



Lichfield City Council

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Town Clerk: Anthony Briggs B.A. (Hons), CILCA

25 November 2021

To: Members of the Audit Committee

Councillor M Warfield (Chairman) and Councillors Mrs J Greaves, I Jackson, A Lax, D Robertson, A Smith and C Spruce.

Also to: Ms A James (Accounts Officer), and Mr G Keatley (Internal Auditor).

Dear Councillor

Audit Committee

You are invited to attend a meeting of the Audit Committee to be held via 'Zoom' at **6.30pm on Thursday, 2 December 2021** for the transaction of the business below. Please forward any apologies for absence to the Town Clerk.

A link enabling members to join the meeting will be circulated separately. Any member of the public wishing to view the meeting should email the Town Clerk (tony.briggs@lichfield.gov.uk) to advise of their intention to attend; the link to the meeting will then be provided by return.

Yours sincerely

Anthony Briggs
Town Clerk

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

3 MINUTES

To confirm as a correct record the Minutes of the Audit Committee meeting held on 10 June 2021, **attached**. [Minutes adopted by Council on 14 June 2021].

4 MATTERS ARISING FROM MINUTES

5 STATEMENT OF ACCOUNTS – SIX MONTHS

To consider the Town Clerk's report (**APPENDIX 1**, attached) for the half year period 1 April – 30 September 2021.

The report shows:

Column 1 – The actual income/expenditure to 30 September 2021 (50% of full year)

Column 2 – The forecast of expenditure for the remaining six months

Column 3 – The current anticipated total spend for the year (Column 1 + 2)

Column 4 – The Budget for 2021/22

Column 5 – The anticipated variance from budget

RECOMMENDED: That the report be noted.

6 DEBT RECOVERY POLICY

The City Council is fortunate that it has very few bad debts, with officers chasing payments regularly to ensure they are received in a timely manner and taking action against those who demonstrate poor payment practices (for example preventing further use of chargeable LCC facilities until existing debt is repaid).

There are however some instances where further action is required and the draft policy at **APPENDIX 2** (attached) is designed to be utilised in such situations.

As much as for the Council, the draft policy sets out to any late payer the actions that will be taken by the Council in the event of continued non-payment; it is therefore hoped that formalising such a policy will result in a further reduction in the requirement for such action to be pursued.

Currently any 'bad debts' must be reported to council in line with Financial Regulation 11.4. The draft policy provides delegated authority to the Town Clerk in consultation with the Leader of the Council to 'write off' bad debts under £100 if they fall into certain categories (compassionate, deceased, uneconomic or absconded). Any amount above the £100 threshold must be reported to Council as is the case currently.

The City Council rarely needs to write off debt and it is not anticipated that this policy will be frequently utilised, though there is one bad debt currently that is scheduled for legal action.

RECOMMENDED:

a) The Audit Committee to consider the draft Debt Collection Policy and discuss/agree amendments as it feels appropriate. The Committee to then make a recommendation to Council that the draft Debt Collection Policy (as amended) be adopted.

b) The Audit Committee to further recommend that LCC Financial Regulation 11.4 be amended from 'Any bad debts shall be reported to the Council' to 'Any bad debts shall be progressed and reported to the Council in accordance with the adopted Debt recovery policy as reviewed by the City Council's Audit Committee each year'.

7 RISK MANAGEMENT STRATEGY

The City Council's Risk Management Strategy is reviewed annually and is also included within the Internal Auditor's report. While the existing strategy remains appropriate, the draft updated strategy (**APPENDIX 3**, attached) is more comprehensive and also includes a matrix scoring system to assess risk. The updated strategy as drafted includes an annual review of the Strategy by this Committee each year.

RECOMMENDED: The Audit Committee to consider the draft Risk Management Strategy and discuss/agree amendments as it feels appropriate. The Committee to then make a recommendation to Council that the draft Risk Management Strategy (as amended) be adopted.

8 DATE AND TIME OF NEXT MEETING

Scheduled for Thursday, 10 March 2022 at 6.30pm. The Committee may wish to consider whether it wishes to continue via Zoom or return to face to face meetings.

