

## **Risk Management Policy**

### **1. Introduction**

Appleton with Eaton Parish Council (AWEPC) has adopted this risk management policy in order to assist the Council in its responsibility to manage risk with guidance set out in the Joint Panel on Accountability and Governance Practitioners' Guide (JPAG) and also to give effect to the Health and Safety at Work Act 1974.

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

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 in all decision-making processes;
- Managing risk in accordance with best practice.

### **The Policy**

Risk Management is an integral part of the Parish Council's management processes.

AWEPC 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, to maximise its opportunities and to promote safety.

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.

### **Objectives of Risk Management**

This policy will enable risks and opportunities to be identified, evaluated, controlled, monitored and reported.

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 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

It is the responsibility of all councillors and staff to have regard for risk management whilst carrying out their duties.

### **Types of Risk**

In order to manage risk, the Council needs to know what risks it faces.

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

- i. financial - loss of money
- ii. security - fraud, theft, embezzlement
- iii. property - damage to property
- iv. legal - breaking the law or being sued
- v. IT – failure of IT systems or misuse
- vi. reputational – actions taken could harm the authority's public reputation
- vii. loss of key staff
- vii. safety

### **Roles and Responsibilities for Risk Management**

All councillors and staff of the Parish Council are responsible for risk management. They must seek assurances that action(s) are being taken on risk related issues identified by auditors and inspectors.

#### ***Parish Clerk***

The Parish Clerk is the lead officer for risk management and owner of the Risk Assessment. The Clerk:

- Has the responsibility to understand the strategic and operational risks that the Parish Council faces and to oversee the effective management of these risks by officers;
- Leads on risk management and with the Council's Chair to approve the Annual Governance Statement;
- 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 updates the Parish Council on the implications of new or revised legislation.
- Assesses and implements the Council's insurance requirements.
- Assesses the financial implications

***Parish Council***

- Supports the Parish Clerk in all aspects of risk management.
- Agrees and publishes a clear Risk Management Policy and oversees the effective management of risks
- Has collective responsibility for understanding the strategic and operational risks that the Parish Council faces.
- Ensures that all identified risks have been considered in decision making and countermeasures and controls are defined.
- Ensures that a structured and systematic approach is in place for the identification, recording and reporting of risks and opportunities.
- Monitors the effectiveness of the Parish Council's risk management arrangements by reviewing any risk management reports
- Ensures that the arrangements for risk management and the associated risk assessments are regularly reviewed.
- Assists in embedding a culture of risk management through the Parish Council and encourages appropriate training, including induction and refresher training for staff.

***All Employees and Volunteers***

- Understand their accountability for individual risk.
- Understand how they can enable continuous improvement of risk management.
- Understand that risk management and risk awareness are a key part of the Council's culture.
- Report systematically and promptly to the Parish Clerk any perceived new risk or failure of existing control measures.
- Record areas of risk which fall directly within their day-to-day areas of control and review in line with agreed target dates.
- Provide a pro-active role in the reporting and assessing of physical risks in respect of public, staff and property.

***Role of Internal Audit:***

- Provide a scrutiny role by carrying out audits to provide independent assurance to the Council, via the Internal Auditor's annual 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. Identification will be either via a formal process of planned inspections or ad hoc requests or risks being noted through everyday working situations.
- 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.
- All risks identified must be recorded on the 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 and the impact it would have.
- According to the level of risk identified appropriate action should be taken.
- If the level of risk is high it may not be possible to wait until a formal response or action has been agreed by the Council. The risk factor table below provides guidance in assessing appropriate action.

<b><u>Risk Factor</u></b>	<b><u>Action</u></b>
High	Immediate notification to the Council and Expedite Steps 3 and 4 to identify additional controls for consideration and implementation
Medium	Immediate notification to the Council
Low	Notify the 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.
- Only existing controls that are already in place should be considered and included on the risk assessment/notification form.

**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 controls to reduce the impact or likelihood.
- Tolerate the risk – accept the risk but continue to monitor and evaluate.

Where additional controls are required, as part of a 'Treat the Risk' option, before they are implemented the Parish Council will be given the opportunity to review and consider the proposed action more carefully, giving more time to doing this than would have been possible when considering all the very many risks and actions in a review of the Risk Assessment, and at a Parish Council meeting approve, modify or cancel the proposed action.

If a response to a risk is being expedited then this review and consideration shall be done with the Council with details entered onto the Risk Assessment form and noted at the next meeting of the Parish Council.

Once the proposed action has been reviewed and considered by the Parish Council then the Clerk shall scope, determine the resources (time, effort, funds) required and propose an implementation plan for agreement by Council Resolution, or for a new Red risk with agreement.

Where the implementation of additional controls incurs non-budgeted costs of £500 or over these should be reported to the Council at the earliest opportunity

#### **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: Completing the Risk Assessment**

All completed risk assessments must be passed to the Council for checking.

An annual review of the risk management arrangements for the Parish Council will be conducted by the Council.

Four times a year, a meeting of the Parish Council will include an agenda item for risk management to ensure that any developments or issues are considered.

The Parish Council's Risk Management Policy and Risk Assessment will be also reviewed as part of the Internal Audit in the preparation of the Annual Governance Statement.

This policy is agreed annually by the Parish Council and was last agreed at the Parish Council meeting of 8<sup>th</sup> January 2024.