

For Council: 10 June 2024 APPENDIX 1A

Lichfield City Council

Minutes of the Meeting of the Audit Committee held via 'Zoom' on Thursday 6 June 2024 at 6.30pm

Present: Councillor J Marshall (Chair) and Councillors A Fox, S Hollingsworth, P McDermott, M Warfield and B Watkins.

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

Apologies: Councillor A Lax

1. DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

None

2. MINUTES AND MATTERS ARISING

RESOLVED: *The Minutes of the meeting held on 6 March 2024 be agreed as a correct record. [Minutes adopted by the City Council on 11 March 2024].*

3. ASSET REGISTER AND ASSET REGISTER POLICY

Members conducted the annual review of the asset register and associated policy. The Chair enquired as to the separate insurance for the stained glass window in the Guildhall, the Town Clerk confirmed this was due to the value and historic significance of the item.

RECOMMENDATION TO COUNCIL: *That the Asset Register and associated policy be adopted. [APPENDIX A and B to these Minutes]*

4. OUT-TURN REPORT AND STATEMENT OF ACCOUNTS

Members considered the Out-turn Report and the Draft Statement of Accounts (Annual Return), for the year ending 31 March 2024.

The Chair raised concerns as to the council's depleting capital reserve, wishing to develop a long-term view as to how long that reserve would last and the implications thereof. The Town Clerk gave a brief overview of the repairs and renewals work carried out over recent years, highlighting the significant spend in 2023/24 on Darwin Hall and Curborough CC, plus the retention payments for those projects falling due in 2024/25 that form 50% of the repairs and renewals budget for the current year. The Town Clerk stated that he would like to see the general repairs and renewals budget reduce to £20,000 - £40,000 per year, rather than the approx. £100,000 in the 2024/25 budget.

Cllr Fox asked the Internal Auditor whether problems had, in the past, been left to worsen due to lack of resources, leading to greater costs in the longer term. The Internal Auditor stated that the detailed architect reports were not provided at that time, making it more difficult to inform priority work, and that the City Council was not the owner of either the Guildhall or Donegal House until relatively recently, and that significant work was required on acquisition.

Cllr McDermott asked whether there was any national guidance as to an 'appropriate amount' of reserves. The Town Clerk confirmed that General Reserve levels between 3 and 12 months of precept are considered appropriate, the Internal Auditor confirmed that appropriate levels of 'earmarked' reserves are for the council to determine.

The Chair asked the Town Clerk if he was concerned about the current trend of declining reserves. The Town Clerk stated that while close attention should be paid to the level of reserves, and there was always the risk of a significant and unexpected cost arising, the amount of projects completed in the past eight years or so had seen a significant improvement in the council's property and all had been guided by architect inspections and recommendations. This completed work will not need to be repeated for many years, meaning the focus is shifting from large (expensive) projects to less costly maintenance. The Town Clerk also stated that it is within the council's gift to increase the precept if it feels that this area is not sufficiently resourced.

Cllr Hollingsworth asked for clarification on 'retention payments' as applied to the repairs and renewals programme. The Town Clerk confirmed these are amounts held back from contractors (usually 5%) as part of the contract, to be paid following the expiry of the defects period (usually 12 months) and completion of any items raised by the architect during their inspection of the completed work; this can often include matters such as plaster shrinkage, paint peel etc as well as potentially more serious failings.

Cllr Fox sought clarification on the 'Open Spaces' budget line, noting that the increase for 2024/25 was relatively low, suggesting either a low inflationary increase in the LDC grounds maintenance contract, or an expectation of less 'one off' open spaces work in 2024/25. The Town Clerk advised that a review of the Grounds Maintenance contract had taken place with LDC during 2023/24 in readiness for 2024/25 and had resulted in some savings, but also that 2023/24 had seen a significant amount of 'one-off' tree work, notably to St Michael's churchyard and various allotment sites; these two factors combined had led to the relatively small increase in budget for the current year.

RECOMMENDATION TO COUNCIL:

- 1 *The Report and Out-Turn Statement 2023/24 be received.***
- 2 *The Council, acting in the capacity of sole Trustee of the Johnson Birthplace Charitable Trust, make a payment of £11,320 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 2023/24 financial year.***
- 3 *In respect of the External Auditor Annual Return for the year ending 31 March 2024:***
 - 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 approve the Accounting Statements (Section 2 of the Annual Return) and this be signed by the Mayor on behalf of the Council***
 - c. *The Council note the Annual Internal Audit Report section of the Annual Return***
 - d. *The Council note the dates for the exercise of public rights - commencing on 12 June 2024 and ending on 23 July 2024.***

5. RISK MANAGEMENT STRATEGY

The Committee considered the Risk Management Strategy, most recently considered by the Committee in December 2023.

