

Acton Burnell, Frodesley, Pitchford, Ruckley and Langley Parish Council

Risk Management Policy

What is Risk Management?

Risk is a threat that an event or action will adversely affect the council's ability to achieve its objectives, implement its strategies and provide its services. Risk management is the process by which risks are identified, evaluated, addressed and reviewed. The council recognises that it has a responsibility to take all reasonable and practical measures to safeguard its employees, the people it works with and provides services for; and to protect the natural and built environments for which it is responsible. The council is aware that some risks cannot be eliminated fully and has in place a strategy that provides a structured, systematic and focused approach to managing risk and including where necessary, the introduction of internal controls and/or appropriate use of insurance cover.

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
- Inform policy and operational decisions by identifying risks and their likely impact
- 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
- Establishing clear roles, responsibilities and reporting lines
- Effective communication with and active involvement of employees

Types of Risk

In order to manage risk, the Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

The Council will identify the key risks to achieving its priorities and service objectives:

- Financial - loss of money;
- Security - fraud, theft, embezzlement;
- Property - damage to property;
- Legal - breaking the law or being sued;
- IT - failure of IT systems or misuse; and
- Reputational - actions taken could harm the authority's public reputation.

Roles and Responsibilities for Risk Management

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

Acton Burnell, Frodesley, Pitchford, Ruckley and Langley Parish Council

All Members:

- Have collective responsibility in understanding the strategic risks which the Parish Council faces.
- Ensure that all identified risks have been considered in decision making and countermeasures and controls are defined.
- Agree and publish a clear Risk Management Policy and oversee the effective management of risks by the Parish Clerk.
- Monitor the effectiveness of the Parish Council's risk management arrangements by reviewing any risk management reports to Council.

Parish Clerk:

- The lead officer for risk management.
- Has the responsibility to understand the strategic and operational risks that the Parish Council faces and to oversee the effective management of these risks.
- Ensures that risks are fully considered in all strategic decision making and that the Risk Management Policy helps the Parish Council to achieve its objectives and protection of assets.
- Provides advice as to the legality of policy and service delivery and update the Parish Council on the implications of new or revised legislation.
- Assesses and implements the Council's insurance requirements.
- Assesses the financial implications of potential risks.

Role of Internal Audit:

- Provide a scrutiny role by carrying out audits to provide independent assurance to Members, via the Internal Auditor's annual audit plan and post audit report that the necessary risk management systems are in place.

The Risk Management Process

The process of risk management is straight forward and involves a number of key steps which are outlined below.

Step 1: Identification of Risks

The Parish Clerk is responsible for identifying and recording any risks. Risks will in the first instance be identified through the process of the annual review of the Council's general and financial risk assessments.

However, when changes to working arrangements, new initiatives, events or projects are to be undertaken during the course of the year, the Clerk will seek to identify any risks early in the planning process and prior to implementation and, where appropriate, will undertake a specific risk assessment.

Step 2: Evaluation of Risks

On identification of a risk the Clerk will assign a risk factor by reference to the risk matrix.

The risk matrix considers the likelihood of a risk materialising (Risk Level) and the impact it would have (Impact).

According to the level of risk identified appropriate action should be taken.

Acton Burnell, Frodesley, Pitchford, Ruckley and Langley Parish Council

Step 3: Mitigation of Risk

The Parish Clerk should consider what controls are in place to mitigate the risk. These could include controls to reduce the likelihood of a risk occurring or to reduce the impact on the Parish Council.

Step 4: Decide on Any Further Action to be Taken

Following evaluation there are four main control options to manage the risk:

- Terminate the risk – Take a decision to discontinue the activity.
- Transfer the risk – The risk is ‘passed’ on e.g. to an insurer.
- Treat the risk – Put in place additional effective controls to reduce the impact/likelihood.
- Tolerate the risk – Accept the risk but continue to monitor and evaluate.

Where additional controls are required these should be outlined on the risk assessment form and agreed at the next Council meeting.

Step 5: Allocation of Responsibility

Each risk should be passed to the Parish Clerk who will be responsible for implementing controls and ensuring they are working. The Clerk will also be responsible for monitoring the risk.

Step 6: Recording risks

All completed risk assessments must be reported to full Council.

Step 7: Monitoring and Reporting

An annual review of the current risk assessments and risk management arrangements for the Parish Council will be reported to the Full Council for ratification.

The Parish Council’s risk management strategy will be also reviewed as part of the internal control environment within the Annual Governance Statement.

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