

CHIDHAM AND HAMBROOK PARISH COUNCIL

RISK MANAGEMENT POLICY

Introduction

Risk Management is the means to counter 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, standard of conduct and service delivery (Audit Commission)

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

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 to normal working. Examples are below:

- a) **Strategic Risk** – long term adverse impacts from poor decision making or poor implementation. Risk of damage to the reputation of the council, loss of public confidence and in a worst-case scenario Government intervention
- b) **Compliance Risk** - failure to comply with legislation, or laid down procedures, or the lack of documentation to prove compliance. Risk of exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts
- c) **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
- d) **Operating Risk** - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

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

Risk Management Policy Statement

Chidham and Hambrook Parish Council recognises that it has a responsibility to manage risk effectively to protect employees, assets, liabilities and the community against potential losses and to minimise uncertainty in achieving its goals.

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 focused approach to risk management. Risk management is an integral part of the Council's management processes.

Risk Monitoring

The risk management process does not finish with putting any risk control procedures in place. There 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.

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 judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

1. Risk Management System

- a) **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 risk associated can then be effectively managed. Risks are identified in the Annual Risk Assessments.
- b) **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.
- c) **Risk Prioritisation** - An assessment should be undertaken of the impact and likelihood of risks occurring, and prioritised as low, medium or high.

Roles and Responsibilities

It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The roles and responsibilities set out below are designed to ensure that risk is managed effectively.

- a) **Councillors** – risk management is a key part of the Councillors' stewardship role and there is an expectation that Councillors will lead and monitor the approach adopted.
 - Approval of the Risk Management Strategy
 - Analysis of key risks in reports on projects, ensuring that all future projects and services undertaken are adequately risk managed
 - Consideration, and if appropriate, endorsement of the Financial Risk Assessment which includes the internal controls of the Council
 - Assessment of risk whilst setting the precept, including any bids for resources to tackle specific issues
- b) **Parish Clerk** - will be responsible for overseeing the implementation of the detail of the Risk Management Strategy.
 - Provide advice as to the legality of the policy and service delivery choices
 - Update the Council on the implications of new or revised legislation

- Assist in handling any litigation claims
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery

c) **Responsible Finance Officer** - as RFO the Parish Clerk will also

- Assess and implement the Council's insurance requirements
- Assess the financial implications of the strategic policy options
- Provide assistance and advice on budgetary planning and control

d) **Role of Internal Audit** – internal audit provides an important scrutiny role by carrying out audits to provide independent assurance 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. Feedback from Internal and External Audit can identify areas for improvement.

A review of this policy shall be undertaken bi-annually (or as appropriate) and necessary amendments will be undertaken by the Clerk and reported to the full Council for approval.

The Council will undertake to ensure that its members and employees are trained in the processes required by this policy as deemed appropriate.

Adopted on: _____

Minute No: _____

Review: _____