

## **Fulbeck Parish Council Risk Management Policy**

### **1. Objectives**

The aims and objectives of this policy are comprehensive beginning with the need to develop risk management beyond Health & Safety through:

- integrating risk management into the culture of the parish council,
- embedding risk management through the ownership and management of risk as part of all decision-making processes, and
- managing risk in accordance with best practice.

### **2. Introduction - Risk Management Policy Statement**

Fulbeck Parish Council (the 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.

This policy document first establishes:

- a) What is risk management?
- b) Why the Council needs a risk management policy?
- c) The reasoning behind the risk management procedures of the Council
- d) What the Risk Management process is
- e) Options for control of risks
- f) Risk monitoring
- g) Roles and responsibilities
- h) Future monitoring.

#### **a) What is Risk Management?**

Risk management is essential to good governance. It is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled.

The 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.

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; the Regulatory Reform (Fire Safety) Order 2005;
- 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.

### **b) Why the Council needs a Risk Management Policy?**

Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

Risk management will help to ensure that the Parish Council understand '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.

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 2015 to establish and maintain a systematic strategy, framework and process for managing risk.

### **c) Why Risk Management?**

Whilst it is acknowledged that risk cannot be eliminated it is accepted that much can be done to reduce the extent of injury, damage and financial loss. Therefore, the Council is committed to identifying, reducing or eliminating the risks to both people and the natural and built environments.

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.

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.

#### **d) What is the Risk Management Process?**

Implementing the Policy involves:

- 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. 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 occurring and/or reducing the severity of the consequences should it occur.

#### **e) Options for control of Risks**

- Elimination – the circumstances from which 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 / all the risk to mitigate financial impact.
- Acceptance – documenting a conscious decision after assessment where the Council accepts a particular risk.

#### **f) 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 any risks have 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.

#### **g) How will it feed into the Council's existing policies?**

Identification of risks will be by individual Parish Councillors (Councillors), discussing risks with Parish Clerk and compiling a list of the risks. As Best Value presents a

significant opportunity for the Council to reassess what it does and how, the Council considers minimising risk in the way that it operates as part of a commitment to quality and continuous service improvement.

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

## **h) Roles and Responsibilities**

It is important that risk management becomes embedded into the everyday culture 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 in the right place. The process must involve staff throughout the Council.

### **Councillors**

Risk management is seen as a key part of the Councillor's stewardship role and there is an expectation that Councillors 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.
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

### **Parish Clerk**

The Parish Clerk & 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.
- Provide advice on the implications of potential service actions for the Council's corporate aims, objectives and best value targets.
- Update Council and service areas on the implications of new or revised legislation.
- Assist in handling any litigation claims.
- Provide advice on any human resource issues relating to strategic policy options.
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery.
- Assess and implement the Council's insurance requirements.
- 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.

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.

### **Future Monitoring and Evaluation of this Policy**

The progress of the Policy will be measured on:

- Adjustments to the way in which services are delivered.
- Greater satisfaction of Councillors, staff, volunteers, customers and visitors with the provisions made by the Council.
- Improvements to the provisions made by the Council for its open spaces.