Littlehampton Town Council
Corporate Risk Management Strategy

1. Introduction

Corporate Risk Management (CRM) is defined as the threat that an event or action will adversely affect the Council's ability to achieve its objectives or to successfully execute its strategies. Risk management is about an organisation's ability to consider and manage risks to help it deliver its goals.

CRM is a corporate and systematic process evaluating and addressing the impact of risks in a cost-effective way and ensuring that all decision makers have the appropriate skills to identify and assess the potential for risks to arise and direct action as appropriate, all in a timely manner.

The definition recognises that risk is ever present and is not in itself a negative factor. The consideration of whether an event or action will present a substantive risk is the key. CRM can inform the decision-making process and stimulate and generate development of new opportunities, and ensure that where opportunities do arise, they are responded to appropriately.

"If a council doesn't have effective risk management, then it doesn't have effective management. That is because risk management is about making the right decisions and about achieving objectives once those decisions have been made. In short, risk management can ensure best value is achieved" – SOLACE (Society of Local Authority Chief Executives).

A risk is anything that could prevent the achievement of The Council's objectives. However, failure to act upon opportunities which present themselves could also prevent the successful or timely achievement of The Council's objectives. Hence CRM is about managing opportunities (by maximising these) and risks (by minimising these), in a formal, transparent, and effective manner such that it adds value to the Council.

The Council is aware that some risks will always exist and will never be eliminated. It acknowledges that it has a responsibility to manage hazards and risks and supports a structured and focused approach to managing them by approval of the following risk management strategy. In this way the Council will better achieve its corporate objectives and enhance the value of services it provides to the community.

2. Objectives of Risk Management

The objective of CRM is the identification, evaluation, control and review of threats and opportunities to all activities of the Council which can affect the achievement of its aims and objectives at all levels.

CRM enhances the likelihood of achieving successful outcomes whilst reducing the probability of failure and the uncertainty of achieving aims and objectives.

CRM is often incorrectly viewed as a burden on employees. However, when applied correctly, risk management assists employees and services, and hence the Council, to achieve stated objectives, whilst protecting staff, assets and resources against risk.

Littlehampton Town Council's CRM objectives are to:

- Identify, evaluate and manage the opportunities and risks to which the Authority is exposed, at all levels
- Enable effective delivery of services to local people and to minimise the risk of significant service failures
- Integrate risk management into the culture of the council
- Anticipate and respond to changing social, environmental, and legislative needs as well as changes in the internal environment
- Manage risk in accordance with best practice
- Minimise injury, damage, and losses
- Raise awareness of the need for risk management by all those connected with the council's delivery of services
- Enable better, more informed decision making at all levels within the Council
- Embed risk management into day-to-day management and working arrangements
- Protect physical assets, promote employee and public safety and maximise resources
- Learn from risk failures to improve the systems of internal control and risk management
- Promote good corporate governance and therefore contribute to the annual assurance statement incorporating the statement on internal control.

It is the responsibility of all Councillors and employees to have regard for risk management whilst carrying out their duties. Unchecked risks can result in a drain on resources that could better be directed to front line service provision and to meeting the Council's objectives.

This strategy enables risks and opportunities to be identified, evaluated, controlled, monitored, and reported. The process applies equally to both strategic and operational risks and is integrated into the business planning process.

The objectives will be achieved by:

- Establishing clear roles, responsibilities, and reporting lines within the Council for risk management
- Maintaining a strategic risk register
- Ensuring that risk management is explicitly considered in all decision making by requiring inclusion in all formal decision reports identifying the risks associated with the action proposed and the arrangement being put in place to manage these risks
- Reinforcing the importance of effective risk management as part of the everyday work of employees by offering training
- Carrying out regular risk assessments and monitoring arrangements on an on- going basis.