ANY OTHER BUSINESS AT THE DISCRETION OF THE CHAIRMAN

Lichfield City Council

Minutes of the Meeting of the Audit Committee held via 'Zoom' on Thursday 10 June 2021 at 6.30pm

Present: Councillor M Warfield (Chairman) and Councillors Mrs J Greaves, I Jackson, A Lax, D Robertson and C Spruce.

In attendance: A Briggs (Town Clerk and RFO), G Keatley (Internal Auditor) and A James (Accounts Officer).

Apologies: Councillor A Smith.

1. DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

None

2. MINUTES AND MATTERS ARISING

Minutes of the Audit Committee meeting held on 11 March 2021 were adopted at Council on 16 March 2021, subject to a clarification at Minute 14 to confirm there would be no financial loss to the council from payment of estimated water meter readings as the accounts would reconcile on submission of an actual reading in due course.

RESOLVED: *The Minutes of the meeting, subject to the amendment resolved at Council on 16 March 2021, be agreed as a correct record.*

3. OUT-TURN REPORT AND STATEMENT OF ACCOUNTS

Members considered the Out-turn Report and also the Draft Statement of Accounts (Annual Return), for the year ending 31 March 2021. Cllr C Spruce emphasised the loss of income from the Markets and Guildhall as a result of COVID-19, and praised the work of the Markets Working Group in its endeavours to return the Market to generating a surplus and contributing towards a balanced budget for the council. Cllr Spruce thanked the Internal Auditor and Accounts Officer for their hard work throughout the year and the financial controls they bring to the Council; the Town Clerk and other attendees added their own thanks to both officers. Cllr D Robertson observed that when Repairs and Renewals slippage is taken into consideration, the out-turn was within 0.25% of original budget, and while there is some degree of fortuitousness in that outcome, controls were clearly in place to keep the budget within tolerances.

RECOMMENDATION TO COUNCIL:

1. *The report and Out-Turn Statement 2020/21 be received*
2. *The Council as Trustee of the Johnson Birthplace Charitable Trust make a payment of £14,305 from the Trust Funds to the City Council as the contribution to the expenditure incurred by the City Council in operating the Museum during the 2020/21 financial year.*
3. *In respect of the External Auditor Annual Return for the year ending 31 March 2021:*
 - a. *The Council approve the Annual governance Statement (Section 1 of the Annual Return) and that this be signed by the Mayor and Town Clerk on behalf of the Council*
 - b. *The Council note that for the year ending 31 March 2020, Section 2 of the Annual Return has been restated as a result of the Joint Panel on Accountability and Governance (JPAG) narrowing the classification of staff*

cost, removing the recording of mileage, and other travelling and subsistence allowance, from AGAR Box 4 to AGAR Box 6. The total sum being £1,537.

c. The Council approve the Accounting Statements (Section 2 of the Annual Return) and this be signed by the Mayor on behalf of the Council

d. The Council note the Annual Internal Audit Report section of the Annual Return

e. The Council note the dates for the exercise of public rights – beginning on 16 June 2021 and ending on 27 July 2021.

4. DATE AND TIME OF NEXT MEETING

In the calendar of meetings as Thursday 2 December 2021 at 6.30pm.

**THERE BEING NO FURTHER BUSINESS THE CHAIRMAN DECLARED
THE MEETING CLOSED AT 6.47 PM**

Audit Committee 2 December 2021: APPENDIX 1

FINANCIAL SUMMARY REPORT - 1 APRIL to 30 SEPTEMBER 2021

This report contains the financial progress for the period 1 April 2021 to 30 September 2021 and summarises the income and expenditure against budget in the first six months (50%) of the financial year and the year-end projected outturn. The report shows:

Column 1 – The actual income/expenditure to 30 September 2021 (50% of full year)

Column 2 – The forecast of expenditure for the remaining six months

Column 3 – The current anticipated total spend for the year (Column 1 + 2)

