

# Payhembury Parish Council

## Risk Management policy

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## 1. Introduction

- 1.1. Payhembury Parish Council has adopted this risk management policy in accordance with guidance set out in Governance and Accountability for Local Councils – a Practitioners’ Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) and also to give effect to the Health and Safety at Work Act 1974.
- 1.2. This document sets out the:
  - Parish Council’s Risk Management Policy
  - Objectives of Risk Management
  - Types of Risk
  - Roles and responsibilities
  - Risk Management process
  - Approach to future monitoring
- 1.3. This policy aims to further develop risk management and raise its profile across the Parish Council by:
  - Integrating risk management into the culture of the organisation;
  - Embedding risk management through the ownership and management of risk as part of all decision-making processes;
  - Managing risk in accordance with best practice.

## 2. The Policy

- 2.1. Payhembury 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 goals and objectives and to maximise its opportunities.

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- 2.2. The Parish Council is aware that some risks can never be eliminated fully and its strategy provides a structured, systematic and focussed approach to managing risk.
- 2.3. Risk Management is an integral part of the Parish Council's management processes.

### 3. Objectives of Risk Management

- 3.1. The objectives of risk management are to:
  - Identify, evaluate and manage the opportunities and risks to which the Parish Council is exposed, at strategic and operational level;
  - To protect physical assets, promote employee and public safety and maximise resources;
  - Embed risk management into day-to-day management and working arrangements;
  - Enable effective and safe delivery of services to local people and to minimise the risk of significant failures;
  - Enable the identification of opportunities and risks associated with the Parish Council's budget options and business planning to ensure that opportunities and risks are controlled;
  - Enable better, more informed decision making at all levels;
  - Review, evaluate and implement issues identified from past experience;
  - To promote good corporate governance;
- 3.2. It is the responsibility of all Councillors and staff to have regard for risk management whilst carrying out their duties.
- 3.3. This Strategy will enable risks and opportunities to be identified, evaluated, controlled, monitored and reported.
- 3.4. Seek assurances that action(s) are being taken on risk related issues identified by auditors and inspectors.

### 4. Types of Risk

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

### 5. Roles & Responsibilities for Risk Management

- 5.1. All Councillors and staff of the Parish Council are responsible for risk management.

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### 5.2. All Councillors:

- 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 the Council.

### 5.3. Parish Clerk:

- The lead officer for risk management and owner of the Risk Management Strategy;
- Has the responsibility to understand the strategic and operational risks that the Parish Council faces and to oversee the effective management of these risks;
- Lead on the corporate governance agenda which includes risk management and with the Parish Council's Chair approve the Annual Governance Statement;
- Ensure 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;
- Assess and implement the Parish Council's insurance requirements;
- Assess the financial implications.

### 5.4. Role of Internal Audit:

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

## 6. The Risk Management Process

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

## 7. Step 1: Identification of Risks

7.1. The Parish Clerk is responsible for identifying and recording any risks. Identification will be either via a formal process of planned inspections or ad hoc requests or risks being noted through everyday working situations.

7.2. When changes to working arrangements, new initiatives, events or projects are to be undertaken the Clerk will seek to identify any risks early in the planning process and prior to implementation.

7.3. Each risk should be described and set out on a risk assessment form.

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### 8. Step 2: Evaluation of Risks

- 8.1. On identification of a risk the Clerk will assign a risk factor by reference to the risk matrix.
- 8.2. The risk matrix considers the likelihood of a risk materialising and the impact it would have.

Severity	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Likelihood						

Likelihood	
5	Certain
4	Likely
3	Possible
2	Unlikely
1	Rare

Severity	
5	Very high - severe injury/poss. permanent disability/death
4	High - Serious injury including hospitalisation for observation
3	Moderate – injury requiring medical intervention
2	Slight – minor injury
1	Very low – no injury likely

- 8.3. According to the level of risk identified appropriate action should be taken. If the level of risk is High or Very High it may not be possible to wait until a formal response or action has been agreed by the Parish Council. The risk factor table below provides guidance in assessing appropriate action.

1-4 Low	5-9 Medium	10-16 High	17-25 Very High
<p>Continue with existing control, however monitor for changes.</p> <p>Implement any additional control measures required, within the timescales given in the risk assessment</p>	<p>Requires attention to reduce the rating as well as regular ongoing monitoring.</p> <p>Implement any additional control measures required, within the timescales given in the risk assessment.</p>	<p>Requires immediate attention to bring the risk down to an acceptable level.</p> <p>Implement the control measures required, within the timescales given in the risk assessment and continue to review working practices to reduce the probability of an accident to the lowest possible level.</p>	<p>Stop immediately – the risk is too high.</p> <p>Take immediate action to reduce the risk to the lowest level possible.</p>

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### 9. Step 3: Mitigation of Risks

- 9.1. 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.
- 9.2. Only existing controls that are already in place should be considered and included on the risk assessment/notification form.

### 10. Step 4: Decide on any Further Action to be taken

- 10.1. Following evaluation there are four main control options to manage the risk:
  - i. Terminate the risk – take a decision to discontinue the activity.
  - ii. Transfer the risk – the risk is ‘passed’ on e.g. to an insurer.
  - iii. Treat the risk – put in place additional effective controls to reduce the impact or likelihood.
  - iv. Tolerate the risk – accept the risk but continue to monitor and evaluate.
- 10.2. Where additional controls are required, these should be agreed with the Chair or Vice-Chair and details entered onto the risk assessment form and the Parish Council notified at its next meeting.

### 11. Step 5: Allocation of Responsibility

- 11.1. 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.

### 12. Step 6: Completing the Risk Register

- 12.1. All risk assessments must be recorded in the risk register.

### 13. Step 7: Monitoring and Reporting

- 13.1. An annual review is undertaken of the current risk register and risk management arrangements for the Parish Council and reported to the Parish Council.
- 13.2. The Parish Council’s risk management strategy will be also reviewed as part of the internal control environment within the Annual Governance Statement. This is agreed annually by the Parish Council in May.