouraged over cash / cheque	Reduction in the Council’s financial resources	Insured loss (including theft) – depending on circumstances. Prompt payment of receipts into bank with electronic payments encouraged. Precept and VAT refunds direct to bank	Maintain adequate insurance alongside good working practices (including prompt deposit and encouraging electronic payments). Dual control where appropriate	Council / Officers

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Financial loss due to banking error (e.g., loss of interest or charges sustained)</b>	Low	Reduction in Council's financial resources	Regular monitoring, review, and reconciliation of bank accounts	Application of Financial Regulations. Scrutiny of regular bank statements when received. Periodic review of banking arrangements to secure best terms and conditions	Council / Officers
<b>Loss of monies due to fraudulent activities (employees or suppliers)</b>	Low – significant incidents should be easily detectable. Council employs officers ensuring trustworthiness and integrity (evidenced by references / DBS where appropriate)	Reduction in Council's financial resources	All payments authorised by 2 Members, against invoices, following officer scrutiny – including destination bank detail. All expenditure scrutinised at regular intervals by Council. Accounts subject to scrutiny by Internal Auditor with External Auditor overview. Supplier onboarding.	Application of Financial Regulations	Council
<b>Damage to Council property by third party / ies</b>	Low – confined to items listed on Asset Register	Repair and associated costs to be covered	Council's insurance arrangements cover registered assets	Maintain property in good order, regular monitoring, and security practices (including PAT testing)	Council / Officers

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Compensation claim resulting from (alleged) negligent act or accidental omission by the Council or its employee(s)</b>	Medium – due to the nature of activities	Potentially substantial cost to Council – including reputational risk	Risk covered by Council’s insurance policies	Maintain adequate insurance cover. Ensure Council decisions are based on full information, including professional advice where necessary. Safe working practices.	Council / Officers
<b>Actions against the Council for libel / slander</b>	Low – proper conduct of Council meetings and officer’s professional judgement regarding correspondence	Potentially substantial cost to Council – including reputational risk	Risk covered by Council’s insurance policies	Member awareness. Proper conduct of meetings by Chairman. Professional advice from officers. Managed communications.	Council / Officers
<b>Failure to represent community interests adequately in relation to matters likely to impact significantly on the community</b>	Low – Council is well established as a consultee	Reduction in local facilities and/or quality of life or missed opportunity to benefit from external funding and/or advice	Council is well recognised by other agencies for consultation and information. Membership of NALC / SALC	Threats / opportunities reported to Council. Proper Officer engagement with partner or potential partner organisations. Special Meetings called if appropriate. Constant communication flow	Council



<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Loss of Council paper records and / or computer files due to accident or otherwise</b>	Low – Council records maintained in a secure environment	Poor efficiency in locating information – particularly legal or historic records	<p>Paper records maintained in metal storage cabinet giving degree of fire protection</p> <p>Computer records backed up remotely</p> <p>Move to cloud -based environments</p>	<p>Appropriate storage and archive practices</p> <p>Move to cloud-based storage of computerised records</p> <p>Mover to paperless systems where appropriate</p>	Council / Officers
<b>Unauthorised release of personal data contrary to GDPR 2018</b>  <b>GDPR compliance</b>  <b>Information Governance</b>	Low – data held is limited mainly to contact details in either hard copy or electronic form	Risk of ICO action / fine in case of data breach	Data maintained to be reviewed regularly and removed in accordance with retention policies	<p>Member awareness of Council responsibilities – including data supplied to them whilst undertaking Council duties. Use of official communication channel (.gov email addresses)</p> <p>GDPR principles incorporated into all practices</p> <p>Data encryption where appropriate</p>	Council / Officers