The Chair asked whether major capital spend arising from a situation similar to Darwin Hall was directly accounted for in the risk register. The Town Clerk stated that it was not directly covered, but related matters such as appropriate insurance are covered, and that the situation with Darwin Hall was somewhat unique and should not apply to any of LCC's other buildings. The Town Clerk suggested that an item could be added to the risk register, but there was a general belief that such an addition would not add great value to the document.

RECOMMENDATION TO COUNCIL: That the Risk Management Strategy be adopted.
[APPENDIX C to these Minutes]

6. DATE AND TIME OF NEXT MEETING

In the City Council's approved Calendar of Meetings as Wednesday 4 December 2024 at 6.30pm. The Committee has previously expressed its preference that the meetings are held via 'Zoom'.

THERE BEING NO FURTHER BUSINESS THE MEETING WAS CLOSED AT 7.05PM

AUDIT COMMITTEE MINUTES : 6 June 2024 APPENDIX A

Lichfield City Council
Asset Register 2023/24

Property

Lichfield City Council

Operational Assets:

| Property | Year Acq./ | Address |
|-------------------------------|------------------|--------------------------------------|
| 1 Donegal House & courtyard | Acquired 2012 | Bore Street,Lichfield WS13 6LU |
| 2 Guildhall | Acquired 2012 | Bore Street,Lichfield WS13 6LU |
| 3 Cruck House | Acquired 1981 | Stowe Street,Lichfield WS13 6BN |
| 4 Curborough Community Centre | Constructed 1984 | Reynolds Close,Lichfield WS13 7NY |
| 5 Boley Park Community Hall | Acquired 1981 | 7 Ryknield Street,Lichfield WS14 9XU |
| 7 Darwin Hall | Constructed 2010 | Heathcot Place,Lichfield WS13 6RQ |

Community Assets:

| | | |
|--|------------------|--|
| 8 Friary Clock Tower | Acquired 1981 | The Friary,Lichfield WS13 6QE |
| 9 Wall,Balustrade & Gate | Acquired 1981 | Bird Street,Lichfield WS13 7LD |
| 10 Boswell Statue | Acquired 1981 | Market Square,Lichfield WS13 |
| 11 Dr Johnson Statue | Acquired 1981 | Market Square,Lichfield WS13 |
| 12 Pinfold | Acquired 1981 | Stafford Road,Lichfield WS13 |
| 13 Borrowcup Pavillion (Gazebo)(Folly) | Acquired 1981 | Hillside,Lichfield WS14 |
| 14 Prince Ruperts Mound | Acquired 1981 | Approx 65m Nort East of Beacon Street,Lichfield WS13 |
| 15 Grey Friars & Portico | Acquired 1981 | The Friary,Lichfield WS13 6PE |
| 16 Market Square & Premises (Toilet/kitchen block) | Constructed 1984 | Market Square,Lichfield WS13 6LG |
| 17 Serjeantson Fountain | took on 2014 | Greenhill, Lichfield |
| 18 Civic Silver | Acquired 1981 | |

Civic Regalia Including Robes & Uniforms

Other Assets

Hired Marquee in September (Johnson)
Painting Mayor of Lichfield in 1687
Card Machines
10x computers
2x Laptops
Sonic wall power supply
Server
Photocopier

Samual Johnson Charitable Trust

| | | |
|---|---------------|---------------------------------------|
| 6 <u>Samuel Johnson Birthplace Museum</u> | Acquired 1981 | Breadmarket Street,Lichfield WS13 6LG |
| -Building | | |
| - Computer Equipment | | |
| - Stock | | |
| -Exhibits/Workts of Art | | |
| - Painting on Loan | | |
| - Chair on Loan | | |
| - All Other exhibits on loan | | |
| - Oil Painting of Lucy Porter | | |
| - Bust on Loan | | |
| Trustee Liability | | |