Column 4 – The budget for 2021/22

Column 5 – The anticipated variance from budget

Column 6 – Explanatory note reference (*notes overleaf*)

- *Actual/Forecast/Total/Budget column figures in red represent income.*
- *'Variance' column figures in red represent variance worse than budget.*

Net Expenditure	£	£	£	£	£	
SERVICE AREAS	ACTUAL 6 MONTHS TO 30 SEPTEMBER	FORECAST FOR REMAINING 6 MONTHS TO 31 MARCH	TOTAL FOR YEAR (Col. 1 + 2)	BUDGET FOR YEAR	VARIANCE	NOTES
Parks and Footpaths	118,657	142,047	260,704	243,614	17,090	1
Guildhall	54,993	69,716	124,709	141,179	16,470	2
Community Centres	6,428	9,845	16,273	16,273	0	
Markets	-8,050	11,787	3,737	33,757	30,020	3
Civic	39,853	41,066	80,919	96,189	15,270	4
Grant Aid/Partnerships	38,452	12,976	51,428	51,428	0	5
Arts/Tourism/Twinning	22,171	52,463	74,634	67,609	7,025	6
Johnson Birthplace Museum	52,997	67,761	120,758	120,148	610	7
Democratic Services	52,149	47,262	99,411	101,041	1,630	
Investment Interest	-1,464	-586	-2,050	-3,600	1,550	8
Loan Charges	0	0	0	0	0	
Agency	-17,974	1,870	-16,104	-13,604	2,500	9
TOTAL SERVICE COST	£358,212	£456,207	£814,419	£854,034	£39,615	10
Repairs and Renewals	47,010	133,007	180,017	156,777	23,240	11
Community Infrastructure Levy (CIL)	-30,448	-37,557	-68,005	0	68,005	
TOTALS	£374,774	£551,657	£926,431	£1,010,811	£84,380	12

Explanatory Notes:

- Note 1: *Significant and necessary work has been undertaken on the Council's Open Spaces, with additional work scheduled.*
- Note 2: *Original assumptions for 2021/22 Guildhall income made during COVID lockdown in 2020 and were deliberately cautious as a result. The current forecast of £16,470 under budget may improve further during the year.*
- Note 3: *Similar to Note 2 above, the 2021/22 budget was prepared during lockdown and took a pessimistic view of 2021/22 income, assuming COVID related restrictions would remain in place for much of the financial year in some form. With the lifting of restrictions and increased demand both for the market itself and for hire of the Square on non-market days, forecast income is significantly higher. The forecast assumes no return of restrictions during the remainder of the financial year and also accounts for the quieter winter trading months and trader discounts that are applied. Receipt from stall sale included in 'actual' figure, assumption of £3,500 spend on toilet block as per MWG recommendation included in 'forecast' figure.*
- Note 4: *Includes reduction in the cost of Civic events, notably due to the revised arrangements for the 2021 Sheriff's Ride.*
- Note 5: *Includes balance brought forward of £4,240 and an assumption that this additional balance will be committed in full.*
- Note 6: *Includes new Market Square Christmas lights fixture for Christmas 2021 as previously reported.*
- Note 7: *Includes income of £8,000 from COVID-19 grants, but as sales income remains low, the overall forecast is for a slight overspend. Again, this situation will evolve as the year unfolds.*
- Note 8: *Reduction in interest rates.*
- Note 9: *It was anticipated that SCC would reduce their payment to LCC for verge maintenance and this was accounted for in the budget. However, the actual payment received was higher than the reduction that had been assumed, resulting in an overall underspend.*
- Note 10: *4.6% underspend forecast across service heads but excluding CIL and Repairs and Renewals. Part of the underspend results from the lack of agreement at national level on 2021/22 salaries; this will be backdated in due course. Repairs and Renewals now presented separately to 'core' services following discussions with the Internal Auditor.*
- Note 11: *1.6% underspend forecast across service heads but excluding CIL. Previously reported overspend at Cruck House countered to some degree by CIL contribution to SJBM renovations. The current forecast assumes all contingency sums to the SJBM phase 1 redevelopment will be allocated, which may not prove to be the case. Also includes some costs associated with improvements to Darwin Hall. Potential for relatively significant variation from current forecast as the year unfolds due to work undertaken/invoice timing at year end etc. These costs are funded from Capital Reserve.*
- Note 12: *8.3% underspend including CIL allocation, which is recorded separately in line with audit requirements.*

RECOMMENDED: That the six-month Financial Summary Report be noted.