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Precept request not submitted on time or not paid by Principal Authority. Precept is inadequate for purpose or does not provide sufficient reserves</b>	Low – Council has appropriate time to ensure proper facilitation of Precept request	Reduction in Council's financial resources  Inability to deliver services	Budget and Precept is considered in a timely manner in line with Standing Orders and statutory requirements  Resolution is minuted and officers manage Precept request process  Finances review regularly against budget/s	Process managed by Proper Officer / RFO  Process prompted by Principal Authority	Council / Officers
<b>Salaries wrongly calculated or paid</b>  <b>Erroneous employees</b>  <b>Tax, NI, or other deductions incorrect</b>	Low – Payroll software or service reduces calculation errors  Low – Payroll checked by Members  Low – Payroll software or service reduces calculation errors	Reduction in Council's financial resources	Payment is made online in accordance with Contract of Employment and Financial Regulations  Taff paid under Inland Revenue Tax Deduction Scheme, including RTI	Online payment in line with Financial Regulations  Quarterly budget comparison by Full Council  Individual payments documented and recorded	Council

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Payment made for goods not received</b>	Low	Reduction in Council's financial resources	Purchases from reputable and known suppliers – generally after goods received. Prepayment in exceptional circumstances agreed by Proper Officer / RFO	Payment after receipt. Purchased processes in place  Invoices double-checked on receipt	Council / Officers
<b>Councillor / Officer Allowances and Expenses overpaid</b>	Low	Reduction in Council's financial resources	All Allowances and expenses retained in records of payment	Payment only after detailed claim submitted and checked by Proper Officer / RFO	Council / Officers
<b>Reserves too low to service requirements</b>	Low	Reduction in Council's financial resources  Inability to deliver services	Annual Budget process and approval  Regular review against budget headings  New expenditure only undertaken where reserves allow. Reserves maintained at a level commensurate with expenditure commitments and historic experience	Good financial management – including monitoring and formal approval of costings for new services and / or projects, whilst maintaining reserves in line with experience  Adherence to Financial Regulations	Council / Officers

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Loss of key personnel</b>	Medium	Inability to operate and deliver services – including risk of loss of powers (e.g., General Competence)  Inability to recruit appropriate staff	Ensure officers have adequate training, support, and time to undertake their role  Avoidance of stress and subsequent long-term sickness  Ensure adherence to anticipated behaviours  Ensure computerised work regularly backed up  Ensure adequate notice periods on either side to ensure appropriate recruitment timescales	Ensure good line management practices and oversight by Personnel Committee  Maintain regular contact – including reviews, training, and support mechanisms  Strive to be an employer of choice  Ensure good IT/documentation practices maintained  Review contract terms where necessary	Council
<b>Financial records inadequate and not archived as required by legislation leading to potentially fraudulent activity</b>	Low	Loss of ability to prove payments, failure to comply with statutory requirements and loss of monies	Ensure Financial Regulations maintained and reviewed regularly. Good governance practices undertaken	Internal Controls are in place and reviewed  Internal Auditor report provides assurance	Council / Officers

<b>RISK</b>	<b>PROBABILITY</b>	<b>IMPACT</b>	<b>MITIGATION</b>	<b>CONTROL</b>	<b>RESPONSIBILITY</b>
<b>Banks and Banking (including online services, credit cards and other financial arrangements)</b>	Low	Loss through lack of governance and control or bank collapse (no FSCS protection for authorities with annual budget >€500K)	Bank accounts managed in accordance with legislation and reconciled regularly  Banking Controls  Use of reputable institutions	Financial Regulations and Internal Controls adhered to and reviewed regularly  Any credit card reconciled to receipts with detailed account provided in month of spend	Council / Officers
<b>Council Organised Activities</b>	Low	Risk of financial loss  Failure to follow legal procedures resulting in claims against the Council	All activities organised by the Council have full risk assessment and comply with any statutory requirements – permissions obtained to meet Public Liability Insurance conditions	Risk Assessments completed and considered with appropriate controls	Council / Officers
<b>VAT</b>	Low	Risk of financial loss	VAT reclaims completed in a timely manner	Regular budget and I&E monitoring	Council / Officers
<b>HMRC returns</b>	Low	Risk of financial loss, including late payment penalties	Compliance with regulatory requirements	Member awareness of governance responsibilities  Training, if required	Council