



Sprotbrough and Cusworth Parish Council

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POLICY TITLE

Risk Management Policy

ADOPTION DATE

15th October 2020

POLICY AIM

Sprotbrough and Cusworth Parish Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a risk management strategy in line with the Audit and Accountancy Regulations in order to protect the Council from avoidable losses

The aims and objectives of this policy are comprehensive beginning with the need to develop risk management beyond general Health & Safety practices. The policy aims to;

- integrate risk management into the culture of the organisation;
- embed risk management through the ownership and management of risk as part of all decision-making processes; and
- manage risk in accordance with best practice.

POLICY

1. Introduction

1.1 Sprotbrough and Cusworth 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.

2. What is Risk Management?

2.1 Risk management is essential to good governance. '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)

- 2.2 Sprotbrough and Cusworth 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.
- 2.3 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.
- 2.4 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.
- 2.5 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.
- 2.6 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; the Regulatory Reform (Fire Safety) Order 2005; the Management of Health and Safety at Work Regulations 1999; and other relevant health and safety legislation and codes of practice. The Council's policy is comprehensively detailed in the Health & Safety Policy (adopted xxx 2020).

Strategic Risk - long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, and in a worst-case scenario Government Intervention.

Compliance Risk - failure to comply with legislation, or laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, increased Best Value inspection, 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 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.

3. Why the Council needs a Risk Management Policy?

- 3.1 Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 3.2 Risk management will help to ensure that all committees within the Council have an understanding of 'risk' and that the Council adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.
- 3.3 Strategic risk management is also an integral part of the Best Value process and as such is an important element in demonstrating continuous service improvement. There is an Audit requirement under the Accounts and Audit Regulations 2003 (SI 2003/533) to establish and maintain a systematic strategy, framework and process for managing risk.

4. Why Risk Management?

- 4.1 Whilst it is acknowledged that risk cannot be totally eliminated it is accepted that much can be done to reduce the extent of injury, damage and financial loss. Therefore, Sprotbrough and Cusworth Parish Council is committed to identifying, reducing or eliminating the risks to both people and the natural and built environments.
- 4.2 The Council will carry insurance in such amounts and in respect of such perils as will provide protection against significant losses, where insurance is required by law or contract and in other circumstances where risks are insurable and premiums cost effective.
- 4.3 The Council will seek to embed effective risk management into its culture, processes and structure to ensure that opportunities are maximised. The Council will seek to encourage staff to identify, assess and manage risks.

5. What is the Risk Management Process?

- 5.1 Implementing the Policy involves identifying, analysing/prioritising, managing and monitoring risks.

Risk Identification – Identifying and understanding the hazards and risks facing the 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 a contingency/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.

6. Options for control of Risks

Elimination – the circumstances from which the risk arises are ceased 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 e.g. by revising contractual Terms.

Sharing – 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 risk a particular risk.

7. Risk Monitoring

7.1 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.

7.2 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.

8. How will it feed into the Council's existing policies?

8.1 Initial identification of risks will be by the Clerk, Deputy Clerk and RFO, in discussion with individual staff members.

Best Value

The requirements of Best Value meant that risk management became more important than ever, as Best Value presents a significant opportunity for the Council to reassess what it does and how. The Council takes into account minimising risk in the way that it operates as part of a commitment to quality and continuous service improvement.

Projects and Service Changes

The Clerk and the Deputy Clerk in recommending projects or service changes will ensure that risks are identified and the measures to eliminate or control risks are documented in agenda reports/briefing papers to be considered by the Parish Council and committees.

Partnership Working

The Parish Council is entering into an increasing number of partnerships with organisations from the public, private, voluntary and community sectors. Some of these organisations may not have the same sensitivities to the risks that the Council sees as important. Part of the process of setting up future partnerships will be to ensure that all relevant risks are identified and that appropriate control mechanisms are built into the management arrangements for the partnership.

9. Roles and Responsibilities

- 9.1 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.

Elected Members

Risk management is seen as a key part of the Elected Member's stewardship role and there is an expectation that Elected Members will lead and monitor risk management. This will include:

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

Members of staff

Staff members will undertake their jobs to the best of their ability to reduce risks ensuring that the skills and knowledge that they have acquired and that have been passed to them are used effectively. All employees will maintain an awareness of the impact and costs of risks. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Clerk/ Deputy Clerk.

Clerk

The Clerk (in association with the Deputy Clerk and RFO) 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.
- Update Council and service areas on the implications of new or revised legislation.
- Review, maintain and produce annual risk assessments to the Council and report on any changes/ updates as a consequence of the review.

- Procure and manage the Council's insurance policy and act on instructions received from the appointed Insurers to ensure that identified risks do not expose the Council to unjustified risk.
- Assess and implement the Council's insurance requirements.
- Assist in handling any litigation claims and liaison with the Parish Council's insurers.
- Provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work-related illness or injury.
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery.
- Ensure that Risk Management is an integral part of any service review process. Ensure that recommendations for risk control are detailed in service review reports.

Responsible Finance Officer

The Council's Responsible Finance Officer will:

- Assess the financial implications of strategic policy options.
- Provide assistance and advice on budgetary planning and control.
- Ensure that the Financial Information System allows effective budgetary control and informs financial decisions made by the Council.

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 business risks are being managed effectively.

Internal Audit assists the Council in identifying both its financial and operational risks and seeks to assist the 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 Council.

In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals or groups are encouraged to report adverse incidents promptly and openly.

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

IMPLEMENTATION

All Councillors and Staff have responsibility to ensure this policy is implemented and followed.

MONITORING

The policy will be monitored in the following ways:

Monitoring Activity	Person Responsible
Any breach of the policy to be reported to the Clerk/ Deputy Clerk	Anyone
Reports will be investigated and remedial action taken if required	Clerk/ Deputy Clerk
Review and production of annual risk assessments for each area of work identified as having a potential risk	Clerk
Review insurance policy annually	Clerk/ RFO

POLICY CONSULTATION

A copy of the policy has been given to all staff and is available to view on the Parish Council's website and Parish Council office.

POLICY REVISION DATE

Policy reviewed August 2024
Next review date August 2025

This document shall be reviewed annually; or upon any changes to legislation; or subject to the requirements of Sprotbrough and Cusworth Parish Council.

RELATED POLICIES AND STRATEGIES

Annual Risk Assessment
Health and Safety Policy
Councillor Code of Conduct
Disciplinary Policy