Audit Committee 2 December 2021: APPENDIX 2

LICHFIELD CITY COUNCIL - DEBT RECOVERY POLICY

1. Objective & Review

- 1.1 In order to maximise income the City Council will collect all debt owing to it promptly, effectively, efficiently, and economically, while ensuring unbiased and fair treatment to all debtors.
- 1.2 This policy, once adopted by Council, to be reviewed annually by Audit Committee. Any recommendations for change being made to Council by the Audit Committee and subject to confirmation by resolution at full council.

2. Framework

- 2.1 This policy document sets out the Debt Recovery Policy for the Council to ensure that all sundry debts and income of the Council are managed, administered, and collected in a transparent, efficient and cost-effective manner.
- 2.2 To achieve its goal of being an efficient and effective Council, Lichfield City Council will:
 - Collect all debt owing to it promptly, effectively, efficiently, and economically.
 - Comply with ethical best practice and legislative requirements appropriate to each individual debt, or debtor.
- 2.3 The effective management and collection of debt is an essential contributor to the Council's financial resource and maximises income. Throughout the body of text of this policy the reporting to the Council by the Responsible Financial Officer (RFO) will be via the Audit Committee. If the debt is deemed to affect the day to day running of the City Council finances an Extraordinary Meeting will be arranged following the guidelines as laid out in the Local Government Act 1972, Sch 12, paras 9 and 25 to discuss the matter.

3. Purpose

- 3.1 The purpose of this policy is to provide clear guidance for the RFO on the recording, reporting, recovery and monitoring of income.
- 3.2 The RFO must follow this procedure to ensure the Council maximises the collection of debts and income in the most efficient and cost-effective manner.

4. Roles and Responsibilities

4.1 Responsible Financial Officer

The RFO will follow the legislation as laid out under sections 137, 150 and 168 LGA 1972; sections 111-116 LGA 1988; Audit Commissions Act 1998; Accounts and Audit Regulations 2003 (S.I. No.533) Sections 21 and 22 LGA 2003; Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. No.3146.)

4.2 The RFO is responsible for the organisation and supervision of all income arrangements, which includes proper accounting, collection arrangements and reporting to the Council on a regular basis. The RFO must arrange for income to be accounted for correctly within the Council's financial accounts and make an appropriate annual provision for bad debts.

5. Raising Invoices

5.1 All invoices raised must be properly supported by documentary evidence that supports the debt and using the relevant agreed hire charges, rents or fees. VAT will be charged at the prevailing rate where appropriate.

5.2 The RFO must use the most appropriate method of collecting each type of income, ensuring effectiveness, efficiency and economy.

5.3 Where practical and efficient, advance payment should be requested for services. This minimises the financial risk to the Council.

5.4 All invoices will bear contact details of the person issuing the invoice and general contact details for the City Council in case of queries.

5.5 Invoices should contain a brief explanation as to why the Council requests payment. The RFO should ensure invoices are raised promptly. Where the invoice relates to Allotments, Office rents and services, invoices should be issued periodically as agreed, in advance of each period.

6. Terms and Conditions

6.1 Terms and conditions are designed to protect the rights of the Council, limit potential liabilities and provide some degree of security for the recovery of the debt.

6.2 All invoices must request payment within 30 days or less of the dated invoice.

7. Methods of Payment

7.1 The Council's preferred method of payment is BACS/Card. However, this does not prohibit accepting payment by cash or cheque.

7.2 All debts should be paid in full by the due date.

8. Collection

8.1 The collection of income in respect of invoices raised must follow a standard course, which fully documents the efforts made to settle the debt.