| AGAR | AGAR | Reinstatement costs | Zurich | | |
|-------------------|-------------------|---------------------|---------------------------------|--------------------|-------------------|
| | | | Insurance Valuation 01/05/2024 | | |
| | | | Building | Contents | All Risks |
| 2022-23 | 2023-24 | oct-21 | | | |
| £ | £ | £ | £ | £ | £ |
| 1,860,819 | 1,860,819 | 3,250,000 | 4,484,025 | 48,363 | |
| 2,652,250 | 2,652,250 | 4,655,000 | 5,865,300 | 87,008 | |
| | | 285,000 | | | 369,873 |
| 333,120 | 333,120 | 415,000 | 572,576 | 0 | |
| 604,551 | 604,551 | 825,000 | 1,138,253 | 0 | |
| 443,422 | 443,422 | 489,500 | 675,363 | 0 | |
| 852,327 | 852,327 | 905,000 | 1,248,629 | 0 | |
| £6,746,489 | £6,746,489 | £10,824,500 | £13,984,146 | £135,371 | £369,873 |
| 1 | 1 | 720,000 | 993,384 | | |
| 1 | 1 | 460,000 | 621,496 | | |
| 1 | 1 | 143,000 | | | 185,585 |
| 1 | 1 | 151,200 | | | 196,227 |
| 1 | 1 | 0 | | | |
| 1 | 1 | 55,000 | 75,884 | | |
| 1 | 1 | 0 | | | |
| 1 | 1 | 0 | | | |
| 58,064 | 58,064 | 85,000 | 117,725 | | |
| 1 | 1 | 42,600 | | | 55,286 |
| 497,901 | 497,901 | | | | |
| | | | | | 1,674,032 |
| £555,975 | £555,975 | £1,656,800 | £1,808,489 | £0 | £2,111,130 |
| | | | | | 6,300 |
| | | | | | 4,432 |
| | | | | | 1,454 |
| | | | | | 12,600 |
| | | | | | 3,528 |
| | | | | | 4,158 |
| | | | | | 10,080 |
| | | | | | 8,820 |
| | | | £0 | £0 | £51,372 |
| £7,302,463 | £7,302,463 | £12,481,300 | £15,792,635 | £135,371 | £2,532,375 |
| | | | Ecclesiastical Insurance | | |
| | | | Building | Contents | |
| | | | 1,952,000 | 3,132,237 | 7,464 |
| | | | | | 3,488 |
| | | | | | 5,000 |
| | | | | | 1,497,636 |
| | | | | | 15,000 |
| | | | | | 15,000 |
| | | | | | 12,790 |
| | | | | | 6,000 |
| | | | | | 5,000 |
| | | | | | 100,000 |
| | | | 1,952,000 | 3,132,237 | 1,567,378 |
| | | | | | 100,000 |
| | | | £14,433,300 | £18,924,872 | £1,702,749 |
| | | | | | £2,632,375 |

Audit Committee Minutes 6 June 2024: APPENDIX B

Lichfield City Council - Asset Register Policy

1 Background

Local Councils must maintain an Asset Register to ensure fixed assets are appropriately safeguarded. This includes items of a capital nature where values tend to be high and which have a useful life of more than one-year (Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2022, Section 5).

The Council's Financial Regulations (Duties of the RFO): To maintain the Council's register of property and assets as required by the Accounts and Audit Regulations 2015 (regulation 4(3)(b)).

2 Scope of Asset Register

2.1 To ensure transparency and reasonableness, the following items are **included** in the Council's Asset Register, whether purchased, gifted or otherwise acquired, together with their holding location

- Land and buildings held freehold or on long term lease in the name of the Council
- Community assets
- Vehicles, plant and machinery
- Assets considered to be portable, attractive or of community significance
- Other assets estimated or known to have a minimum purchase or resale value of £10,000
- Long term investments, shares and loans made by the Council
- assets held on trust

2.2 The values indicated in the Asset Register will inform the 'total fixed assets' section of the Annual Return with the exception of assets held on trust.

2.3 The following items fall outside the definition for inclusion and are therefore excluded from the Council's Asset Register:

- Land and buildings held on short term lease or rented
- Land and buildings maintained or serviced, but not owned by the Council
- Assets rented by or loaned to the Council
- Stock items intended for resale
- Stationery and other consumable items
- Boundaries of land owned
- Floor or land surfaces and drainage
- Plants and trees
- Assets with a purchase or resale value of less than £10,000 (other than items listed as for inclusion in the asset register)
- Repairs
- Cash, short term investments and other current assets
- Intangible assets (e.g. Trademarks, internet domain names, contingent assets, broadcast rights)
- 'negative' assets (e.g., Provisions, borrowings, creditors and contingent liabilities)

2.4 A separate section of the asset register will contain a schedule of disposals.

3 Valuation of Assets

3.1 Once recorded on the asset Register, the value must not change from year to year until disposal. *Concepts of depreciation and impairment adjustments are not appropriate for local councils* (Governance and Accountability for Local Councils: A Practitioners Guide 2022-Section 5).

