

For Council: 8 December 2025 APPENDIX 4

Lichfield City Council

Minutes of the Meeting of the Audit Committee held via 'Zoom' on Wednesday 3 December 2025 at 6.30pm

Present: Councillor A Fox (Chair) and Councillors P McDermott, D Robertson, J Smith, E Strain and B Watkins

In attendance: A Briggs (Town Clerk and RFO) and G Keatley (Internal Auditor)

Apologies: Councillors A Lax and M Warfield, A James (Accounts Officer)

The Chair opened the meeting and asked that the best wishes of the Committee to both Cllr Lax and Cllr Warfield be recorded

6. DECLARATIONS OF INTEREST AND REQUESTS FOR DISPENSATION

None

7. MINUTES AND MATTERS ARISING

RESOLVED: *The Minutes of the meeting held on 5 March 2025 be agreed as a correct record. [Minutes adopted by the City Council on 10 March 2025].*

8. STATEMENT OF ACCOUNTS – SIX MONTHS

Members considered the statement of accounts and raised several queries:

- Cllr Smith asked why the Markets were shown to be earning less in the second part of the year than the first; the Town Clerk stated this was due to assumptions in regard to poor weather, the winter pitch fee discount and the general profile of some invoices relating to the market
- Cllr B Watkins asked if the overspend on open spaces was a result of complaints in regard to (for example) footpaths. The Town Clerk stated this was part of the issue, together with the extensive work completed at both St Michael's and Heather Gardens – such work being more expensive in the short term but intended to prove cheaper in the long term.
- Cllr D Roberston asked whether it would be wise to increase the Open Spaces budget as the general profile of an approximate £300,000 spend had been maintained over the past three years. The Town Clerk confirmed it was the intention to increase this budget line in the 2026/27 draft budget as a result of the spend profile.
- Cllr D Robertson further asked about the setting of a balanced budget rather than taking from reserves, and the timing of information being given to LCC in order to set an accurate precept. The Town Clerk confirmed that the 'Band D equivalent' council tax information had been received from the District Council a few days previously.
- Cllr J Smith asked why the interest payment is heavily weighted towards the end of the year. The Town Clerk confirmed LCC's main investment is for a 12-month period with the interest being paid at maturity (January).
- The Chair queried the PFI arrangements for the footway lamps, the repairs to which are a significant contributor to the open spaces overspend. The Town Clerk

confirmed the original PFI agreement was for supply of power and maintenance inspections, not for any repairs/replacement of the asset. Moreover, the vast majority of LCC's pathway lights date from approximately the same period, and will therefore likely deteriorate at a similar rate.

The Chair offered his congratulations to those involved in the Markets and the Birthplace Museum for the good half year results.

RESOLVED: *That the report be noted.*

9. RISK MANAGEMENT STRATEGY

Members considered the Risk Management Strategy. A draft update was included and agreed upon regarding the possibility that Local Government Reorganisation may result in Parish elections being held at a different time to principal authority elections. The Town Clerk confirmed this was being actively discussed by industry bodies.

The Chair reminded the Committee of comments made by Cllr C Greateorex at Council in regard to the potential addition of major renovation expenditure to the risk register as a specific item. Following discussion, it was agreed that the third item of the Register be amended to include the need for unforeseen repair to LCC buildings. It was further agreed that because of this addition, and given recent experience, the likelihood score for this item be increased from 2 to 3.

The Chair suggested consideration be given to updating the penultimate item on the first page of the Register to include threats from computer hacking following the recent spike in such acts. It was agreed that this would be a wise precaution.

The Town Clerk confirmed he would implement the changes requested prior to the document being presented to council.

RECOMMENDATION TO COUNCIL: *That the Risk Management Strategy and Risk Register be adopted [Appendix A to these minutes; bold text denotes the sections that have been added or amended]*

10. DATE AND TIME OF NEXT MEETING

In the City Council's approved Calendar of Meetings as Wednesday 4 March 2026 at 6.30pm. The meeting to be held via 'Zoom'.

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

Audit Committee Minutes 8 December 2025: APPENDIX A

LICHFIELD CITY COUNCIL RISK MANAGEMENT STRATEGY 2025/26

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

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.

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 and to address issues arising with its property/buildings	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 a general reserve in place for unexpected and unbudgeted expenditure to allow the Council to continue to operate and to maintain its property/buildings	High 4	Medium 3	12
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 by 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. Professional advice is sought from LCC's IT advisors and implemented. Staff aware of risks associated with malicious links etc	Medium 3	Medium 3	9

Activity	Identified Risk	Assessment and Action	Impact	Likelihood	Score
	through hardware failure/hacking etc				
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 protect the operations against the loss of a key member of staff	<p>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 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.</p> <p>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.</p> <p>The Staffing Committee undertakes an annual review of the staffing establishment available to service the Council's functions.</p>	Medium 3	Medium 3	9
Central Administration	How would operations continue following the loss of premises due to a major incident?	<p>Emergency office accommodation can be provided in Guildhall rooms and Community Centres.</p> <p>The introduction of Office 365 Cloud allows for Home working.</p>	High 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	<p>The building and contents are insured against loss.</p> <p>Loss of the Guildhall would not in itself affect the ability of the Council to function.</p> <p>No business interruption insurance is held as the income lost from Guildhall hire would be sufficiently mitigated by reduced operating costs.</p>	High 4	Low 2	8

Activity	Identified Risk	Assessment and Action	Impact	Likelihood	Score
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
Grounds 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 3	9
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	Low 2	4
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 Regulations	Upgrade to server and workstation monitoring. Retention of Documents Secure website and enquiry forms	Medium 3	Low 2	6
Civic Events	Damage to third party property or individuals as a consequence of the Council putting on a community/civic event	Health and safety risk assessments are carried out. The Council's Health and safety consultants provide specific advice Insurance policy in place	Low 2	Low 2	4

Activity	Identified Risk	Assessment and Action	Impact	Likelihood	Score
Operational	Pandemic or similar event	Subject to Government guidance, implement health and safety protocol based on the Council's Health and Safety Advisors' advice.	Medium 3	Medium 3	9
Operational	Acts of Terrorism	Training for all LCC staff regarding identifying potential terrorist activity and general awareness, additional building and event security, 'hot' briefings for civic dignitaries at events, processes/procedures in place for rapid contact and response. Implementation of legislative effect of Martyn's Law. LCC insurance policy includes buildings cover for terrorist attack, PLI covers the council and its officers provided mitigation can be demonstrated.	High 4	Medium 2	8
Financial	LGR – impact on elections	There are ongoing discussions and proposals for local government reorganisation and devolution within Staffordshire, which could potentially lead to the creation of new unitary councils. The earliest any such changes would be implemented is 2028, but for now, the existing election cycles remain in place. However, if the election cycle of new unitary and parish councils are not aligned, the parish councils will be responsible for the whole cost of their elections.	Medium 3	Low 2	6