- 1 The relevant staff member will raise the debt in the first instance.
- 2 If no payment is received within stated terms; the relevant staff member will commence its recovery procedure, which begins with a first stage reminder letter giving a further 7 days' notice.
- 3 If possible, this will be followed with either a telephone call or email.
- 4 If no payment is received after a further 7 days a final demand notice will be sent by, or on behalf of, the RFO.

- 5 The further use of facilities will be ceased immediately. All action taken will be fully documented by the RFO.

9. Reminder Letters

- 9.1 The relevant staff member will produce all reminder letters within the timescales laid out in this policy. Standardised reminder letters will be generated.
- 9.2 The final demand notice, produced by the RFO, advises the customer of further enforcement action, refers to any interest or charge which the debtor is liable to pay and the rate at which it will accumulate from the date of the letter.

10. Disputed Invoices

- 10.1 Each invoice will bear the contact details of the person issuing the invoice. In the first instance the originating officer should be contacted to resolve any initial problems or queries, the matter can then be passed to the RFO as appropriate
- 10.2 All invoices that are disputed will be flagged as not requiring further action until resolution of the dispute.
- 10.3 The RFO will retain responsibility for query resolution at this stage and advise of invoice amendments if deemed appropriate. This should be done using properly supported documentary evidence that validates the reason for reducing or cancelling a previous amount invoiced.
If an invoice is flagged:
1. A reason for the dispute should be clearly defined
2. Every effort to resolve, should be made, at the earliest opportunity
3. Any obstacles to partial or full payment should be explored and resolved
- 10.4 The aim should be to resolve disputes within one week. Where this is not possible, close monitoring should follow with the objective of resolving as soon as possible.
- 10.5 All flagged invoices should be reviewed weekly by the RFO and reported to the City Council if deemed appropriate by the RFO, with reasons for the dispute and the amount involved.

11. Recovery Action

- 11.1 If, after exhausting all the reminder stages the debt remains outstanding, the RFO must progress as follows:
- 11.2 If the total value of the customer's debt(s) is less than £100 and it is considered by the RFO uneconomic or unreasonable to pursue further, the RFO may, in consultation with the Leader of the Council, authorise write-off of that debt on behalf of the Council

Example Reasons for Bad Debt Write Off under this provision:

- Absconded or Unable to Trace
- Compassionate
- Deceased
- Uneconomic

LICHFIELD CITY COUNCIL RISK MANAGEMENT STRATEGY 2021

1. Introduction

- 1.1 This document forms Lichfield City Council's Risk Management Strategy. It sets out:
- What risk management is
 - Why the City Council needs a risk management strategy
 - The City Council's philosophy on risk management
 - The risk management process
 - Roles and responsibilities
 - Future monitoring
- 1.2 The objectives of this strategy are to:
- Further develop risk management and raise its profile across the City Council
 - Integrate risk management into the culture of the organisation
 - Embed risk management through the ownership and management of risk as part of all decision making processes; and
 - Manage risk in accordance with best practice

2. What Risk Management is

- 2.1 *'Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.'* Audit Commission, *Worth the Risk: Improving Risk Management in Local Government*, (2001: 5)
- 2.2 Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety but applies to all aspects of the City Council's work.
- 2.3 Risks can be classified into various types, but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working. The examples below are not exhaustive:

Strategic Risk – Long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the City Council, loss of public confidence and, in a worst-case scenario, Government intervention.

Compliance Risk – Failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals and the inability to enforce contracts.

Financial Risk – Fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on City Council reserves.