3.2 Assets must be valued by one of the following means based on available information.

- Ideally, apply the purchase price (net of VAT if VAT has been reclaimed)

- Otherwise, apply the purchase price (gross of VAT if VAT has not been reclaimed or where the VAT status of the purchase is unclear).

3.3 When it is not possible to trace the purchase price of the asset the insurance valuation should be applied. As a last resort, a nominal value of £1 may be applied. The £1 valuation should also be used for assets gifted to the Council.

3.4 There is no guidance where land or buildings have been subject to substantial renovation and improvement to such an extent that the new market value bears no relation to the original purchase cost. To avoid renovation and improvement work being separately recorded on the asset register and in these exceptional circumstances only, a market value supplied by a qualified surveyor may be entered.

4 Procedure for updating the Asset Register

4.1 The start point is the Asset Register that has been agreed for the end of the previous financial year. The financial ledger should be reviewed for all purchases made during the year. A discussion should be held to identify any assets that have been gifted to the Council. Any new assets which fall in the categories stated at 2.1 above should be added to the Asset Register, with their values recorded at the purchase price (net of VAT if VAT is being reclaimed) or at £1 if gifted to the Council.

4.2 The financial accounts should also be reviewed for all assets sales

4.3 A 'stock take' of Asset Register items should occur to ensure they can be physically verified. Any asset which cannot be located should be removed from the Asset Register and recorded in the schedule of disposals.

4.4 The Asset Register, schedule of disposals and this policy will be reviewed annually by the Audit Committee and approved by Council.

5 The Asset Register and Insurance

5.1 For insurance purposes, the Asset Register includes a column to record the replacement value of each asset.

5.2 The Asset Register will be used to inform the insurers of Council assets. For the purposes of insurance, the value to be used is the replacement value of items and not the purchase price as per the asset register. The Council should ensure land and buildings are valued accurately for insurance purposes. Buildings should therefore be valued every five years (**last valuation October 2021**) to ensure the appropriate insurance is held.

6 Asset Disposal Procedure

6.1 Financial Regulations - In accordance with Financial Regulation 15.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value does not exceed £1,000.

6.2 Value for money - The best value outcome to the Council must be a major consideration when disposing of assets. Disposal should be based on a fair market value for each item.

The price established should be based on:

- Current market value
- Condition of the item
- Age of the item
- An assessment of the item.
- N.B. All data storage devices must be reformatted prior to disposal to delete any data they may contain.

6.3 Reasons for disposal - Items can be available for disposal because they are:

- Required to be disposed of under a particular policy

- No longer required due to changed procedures, functions or usage patterns
- Occupying storage space and not being needed in the foreseeable future
- No longer complying with health and safety standards
- Beyond repair but able to be scrapped

There should be a written reason for disposal to be considered by Town Clerk/Council. Special consideration should be given to items of potentially hazardous or pollutant items which are likely to have an impact on the environment.

6.4 Options for Disposal of Assets - Assets identified for disposal may be dispensed with using the following procedures listed below

- Sale by public tender
- Donated to a community service or organisation
- Scrap

Choice of the most appropriate disposal option will normally be influenced by the nature of the goods for disposal and market value.

6.5 Sale by tender - External tenders should be advertised using the appropriate channels and sealed bids sought. assets should be sold as seen and no warranty should be given or implied. and subject to the tenders opening committee procedures. Payment should be received in full prior to the equipment being released.

6.6 Sale to staff - Items cannot be purchased by staff/Councillors for the purpose of managing conflict of interest and fair offering.

6.7 Donations - Where the Council has determined the goods have no residual value, and where their disposal is therefore unlikely to produce sufficient revenue, it may authorise the donation of the goods to another organisation.

6.8 Scrap - Where items have negligible value or where the cost and time involved in managing the sale process would exceed the financial benefit, the equipment may be scrapped

6.9 Asset disposal and Asset Register - It is important that any asset disposals are correctly handled to ensure transparency and accountability. The Town Clerk/RFO is responsible for updating Council's asset register following the appropriately authorised asset disposal. All asset disposals will be recorded in the Asset Disposal Register for audit purposes.

Adopted: December 2022

Revisions June 2024: None

Audit Committee Minutes 6 June 2024: APPENDIX C

LICHFIELD CITY COUNCIL RISK MANAGEMENT STRATEGY 2024

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 e.g. 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 at least annually by the Audit Committee.

8. **Conclusions**

COVID-19 demonstrated the importance of an effective risk management strategy and exposed strengths and weaknesses in systems and procedures. Environmental concerns as well as the threat of terrorism and the implications of Martyn's Law have also been brought to the fore.

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