Corporate Risk Management Procedure

1. Identifying the Risk

Main Risk categories

- People
- Delivery of Services
- Reputation and Democratic Representation
- Financial
- Statutory/legal
- Fixed Assets
- IT and data
- General Public

Risks or barriers to achieving Corporate Objectives should be identified. Strategic risks to which the Council is exposed should be recorded in the Council's Risk Register. Appendix 2.1 lists the different types of risk.

Risks are identified through:

Cause - Identifying the hazards

Effect - Identifying the possible consequences of the cause

Impact Rating - Anticipating the significance of the risk

2. Evaluating the Risk

The Impact Rating based on the Health and Safety Executive's approach is as follows: Also see Appendix 2.2.

Likelihood

High For example - is a daily activity, is out of Town Council control or there is a history of events.

Medium

Low For example – is a rare event or the hazard is secure with little to no danger.

Impact

High For example - will cause death, cause financial loss over £10,000, break the law, is fraudulent or would cease Town Council functions

Medium

Low For example - the dangers are low or it would have little to no effect on Council services.

Potential areas of risk which have been identified are then analysed using the Risk Matrix below to give an assessment of the likelihood of a risk materialising and the impact it would have on the Council. The action for each Risk should be prioritised according to the Risk Value, as seen in the following Risk Matrix:

Impact	**High**	**3**	3	6	9
	Medium	**2**	2	4	6
	Low	**1**	1	2	3
Risk Matrix			**1**	**2**	**3**
			Low	**Medium**	**High**
			Likelihood		

The Risk Value is calculated by multiplying the Impact score by the Likelihood score. Both Impact and Likelihood should be calculated based on the existing controls already in place.

The Risk Matrix should be used to score each identified risk. Firstly the Likelihood of the risk materialising and then the Impact a particular risk could have on the Council is recorded. This is why the risks identified should be specific.

The evaluation results are recorded in the Risk Register. Any risk that scores 4 (red) or more will be highlighted for an action plan. The Risk Register will be kept up to date by the Senior Management Team who will need to be informed if any amendments to the initial assessment are required. The Risk Register will be reviewed annually, or when an event

occurs that might change the risk status.

3. Mitigation of Risk

The next step is to then consider what controls are in place to mitigate the risk. A risk can be mitigated in two ways: one is to reduce the likelihood of it occurring, the other is to reduce the impact to the Council should the risk materialise. In other words what controls are there in place to reduce both the likelihood of a risk materialising and the impact should it do so?

An important point to note is that only controls which actually exist should be considered. If controls are not in place (for example it is planned to have these controls at a future date), then they cannot be considered as mitigating the risk. Controls which will be in place in the future should be considered as an action point in the Risk Register.

Record the current controls in the risk register.

4. Dealing with Risk

Following evaluation there are five main control options to manage the risk:

- **Accept the Risk –** in some instances, low-scoring risks may be considered to be acceptable. The risk should be monitored and re-evaluated either annually or when an event occurs which alters the risk.
- **Manage the Risk** – Some form of prevention or control is necessary either to existing controls or by creating a new control. The control should reduce the impact or likelihood, and include timescales for the control to be in place.
- **Transfer the Risk –** to provide financial recompense/support, such as insurance, in the event of loss.
- **Modify the Risk –** Change the activity from which the risk has been identified.
- **Eliminate the Risk** – Withdraw from the activity. This measure would be considered if it was felt that the risk was too great or that the financial cost of mitigating controls was too high.

If the residual risk (risk after implementing the control measure) score is higher than acceptable, further action needs to be identified to manage the risk to reduce the score.

5. Monitoring and Evaluating Risk

Risk analysis should be an on-going process, not a one off annual exercise. It should be carried out at regular intervals as identified appropriate for each service as part of the risk assessment. The ultimate aim is that the process becomes an integral part of service delivery.

The Town Clerk is responsible for ensuring the Corporate Risk Management Strategy is carried out and the Corporate Risk Register is kept up to date.