Operating Risk – Failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

- 2.4 These risks can be broken down further into specific areas which could impact on the achievement of the City Council's strategic objectives and day-to-day delivery of services:

Political – Those associated with the failure to deliver local, regional or national policy

Financial – Those affecting the ability of the City Council to meet its financial commitments; failure of major projects; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; initiative overload

Social – Those relating to the effects of changes in demographic, residential, or socio-economic trends on the City Council's ability to deliver its strategic priorities

Technological – Those associated with the capacity of the City Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. This includes the consequences of internal failures on the City Council's ability to deliver its objectives

Legal – The ability of the City Council to meet legislative demands affecting breaches of legislation

Environmental – Those relating to the environmental consequences of progressing the City Council's objectives in terms of climate change, energy-efficiency, pollution, recycling, emissions etc

Partnership/Contractual – Those associated with the failure of partners/contractors to deliver services to an agreed cost and specification and similarly failure of the City Council to deliver services to an agreed cost and specification; compliance with procurement policies (internal/external); ensuring open and fair competition

Human Resources – Those associated with the professional competence of staff; training and development; over-reliance on key personnel; ineffective project management; recruitment and selection issues

Organisational – Those associated with the review of services and delivering continuous improvement

Health & Safety/Physical – Those related to fire, safety, accident prevention and health & safety which pose a risk to both staff and the public; safeguarding and accounting of physical assets

Reputational – Those associated with the changing needs of customers and the electorate; ensuring appropriate consultation; avoiding poor public and media relations.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might not be an adequate recompense. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.

- 2.5 Risk is not restricted to potential threats but can relate to missed opportunities. Good risk management can facilitate proactive, rather than merely defensive responses. Measures to manage adverse risks are likely to help with managing positive ones.

3. Why the City Council needs a Risk Management Strategy

- 3.1 Risk management will strengthen the ability of the City Council to achieve its objectives and enhance the value of services provided.
- 3.2 The Risk Management Strategy will help to ensure that Councillors and employees understand risk and that the City Council adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.
- 3.3 Strategic risk management is an important element in demonstrating continuous service improvement.
- 3.4 There is a requirement under the Accounts and Audit Regulations 2015 to establish and maintain a systematic strategy, framework and process for managing risk.

4. Risk Management Policy Statement

Lichfield City Council recognises that it has a responsibility to manage risks effectively to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its aims and objectives and to maximise the opportunities to achieve its vision.

The City Council is aware that some risks can never be eliminated fully, and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.

Risk management is an integral part of the City Council's management processes.

5. Implementing the Strategy

5.1 Risk Control

Risk control is the process of acting to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action may be required to reduce the risk to an acceptable level.

Options for control include:

Elimination – The circumstances from which the risk arises are removed so that the risk no longer exists

Reduction – Loss control measures are implemented to reduce the impact/likelihood of the risk occurring

Transfer – The financial impact is passed to others eg.by revising contractual terms;

Sharing – The risk is shared with another party

Insuring – Insure against some or all the risk to mitigate financial impact; and

Acceptance – Documenting a conscious decision after assessment of areas where the City Council accepts or tolerates risk.

5.2 Risk Register

The Strategic Risk Register (*Appendix A*) will be regularly refined and updated as part of this Risk Management Strategy.

5.3 Risk Monitoring

The risk management process does not finish with putting risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time. The Risk Management Plan will be reviewed at least annually by the Town Clerk and the Audit Committee.

The information generated from applying the risk management process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

5.4 Risk Management System

Risk Identification – Identifying and understanding the hazards and risks facing the City 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 – Once risks have been identified they need to be systematically and accurately assessed using proven techniques. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to the risk.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored Negligible (1), Low (2), Medium (3) and High (4)

		Impact			
		Negligible (1)	Low (2)	Medium (3)	High (4)
Likelihood	High (4)	4	8	12	16
	Medium (3)	3	6	9	12
	Low (2)	2	4	6	8
	Negligible (1)	1	2	3	4

The scores for impact and likelihood are scored as above. Risks scoring 12 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

