

## BROADCLYST PARISH COUNCIL

### RISK MANAGEMENT POLICY

#### Contents

<b>Section 1</b>	<b>Introduction</b>
<b>Section 2</b>	<b>Responsibilities</b>
<b>Section 3</b>	<b>Definition</b>
<b>Section 4</b>	<b>Aims</b>
<b>Section 5</b>	<b>Relevant Legislation</b>
<b>Appendix</b>	<b>Risk Management Strategy</b>
	<b>a. Introduction</b>
	<b>b. Objectives</b>
	<b>c. Definitions</b>
	<b>d. Categories of Risk</b>
	<b>e. Processes</b>
	<b>f. Risk Management Matrix</b>

#### 1. Introduction

Broadclyst 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 introduction of Local Audit and Accountability Act 2014 in order to protect the Council from avoidable losses.

#### 2. Responsibilities

This Policy places a responsibility on all Members and Officers to have regard for risk in carrying out their duties. Its purpose is to enable the Council to manage its risks through anticipation and control.

#### 3. Definition

The Audit Commission (2001) defined "risk" as an event or action which will adversely affect an organisation's ability to achieve its objectives, project plans and processes and to successfully execute its strategies. Therefore "risk management" is the process by which risks are **identified, evaluated and controlled**.

It is good business practice that risk management processes should be supportive rather than restrictive, and should be embedded in the culture of the Council and embraced by all staff and Members.

#### 4. Aims

The Council's aims with respect to risk management are as follows:

- a) To integrate risk management into the culture of the Council.
- b) To raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation.
- c) To manage risk in accordance with best practice.
- d) To minimise losses, injury and damage and reduce the cost of risk.
- e) To ensure appropriate actions are taken to address identified risks.

- f) To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Councils' system of internal control.
- g) To ensure appropriate actions are taken to identify and pursue opportunities.

These aims will be achieved through the Council's risk management strategy which details the roles, responsibilities and actions necessary for successful implementation.

The co-operation of all Members and officers is essential to ensure the Council's resources and service provision are not adversely affected by uncontrolled risk, to ensure the Council does not fail to seize opportunities which benefit the community.

**6. Relevant Legislation**

Broadclyst Parish Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice.

Signed ..... Chairman of the Council

Signed ..... Clerk to the Council

Dated .....

## APPENDIX

### RISK MANAGEMENT STRATEGY

#### a. Introduction

This strategy sets out the framework on which risk management processes at Broadclyst Parish Council are based. This framework ensures a consistent approach is taken across the Council and provides for an element of independent oversight by Council Officers.

#### b. Objectives

The objectives of this strategy are:

- to clearly identify roles and responsibilities for managing risk,
- to follow a structured framework for the identification, assessment and evaluation of risks,
- to ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action,
- to ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities,
- to ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to senior officers and Members that appropriate levels of control exist, and
- to provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

#### c. Definitions

- a) **Risk:** an event or action which will adversely affect an organisation's ability to achieve its project plans or processes and thus to successfully execute its strategies
- b) **Risk Management:** the process, by which risks are identified, evaluated and controlled, which includes the following:
  - Improve the controls to reduce the probability or impact to acceptable limits (treat the risk)
  - Insure against risk / outsource / design & build option for contracts (transfer the risk)
  - Live with it, the risk is acceptable and additional controls would not be cost-effective (tolerate the risk)
  - Do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level (terminate the risk)

d. **Categories of Risk**

The risks facing the organisation can be split into Strategic and Operational.

<b>STRATEGIC</b> Risks which may threaten the achievement of the Council's objectives	<b>OPERATIONAL</b> Risks which members and staff may encounter in the daily course of their work.
<p><b>Political:</b> failure to deliver key objectives or policies of other levels of Government</p> <p>Use of political allegiance to influence Council policies</p> <p><b>Economic:</b> the Council's ability to meet its financial commitments</p> <p><b>Social:</b> the effects in changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives</p> <p><b>Technological:</b> the Council's capacity to deal with technological change or its ability to use technology to meet changing demands</p> <p><b>Legislative:</b> current or potential changes in national or European law.</p> <p><b>Environmental:</b> the environmental consequences of service delivery ( in terms of energy efficiency, pollution, re-cycling, landfill needs, emissions etc)</p> <p><b>Competitive:</b> the competitiveness of the service/ the ability to deliver best value.</p> <p><b>Customer</b>  failure to recognise the changing needs and expectations of the community</p>	<p><b>Professional:</b> professional competences of staff</p> <p><b>Financial:</b> financial planning and control and the adequacy of insurance cover</p> <p><b>Legal:</b> possible breaches of legislation</p> <p><b>Physical:</b> fire, security, accident prevention and health &amp; safety</p> <p><b>Contractual:</b> the failure of contractors to deliver services or goods to agreed costs and specifications</p> <p><b>Technological:</b> reliance on operational equipment (IT systems or equipment and machinery)</p> <p><b>Environmental:</b> pollution, noise or energy efficiency of on-going service operation.</p>

**e. Processes**

In line with best practice, the Council has adopted a seven-step process to support the implementation of risk management and help maintain impetus.

