



Risk Management Policy

Definition of Risk

'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.' *Audit Commission, 2001: "Worth the Risk: Improving Management in Local Government"*

Risk in the Local Government Context

Naturally, the constitutional, strategic, and operational uniqueness of local government and individual councils present different risks, but the 'risk process' is fundamentally the same as anywhere.

What is the most marked difference is that we are dealing with public money and delivering essential services. With that goes a responsibility to be publicly accountable and to be able to obtain and provide assurance that we have the right arrangements in place to meet those responsibilities.

Policy Statement

Caister-On-Sea Parish Council recognises that, in addition to its statutory duties, there are significant economic and ethical reasons to take all reasonable and practicable measures to safeguard the people that it works with, and provides services for, and to protect the natural and built environments for which it is responsible.

Objectives

The objectives of the risk management policy are to:

- Integrate risk management into the culture of the council;
- Manage risk in accordance with best practice and legislative requirements;
- Minimise loss, disruption, injury and damages;
- Anticipate and respond to changing social, environmental and legislative requirements;
- Inform policy and operational decisions by identifying risks and their likely impact; and
- Raise awareness of the need for risk management.

These objectives will be achieved by:

- Identification of risk;
- Undertaking risk assessments;

- Managing the risk and recording actions;
- Incorporating risk management considerations into council processes;
- Providing appropriate training and opportunities for shared learning;
- Establishing clear roles, responsibilities and reporting lines; and
- Effective communication with, and active involvement of, employees.

What is Risk Management?

Risk management is essential to good governance.

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.

The Parish Council is more likely to achieve its objectives if it manages risk properly. It is critical to recognise that risk management applies to every aspect of the Council's work and is not just about Health & Safety. 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.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, money may 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.

Risk is not restricted to potential threats but can be connected with 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.

The examples below are high profile but not exhaustive:

- Health & Safety Risk - The Council will adhere to the requirements of the Health and Safety at Work Act 1974 and other relevant health and safety legislation and codes of practice.
- Strategic Risk - The long term adverse impacts from poor decision making or poor implementation damage to the reputation of the Parish Council, loss of public confidence, and in a worst case scenario Government Intervention.
- Compliance Risk - The failure to comply with legislation, or laid down procedures or the lack of documentation to prove compliance. Exposure to prosecution, judicial review, employment tribunals, 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 Parish 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.

Responsibilities

It is the responsibility of all councillors and employees to have regard for risk in carrying out their duties.

It is important that risk management becomes embedded into the everyday culture and performance management process of the Parish Council.

The roles and responsibilities set out below, are designed to ensure that risk is managed effectively across the Council and its operations, and responsibility for risk is located in the right place.

Councillors - Risk management is a key part of a councillor's role and there is an expectation that they will lead and monitor risk management. This will include:

- Approval of the Risk Management Policy.
- Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed.
- Consideration, and if appropriate, endorsement of the Statement of Internal Control.
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

Clerk - The Clerk will act as the lead officer on risk management, overseeing the implementation of the detail of the Risk Management Strategy and will:

- Provide advice as to the legality of policy and service delivery choices;
- Provide advice on the implications of potential service actions for the Parish Council's aims and objectives;
- Update Parish Council and service areas on the implications of new or revised legislation;
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery; and
- Assess and implement the Parish Council's insurance requirements.

Responsible Finance Officer – The Responsible Finance Officer will:

- Assess the financial implications of policy options;
- Provide assistance and advice on budgetary planning and control;
- Ensure that the budget monitoring documents allow effective budgetary control and informs financial decisions made by the Parish Council; and
- Lead in the management and implementation of the Council's financial risk assessment and internal control policy.

Role of Internal Audit - The Independent Internal Auditor provides an important scrutiny role carrying out audits to provide independent assurance to the Parish Council that the necessary risk management systems are in place and all significant risks are being managed effectively.

Internal Audits assist the Parish Council in identifying both its financial and operational risks and seeks to assist the Parish 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.

The Internal Audit Report, and any recommendations contained within it, will help to shape the operation of the Parish Council. 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 demonstrating effective corporate governance.

Risk Management Process

The five steps recommended by the Health and Safety Executive are:

- Identify the hazards;
- Assess the risks;
- Control the risks;
- Record your findings; and
- Review the controls

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 it or respond to it.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored low, medium, or high. High scoring risks will be subject to detailed consideration and the preparation of an action plan to appropriately control the risk.

Risk Control - 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. 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 of risks:

- 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 - Where the financial impact is passed to others, for example, by revising contractual terms.
- Sharing - By sharing the risk with another party or parties.
- Insuring - Insuring against some or all of the risk to mitigate financial impact.
- Acceptance - Documenting a conscious decision after assessment of areas where the Council accepts or tolerates a particular risk.

Risk Monitoring - The risk management process does not finish with putting any 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 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 judgments on the nature and extent of insurance cover and the balance to be reached between self insurance and external protection.

Review

Within 3 years, or as appropriate, the Council will review and update this policy.

Date of Policy	March 2025
Approving Committee	Full Council
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Date of Adoption by Full Council	31 March 2025
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Signed: _____ Chair, Caister-On-Sea Parish Council

Date: _____