



Chew Stoke Parish Council

RISK MANAGEMENT POLICY

1. Introduction

1.1 This document forms Chew Stoke Parish Council's Risk Management Strategy. It sets out:

- What risk management is;
- Why the Parish Council needs a risk management strategy;
- The Parish 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 Parish Council;
- Integrate risk management into the culture of the organisation; and
- Manage risk in accordance with best practice.

2. What Risk Management is

'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)

2.1 Risks can be classified into various types. 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 Parish Council, loss of public confidence.

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.

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

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

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

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;

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;

3. Why the Parish Council needs a Risk Management Strategy

3.1 Risk management will strengthen the ability of the Parish Council to achieve its objectives and enhance the value of services provided.

3.2 The Risk Management Strategy will help to ensure that all committees and staff understand risk and that the Parish Council adopts a uniform approach to identifying and prioritising risks.

3.3 There is a requirement under the Accounts and Audit Regulations 2015 to establish and maintain a systematic strategy, framework and process for managing risk.

Risk Management Policy Statement

Chew Stoke Parish Council recognises that it has a responsibility to manage risks effectively in order 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 Parish 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 Parish Council's management processes.

4. Implementing the Strategy

4.1 **Risk Control** - is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur.

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 of the risk to mitigate financial impact;

4.2 Risk Register - The Risk Assessment Schedule will be regularly reviewed and updated as part of this Risk Management Strategy.

4.3 Risk Monitoring - 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 Clerk/RFO.

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.

4.4 Risk Management System

Risk Identification – Identifying and understanding the hazards and risks facing the Parish 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 (L), Low (L), Medium (M) and High (H).

| | | | |
|-------------------|----------------|--------------|---------------|
| Highly likely (H) | Medium (M) | High (H) | Very High (H) |
| Possible (M) | Low (2) | Medium (M) | High (H) |
| Unlikely (M) | Very low (L) | Low (L) | Medium (M) |
| | Negligible (L) | Moderate (L) | Severe (H) |

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.

5. Roles and Responsibilities

5.1 All Members and the Clerk of the Parish Council are responsible for risk management.

5.2 **Councillors** – have a collective responsibility for considering the risks and must:

- i) Approve the Risk Management Strategy;
- ii) Analyse key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
- iii) Endorsement of the Annual Governance Statement; and
- iv) Assessment of risks whilst setting the budget.

5.3 **Employees - Clerk** – will undertake their job within risk management guidelines ensuring that their skills, experience and knowledge are used effectively. They will work to control risks or threats within their role, monitor progress and report on task related risks to the Chair.

5.4 **Clerk** – will act as the lead on risk management, assisted by the Chair, and be responsible for overseeing the implementation of the Risk Management Strategy. The Clerk will:

- i) Provide advice as to the legality of policy and service delivery options;
- ii) Update the Parish Council on the implications of new or revised legislation;
- iii) Assess and implement the Parish Council's insurance requirements;
- iv) Assess the financial implications of strategic policy options;
- v) Provide advice on budgetary planning and control;
- vi) Ensure that the financial information systems and processes allow effective budgetary control;
- vii) Ensure the Parish Council's Risk Management Schedule is maintained.

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

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

5.6 **Training** – The aim will be to ensure that both Clerk and Councillors have the skills necessary to identify, evaluate and control the risks associated with the services they provide.

6. Future Monitoring

6.1 **Review of Risk Management Strategy** – This Strategy will be reviewed annually by the Clerk and adopted each May.

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

1st May 2024