	<b>Steps</b>	
1	Identifying risk	Risks will be identified during the service delivery planning process and cross-referenced, where possible, to key tasks and to the achievement of corporate objectives.
2	Analysing risk	Risks will be assessed against probability and impact of the identified risks using the Council's approved evaluation criteria to give a risk score.
3	Profiling risk	The evaluation exercise will result in a risk score from which significant risks can be established.
4	Prioritising action	Risks will be entered in the risk register detailing the inherent risk score, existing controls and residual risk score.
5	Determining action	Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk register. Target dates and assignment of responsibility will also be stated.
6	Controlling risk	The specified actions will be carried out as stated in the risk register.
7	Monitoring	The risk management working group will keep the risk register under review and progress against further actions identified will be monitored quarterly. The register will be updated as actions are achieved and risk scores amended as appropriate. The identification of risks should be a continual process and risks emerging throughout the year should be evaluated and, where necessary, added to the register.

f. Risk Management Matrix

<b>Assessment Impact</b>					
		<b>Financial</b>	<b>Reputation</b>	<b>Stakeholder</b>	<b>Community/ Customers</b>
1	<b>Negligible</b>	Under £500	Minimal loss of public trust	Minimal impact on stakeholder business arrangements	Minimal impact or disruption to community contained within a community area
2	<b>Minor</b>	£501 _ £1000	Slight loss of trust with no lasting impact. Little adverse publicity	Minor impact on stakeholder business arrangements	Minor impact to community and community dissatisfaction. Limited service disruption.
3	<b>Moderate</b>	£1001 _ £5000	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact	Moderate disruption to stakeholder's arrangements.	Moderate impact to community and customer dissatisfaction. Moderate service disruption.
4	<b>Major</b>	£5001 _ £10000	Significant loss of trust and receives local media attention. Potential for lasting impact	Significant disruption to and opposition from stakeholders	Significant service disruption and community opposition. Threat of legal action.
5	<b>Catastrophic</b>	Over £10000	Significant loss of trust and receives national media attention with potential for persisting impact.	Major disruption to and strong opposition from stakeholders who represent vulnerable clients	Major service disruption. Significant community opposition. Legal action. Long-term public memory.

	<b>Safety</b>	<b>Health</b>	<b>Environmental</b>
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**Assessment Impact**

1	<b>Negligible</b>	First aid case, with no lost time. Negligible safety impact	Mild health effect for short period.	Minimal environmental impact.
2	<b>Minor</b>	Minor injury (worker or third party). Medical treatment beyond first aid.	Reversible health effect. Minor illness.	Local impact requiring response, but from which there is a natural recovery.
3	<b>Moderate</b>	Single major injury,	Irreversible health effect for example loss of hearing. Serious illness from which there is full recovery.	Moderate environmental impact, requiring response to aid recovery. Reportable to authorities.
4	<b>Major</b>	Multiple major injuries which may result in permanent disabilities	Life shortening health effect. Health effect causing significant irreversible disabilities.	Major environmental incident resulting in significant impact requiring management by external authorities
5	<b>Catastrophic</b>	Death	Death	Extreme environmental incident, resulting in irreversible long term or widespread harm

Likelihood Ranges			
	Description	Guidance	Probability Range
1	Improbable	Very remote probability that the event would occur	<1%
2	Remote	Event may occur only in exceptional circumstances	1 – 10%
3	Possible	Event could occur at some time	11 - 50%
4	Probable	Event should occur at some time	51 – 90%
5	Almost Certain	Event will occur in most circumstances	>90%

<b>Impact</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>20</b>
	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>15</b>
	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Likelihood</b>				

Red Risk: Unacceptable risk. Reduce risk by mitigation. Transfer risk.

Amber Risk Reduce risk by mitigation. Regularly review

Yellow Risk Tolerate risk. Review control measures

Green Risk. Acceptable Risk. Monitor risk.