

WESTFIELD PARISH COUNCIL

RISK MANAGEMENT STRATEGY 2017

1 Introduction

1.1 This document forms the Council's Risk Management Strategy. The objectives of this strategy are to:

- Develop risk management and raise its profile across the Council;
- Integrate risk management into the culture of the organisation;
- Manage risk in accordance with best practice.

2 What is Risk Management?

2.1 *'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.'* Audit Commission, Worth the Risk: Improving Risk Management in Local Government, (2001: 5)

2.2 Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. Risk management is not simply about health and safety, but applies to all aspects of the Council's work.

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. The examples below are not exhaustive:

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, in a worse case scenario Government intervention.

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

2.4 Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might 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.

3. **Risk Management Policy Statement**

Westfield 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 and to minimise uncertainty in achieving its goals and objectives.

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.

4. **Implementing the Risk Management Strategy**

4.1 **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.

Options for control include:

Elimination – the circumstances from which the risk arises are removed so that the risk no longer exists;

Reduction – loss control measures are implemented to reduce the impact/likelihood of the risk occurring ;

Transfer – the financial impact is passed to others e.g. by revising contractual terms;

Sharing - the risk is shared with another party;

Insuring - insure against some or all of the risk to mitigate financial impact; and

Acceptance – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

4.2 **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 the nature of any risk has changed over time.

4.3 **Risk Management System**

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. Risks are identified in the Annual Risk Assessments.

Risk Analysis – Once risks have been identified they need to be systematically assessed. 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 or respond to the risk.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, and prioritised as low, medium or high.

5. Roles and Responsibilities

5.1 Councillors – risk management is seen as a key part of the Councillors' stewardship role which would include:

- (a) Approval of a Risk Management Strategy;
- (b) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
- (c) Consideration, and if appropriate, endorsement of the Financial Risk Assessment which include the internal controls of the Council; and
- (d) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

5.2 **Employees** – All employees will maintain an awareness of the impact and costs of risks. The Parish Clerk will, where required,

- (a) provide advice as to the legality of policy and service delivery choices;
- (b) update the Council on the implications of new or revised legislation;
- (c) assist in handling any litigation claims;
- (d) advise on any health and safety implications of the chosen or proposed arrangements for service delivery;
- (e) assess and implement the Council's insurance requirements;
- (f) provide assistance and advice on budgetary planning and control;

5.3 **Role of Internal Audit** – Internal Audit provides an important scrutiny role to provide independent assurance to the Council that the necessary risk management systems are in place and all significant risks are being managed effectively.

Feedback from Internal and External Audit can identify areas for improvement, as can the sharing of best practice via professional bodies, the National Association of Local Councils and relevant local council forums.

5.4 **Finance and Personnel Committee** – Annually review the Risk Management Strategy and the Review of the Insurance Schedule

6. Implementation Timetable and future monitoring

- Risk Management Strategy – Adopted by the Finance and Personnel Committee 9th January 2012. Reviewed by the Committee 28/01/13. Presented for review February 2014, January 2015 and January 2016.
- Annual Insurance Review – Reviewed by the Finance and Personnel Committee 9th January 2012 and 28th January 2013. Presented for review February 2014, January 2015 and January 2016.
- Financial Risk Assessments including the Internal Control of Finances – Reviewed by the Finance and Personnel Committee 9th January 2012 and 28th January 2013. Presented for review February 2014, January 2015 and January 2016.
- LCRS Risk Assessment summary presented for review January 2016.

Review History	To be reviewed annually
Adopted by F&P	9/1/2012
Reviewed by F&P	28/1/13
Reviewed by F&P	12/2/14
Reviewed by F&P	21/1/15
Reviewed by F&P	20/1/16
Reviewed by F&P	18/1/17
Next review	January 2018