Appendix 1: Types of Risk

Strategic Risks	Operational Risks
Those which can affect the medium to long term goals and objectives of the Council.	**Those which staff can encounter in their daily work.**
Political – failure to deliver local or central government policy, or meet the administration's manifesto commitments.	**Professional** – associated with the particular nature of each profession
Economic – affecting the ability of the Council to meet its financial commitments. These include budgetary pressures, failure to obtain adequate insurance cover, failure to take account of external economic changes (eg interest rates, inflation), and the consequences of investment decisions or the loss of an investment opportunity	**Financial** – associated with financial planning and control and the adequacy of insurance cover.
Social – effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.	**Legal** – possible breaches of legislation eg age discrimination legislation.
Technological – capacity of the Council to deal with the pace/scale of technological change, or its ability to address changing demands. May also include the consequences of internal technological failures on the Council's ability to deliver its objectives.	**Physical** – related to fire, security, accident prevention and H&S.
Legislative – associated with current or potential changes in National or European Law.	**Contractual** – failure of contractors to deliver services or products to agreed costs or specification.
Environmental – consequences of progressing the Council's strategic objectives (e.g. in terms of energy efficiency, pollution, recycling, landfill, emissions etc.)	**Technological** – relating to reliance on operational equipment e.g. IT systems or products to the agreed cost and specification.
Competitive – affecting the competitiveness of services in terms of cost or quality and ability to deliver Value for Money.	**Environmental** - relating to pollution, noise or energy efficiency of ongoing service operation.
Customer/Citizen – failure to meet current and changing needs and expectations of customers and citizens.	
People - recruitment/retention of qualified staff, succession planning, over reliance on key officers or inability to implement change. Also, lack of clarity over roles and responsibilities.	
Information - Those associated with the security, accuracy, timeliness of any information held or given by the organisation.	
Reputation – adverse publicity in the media.	

Source: Chance or Choice? Risk Management in Local Government

Appendix 2: Risk Ranking

Step One – Impact (Actual or Potential)
To establish correct 'Descriptor' look in the table below in the four 'Impact' columns for the wording that best describes the event you are reporting. Note: If there are two or more descriptions that fit the event, then use the highest scoring Descriptor.

Descriptor (Score)	Impact on Individual	Scope of impact in terms of volume of people	Impact on the organisation	Financial Impact (estimated cost to reduce risk)
HIGH (3)	**Death;** Unexpected Death Suspected Homicide Suicide **Permanent Injury (Loss of function);** (emotional, psychological or physical), ill health or Damage AWOL/Missing Part.	Greater than 50 people	National/ International adverse publicity Temporary/ Extended Service closure Litigation potential greater than £500,000 Increased level of care for greater than 15 days	Greater than £10,000 (can be resolved at Member level)
MEDIUM (2)	**Semi-permanent Injury (Likely to be resolved within one year);**(emotional, psychological or physical), ill health or Damage	Greater than 3 people but less than 50 people affected	Local adverse publicity Litigation potential greater than £50,000 Increased level of care less than 15 days but greater than 5 days	Less than £10,000 but greater than £1,000 (can be resolved at Town Clerk level)
LOW (1)	**No permanent Injury (Probably be resolved in one month);**(emotional, psychological or physical), ill health or Damage **No identifiable Injury;** (emotional, psychological or physical), Damage or ill health.	Less than 3 people affected	Litigation potential less than £50,000 Increased level of care less than 5 days No disruption to service	Less than £1,000 (can be resolved at Line Manager level)

Step Two – Likelihood of Occurrence
Likelihood Rating is a matter of personal judgment. You must estimate what is reasonably going to happen by using the table below as a guide.

Likelihood	Descriptor	Score
HIGH	This type of event will happen again, (and frequently)	3
MEDIUM	This type of event may happen again, (50/50 chance of happening again)	2
LOW	This type of event is unlikely to happen again (remote chance)	1