6. Roles and Responsibilities

- 6.1 It is important that risk management becomes embedded into the everyday culture and performance management process of the City Council. The roles and responsibilities set out below are designed to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. The process must be driven from the top but must also involve staff throughout the organisation.
- 6.2 **Councillors** – Risk management is seen as a key part of Councillors’ stewardship role and there is an expectation that Councillors will lead and monitor the approach adopted, including:
- i) Approval of the Risk Management Strategy
 - ii) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed
 - iii) Consideration, and if appropriate, endorsement of the Annual Governance Statement
 - iv) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues
- 6.3 **Employees** – will undertake their job within risk management guidelines ensuring that their skills, experience and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed information into the formal process. They will work to control risks or threats within their roles, monitor progress and report on task related risks to the Deputy Town Clerk or Town Clerk.
- 6.4 **Town Clerk** – will act as the lead officer on risk management and be responsible for overseeing the implementation of the Risk Management Strategy. The Town Clerk will:
- i) Provide advice as to the legality of policy and service delivery options
 - ii) Provide advice on the implications for service areas of the City Council’s strategic aims and objectives
 - iii) Update the City Council on the implications of new or revised legislation
 - iv) Assist in handling any litigation claims
 - v) In consultation with the City Council’s external advisors as necessary, provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work-related illness or injury

- vi) In consultation with the City Council's external advisors as necessary, advise on any health and safety implications of the chosen or proposed arrangements for service delivery
- vii) Assess and implement the City Council's insurance requirements
- viii) Assess the financial implications of strategic policy options
- ix) Provide advice on budgetary planning and control
- x) Ensure that the financial information systems and processes allow effective budgetary control
- xi) Ensure the City Council's Risk Register is maintained
- xii) Effectively manage the City Council's investment and loan portfolio.

6.5 Role of Internal Audit – Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance to the City Council that the necessary risk management systems are in place and all significant business risks are being managed effectively.

Internal Audit assists the City Council in identifying both its financial and operational risks and seeks to assist the City Council in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

Internal Audit reports, and any recommendations contained within, will help to shape the Annual Governance and Accountability Return.

6.6 Audit Committee – Review and future development of the Risk Management Policy and Strategy will be overseen by the Audit Committee.

6.7 Training – The aim will be to ensure that both Staff and Councillors have the skills necessary to identify, evaluate and control the risks associated with the services they provide. Risk Management training and development can be provided through a range of methods such as workshops, literature and in-house service familiarisation.

6.8 In addition to the roles and responsibilities set out above, the City Council is keen to promote an environment within which individuals and groups are encouraged to report adverse incidents promptly and openly.

7. Future Monitoring

7.1 Review of Risk Management Strategy – This Strategy will be reviewed annually by the Audit Committee.

8. Conclusions

The City Council responded well to the COVID-19 pandemic, with Staff and Councillors being proactive, pragmatic, flexible and responsive to constant and persistent change. However, it has shown the importance of an effective risk management strategy and exposed strengths and weaknesses in our current systems and procedures. Environmental concerns and opportunities have also been brought to the fore.

The adoption of a sound risk management approach should achieve many benefits for the City Council and will assist in demonstrating that the City Council is committed to continuous service improvement and effective corporate governance.

