



## **Wells City Council**

### **Risk Management Policy**

#### **Document No.31**

<b>Purpose</b>	<b>Guidance to both Councillors and Staff in the management of risk</b>
<b>Additional Papers</b>	<b>N/A</b>
<b>Reviewed by</b>	<b>Town Clerk/RFO</b>
<b>Adopted</b>	<b>June 2025</b>
<b>Review Date</b>	<b>June 2026</b>

## **1. Introduction and Purpose**

This strategy sets out Wells City Council's approach to identifying, evaluating, and managing risks that could impact the achievement of its objectives.

It aims to ensure that councillors, officers, and stakeholders have a shared understanding of risk and are equipped to manage it effectively by treating, tolerating, transferring, or terminating risk.

Wells City Council recognises the requirement for compliance with the Accounts and Audit Regulations 2015, maintaining a sound system of internal control and regular internal audit to manage risk and governance effectively.

The Council acknowledges that while not all risks can be eliminated, steps must be taken to reduce exposure to the lowest reasonably practicable level wherever possible.

## **2. Objectives of the Strategy**

The objectives of the strategy are:

- Embed risk management into the Council's culture and decision-making.
- Define clear roles and responsibilities for risk management.
- Improve internal control and resource prioritisation.
- Promote proportional action in response to identified risks.
- Ensure compliance with best practices and statutory requirements.

## **3. Risk Management Process**

Wells City Council adopts the ISO 31000 framework, the UK standard for risk management. This model is recognised and has been adopted across the public sector as a risk management model which is effective at any level. The process includes:

- Establishing context
- Risk identification
- Risk analysis and evaluation
- Risk treatment
- Monitoring and review
- Communication and consultation

All staff and members are responsible for ongoing risk identification and communication to appropriate managers.

#### **4. Risk Assessment & Identification**

All council colleagues have a responsibility for identifying risk, relevant to their work and bring risks to the attention of the Town Clerk. Risks can be identified from a number of different sources.

Internal – for example complaints, risk assessments

External – for example legislation, media interest

Risk identification needs to be continuous, identifying new risks as well as monitoring continuing risks.

When assessing the risk, it is important to identify the cause, potential impact, should the risk occur (the consequence), the estimated likelihood of the risk occurring before any actions or controls are applied (inherent score), as well as identifying mitigation and controls can be applied and thus the score after controls is determined as the Residual/Current Risk score.

The aim is to reduce the risk through controls, however, there may be occasions where controls do not mitigate the risk to an acceptable level and therefore, the risk score remains high and/or above tolerance.

Risks are assessed using a 5x5 scoring matrix. The scoring matrix (shown below) depicts the following:

GREEN = Low Risk

AMBER 9 = Medium Risk

AMBER 10-12 = Medium

Risk above tolerance.

RED = High Risk

The likelihood of the occurrence (A) and impact of the occurrence (B) should be determined based on the below values. By multiplying 'A' and 'B', the total risk score is determined. The thick black line depicts the level of acceptable tolerance.

Those risk that are plotted above the line (score 10-25) are considered out of tolerance and reported to Full City Council for transparency at the next available meeting if this doesn't fall in line with a quarterly review of the corporate risk register.

<b>LIKELIHOOD (A)</b>	<b>VERY LIKELY</b> 5	5	10	15	20	25
	<b>LIKELY</b> 4	4	8	12	16	20
	<b>FEASIBLE</b> 3	3	6	9	12	15
	<b>SLIGHT</b> 2	2	4	6	8	10
	<b>VERY UNLIKELY</b> 1	1	2	3	4	5
		<b>INSIGNIFICANT</b> 1	<b>MINOR</b> 2	<b>SIGNIFICANT</b> 3	<b>MAJOR</b> 4	<b>CRITICAL</b> 5
	<b>IMPACT RISKS (B)</b>					

## 5. Recording of Risk

All corporate risks are recorded on the risk register. This will be supported by operational risk registers, at a lower level where there is a need for the function. The corporate risk register will offer a description of the risk, allocate a unique reference, look to document the cause and consequence of the risk, and associated scores. A template of the risk register can be found in Appendix A.

Types of risks include:

- Strategic: Long-term impacts or reputational damage
- Compliance: Breach of legislation or regulations
- Financial: Fraud, mismanagement, or unexpected liabilities
- Operational: Service disruption or equipment failure
- Environmental: Health and safety or ecological harm
- Information and Technology: Data security or system integrity

## 6. Roles and Responsibilities

It is important that risk management becomes embedded into the everyday culture and performance management process of the council. The roles and responsibilities set out below are designed to ensure that risk is managed effectively.

Elected Members	<ul style="list-style-type: none"> <li>• Approve the Risk Management Strategy.</li> <li>• Assess risks in reports and decisions to determine impacts before making decisions.</li> <li>• Assess risk or projects, and setting budgets.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• To identify risks</li> <li>• To implement actions as required</li> <li>• To monitor controls.</li> </ul>
Town Clerk	<ul style="list-style-type: none"> <li>• Identify risks, implement actions, and maintain controls.</li> <li>• Provide advice and update the council on the noted risks.</li> <li>• Report progress to Full City Council or other committees as appropriate.</li> </ul>
Responsible Financial Officer (RFO)	<ul style="list-style-type: none"> <li>• Assess the financial implications of associated risks.</li> <li>• Provide assistance and advice on budgetary planning and controls.</li> </ul>

## 7. Monitoring and Review

The Risk Register will be updated quarterly by officers and reviewed by the Finance Committee. An annual report will be submitted by the Clerk outlining the risk landscape and any changes and presented to Full City Council, unless there is a need within the year to highlight a significant risk. This strategy will be reviewed annually and updated in line with the Council's governance framework.

## 8. Freedom of Information

This strategy, along with the Risk Register, will be made publicly available via the Council's website and on request at the Town Hall.