**APPENDIX A
STRATEGIC RISK REGISTER**

Activity	Identified Risk	Assessment and Action	Impact	Likelihood	Score
Financial	To ensure that the Council maintains responsibility for the finances of the Council and that the procedures to be followed are set out for everyone to understand. That ongoing checks of the Council's financial dealings are carried out and reported to the Council	The Council has in place Financial Regulations and procedure notes that detail the controls and procedures to be followed and responsibilities. These are aimed to secure efficient and prudent control of the Council's finances. Financial reports are presented for consideration by Council and/or the Audit Committee.	Medium 3	Low 2	6
Financial	That core activities of the Council are given precedence in allocation of the Council's financial and human resources.	The Council will give due regard to the Strategic Plan objectives when determining priorities for allocation of resources.	Low 2	Low 2	4
Financial	That the Council's finances are sufficient to enable it to continue providing its identified priority services	Regular reports are submitted to Council comparing actual expenditure to date to budget. Budgets are set with due regard to previous expenditure levels, inflationary pressures, and foreseeable variations in service levels, costs and other factors. There is also a general reserve in place for unexpected and unbudgeted expenditure so as to allow the Council to continue to operate.	High 4	Low 2	8
Financial	That the Council is run efficiently and effectively	In addition to internal management checks, there are annual financial, and systems audits carried out by the Council's internal auditor through the agreed Internal Audit programme. There is an annual external audit carried out DCLG appointed external auditors.	High 4	Low 2	8
Financial	To protect the Council against theft from an officer or former officer of the Council	The Council has fidelity insurance. The Council has an approved anti-fraud and corruption checklist.	Medium 3	Low 2	6
Financial	The loss of computerised financial records and other records	The Council has an approved back-up and security strategy for its computer systems and records.	Medium 3	Low 2	6
Financial	That the Council's business is protected against loss, damage or claims made upon it.	The Council has a combined insurance policy with Zurich Municipal for buildings and property, public and employer's liability.	Medium 3	Low 2	6
Financial	Management of Fraud	As part of risk assessment procedures and understanding of management processes and the Audit committee's oversight. The Town Clerk has completed a Fraud Risk assessment Questionnaire	Medium 3	Low 2	6
Health and Safety	Failure to comply with Health and Safety legislation	The Council has a comprehensive Health and Safety Risk Assessment for its activities and premises.	Medium 3	Low 2	6
Central Administration	The Council has in place sufficient qualified and/or experienced staff to operate and manage its activities and structures are in place to	The Town Clerk (RFO) is supported by a Deputy Clerk to deputise in his absence and a separate Internal Auditor. Other key administrative staff have assigned duties but are multi-skilled and there is considerable shared knowledge of roles to ensure the continuation of			

Activity	Identified Risk	Assessment and Action	Impact	Likelihood	Score
	protect the operations against the loss of a key member of staff	operations in the event of one person being unavailable to carry out their duties. There are a team of Premises Attendants employed to ensure the smooth operation of the Guildhall. Written procedure notes are available for key duties, and premises manuals are largely complete, there is however a need to increase depth of knowledge in financial matters, notably Bankline and Autopay following their relatively recent introduction. The Staffing Committee undertakes an annual review of the staffing establishment available to service the Council's functions.	Medium 3	Medium 3	9
Central Administration	How would operations continue following the loss of premises due to a major incident?	Emergency office accommodation can be provided in Guildhall rooms and Community Centres. The introduction of Office 365 Cloud allows for Home working.	Medium 4	Low 2	8
Markets Operation	Interruption/cancellation of Markets activities	If the Market Square was unavailable alternative arrangements could be made to operate in the streets or other Open Space	Medium 3	Low 2	6
Room Hire at Guildhall	Interruption/cancellation of room hire through loss of building by fire etc	The building and contents are insured against loss. Loss of the Guildhall would not in itself affect the ability of the Council to function. No business interruption insurance is held as the income lost from Guildhall hire would be sufficiently mitigated by reduced operating costs.	High 4	Low 2	8
Community Centres	Loss of properties through fire etc. Failure/disbandment of management committees.	The building and contents are insured against loss. Temporary closure during reconstruction of the Community Centres would not in itself affect the ability of the Council to function. The Council has sufficient experience from operating Guildhall to temporarily take over running of the Community Centres should a management committee cease to function, as evidenced at Boley park Community Hall	High 4	Low 2	8
Ground's maintenance	The contractor goes into liquidation, or tender price on contract rises significantly.	Current contract is with Lichfield District Operational Services (District Council's DSO) the Council has entered into an ongoing Service Level Agreement.	Medium 3	Low 2	6
Land	Loss of land, or public open space, through encroachment, adverse possession etc	Boundaries of areas known, recorded, and inspected.	Low 2	Low 2	4
Twinning	Interruption/cancellation of Twinning activities	Twinning activities are a non-essential activity.	Low 2	Medium 3	6
Johnson Birthplace	Loss of properties through fire etc.	The building and contents are insured against loss. Temporary closure during reconstruction would not affect the ability of the Council to function.	High 4	Low 2	8
Legal	Litigation against Council	Council has Public Liability and Employer's liability insurance. Control measures in place to reduce likelihood of successful claims	Medium 3	Medium 3	9
Data Protection	Non-compliance with the General Data Protection	Upgrade to server and workstation monitoring.	Medium 3	Low 2	

