DOWNTON PARISH COUNCIL

RISK MANAGEMENT STRATEGY

Risk management is the process by which risks are identified, evaluated, and controlled.

This document forms the Council's Risk Management Strategy.

This Policy was approved April 2024, then ratified for adoption by a Meeting of the Council held on 08 May 2024.

Signed: Melanie Camilleri
(Proper Officer and Responsible Financial Officer)

Signed: Cllr Jane Brentor (Chair)

Date: 08 May 2024

<u>1   Introduction</u>

1.1   This document forms the Council's Risk Management Strategy. It sets out:
• What is risk management;
• Why does the Council need a risk management strategy;
• What is the Council's philosophy on risk management;
• What is the risk management process;
• Roles and responsibilities;
• Future monitoring.

1.2   The objectives of this strategy are to:
• Further develop risk management and raise its profile across the Council;
• Integrate risk management into the culture of the organisation;
• Embed risk management through the ownership and management of risk as part of all decision-making processes; and
• Manage risk in accordance with best practice.

<u>2   What is Risk Management?</u>

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 together with community focus, structures and processes, standards of conduct, and service delivery arrangements.' 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. 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.

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.

2.5 Risk is not restricted to potential threats but can relate to missed opportunities. Good risk management can facilitate proactive, rather than merely defensive responses. Measures to manage adverse risks are likely to help with managing positive ones.

3 Why does the Council need a Risk Management Strategy?

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

3.2 The Risk Management Strategy will help to ensure that all Committees/ service areas have an understanding of 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.

3.3 Strategic risk management is also an important element in demonstrating continuous service improvement.

3.4 There is a requirement under the Accounts and Audit Regulations 2011 to establish and maintain a systematic strategy, framework, and process for managing risk.

4 Risk Management Policy Statement

Downton 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, to minimise uncertainty in achieving its goals and objectives and to maximise the opportunities to achieve its vision.

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

5 Implementing the Strategy

5.1 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. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

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.

5.2   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. 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.

5.3   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.

Risk Analysis – Once risks have been identified they need to be systematically and accurately assessed using proven techniques. 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, with impact and likelihood being scored using a matrix. This will require a numeric 5 value to be given to both the likelihood of the risk happening and the impact of the impact if it did, based upon the scoring identified in the Risk Management Schedule Risk Matrix.

6   Roles and Responsibilities

6.1   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 right across the Council and its operations, and responsibility for risk is in the right place. The process must be driven from the top but must also involve staff throughout the organisation.

6.2　Members – risk management is seen as a key part of the Member's stewardship role and there is an expectation that Members will lead and monitor the approach adopted, including:

(a) Approval of the 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 Annual Governance Statement; and

(d) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

6.3　Employees – will undertake their job within risk management guidelines ensuring that their skills and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Clerk.

6.4　Clerk – will act as the Lead Officer on Risk Management and be responsible for overseeing the implementation of the Risk Management Strategy. The Clerk will:

(a) provide advice as to the legality of policy and service delivery choices;

(b) provide advice on the implications for service areas of the Council's corporate aims and objectives;

(c) update the Council on the implications of new or revised legislation;

(d) assist in handling any litigation claims;

(e) provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work-related illness or injury;

(f) advise on any health and safety implications of the chosen or proposed arrangements for service delivery;

6.5　Responsible Finance Officer – will:

(a) assess and implement the Council's insurance requirements;

(b) assess the financial implications of strategic policy options;

(c) provide assistance and advice on budgetary planning and control;

(d) ensure that the Council's financial procedures allows effective budgetary control;

(e) maintain the Council's Risk Management Schedule;

6.6　Role of Internal Audit – Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance to the Council 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. Internal Audit reports, and any recommendations contained within, will help to shape the Annual Governance Statement.

6.7   In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly.

7   Future Monitoring

Review of Risk Management Strategy - This Strategy will be reviewed annually.

8   Conclusion

The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective corporate governance.

RISK MATRIX

Likelihood:

1=Low (seldom)

2=Medium (frequently)

3=High (certain or near certain)

Severity:

1=Low (minor harm or injury requiring 1st aid)

2=Medium (moderate harm or injury requiring professional intervention)

3= Serious (major harm or injury requiring hospitalisation, death)

Rating = Likelihood x Severity

Rating: 1-2=low priority   3-4 = medium priority   6-9 = high priority

LIKELIHOOD	SEVERITY		
	1	2	3
1	1	2	3
2	2	4	6
3	3	6	9

Area	Nature of Risk(s)	Impact	Likelihood	Level	Control of risk/management	Review/assess/revise
Finance	Adequacy of Precept	3	1	M	• Robust budget setting process by full council with mid-term reviews. • Precept signed-off December/January after detailed consideration of actual and forecast spend. • Clerk/RFO routinely monitors actual v budget in Cashbook (within +/- £1K tolerance) • All mid-year virements recorded in Cashbook • Clerk/RFO routinely monitors and reports on General and Earmarked reserves • Clerk/RFO monitors receipt of Precept from Wiltshire Council April and September • No new projects agreed without adequate budget being identified	May 2025
	Financial Controls and Records	3	1	M	• Financial Regulations approved • General Reserves Policy approved • Cashflow report recording all payments due/received produced monthly for Members approval (with corresponding invoices/receipts and bank statements) • All payments and bank balances recorded in the Minutes of full council meetings • Three-step BACS authorisation payment process set-up with Lloyds Bank • Monthly Bank Reconciliation carried out by Clerk/RFO and reported quarterly to Members. • Internal and external audit	May 2025

	Election Costs	3	2	H	• There are no measures that can minimise the risk of a contested election. • Leading up to an election year, allocate monies to earmarked reserves to mitigate impact	Next local election 2025
	HMRC Compliance	2	1	L	• Payroll calculates tax and NI liability and produces payslips • Payroll produces P30 for all payments due to HMRC • Payroll produces P45 and P60s • VAT recoded on Cashbook and reclaimed at least annually • Internal audit check for compliance	May 2025
	Pension Compliance	3	1	M	• Registration with the Pensions Regulator • Opt-in / opt-out procedures followed for all new starters • Payroll calculates Pension payments and produces a monthly report for all payments due (employee and employer conts) • Monthly payments made to the Pension Provider	May 2025
	Loss of cash through theft or dishonesty	n/a	n/a		• No petty cash handled	May 2025
	Borrowing	2	1	L	• Borrowing may only be approved by full council • All borrowing must be fully costed in line with Project Plan/Budget for Capital Spend items	May 2025
	Grants and developer Contributions (CIL and S106)	2	1	L	• Recorded in the Cashbook under Earmarked reserves • May only be used for the intended purpose and no other	May 2025

	Contracts - Best value and accountability	3	1	M	• Procurement process and no. of quotes documented in the Financial Regulations • Obtain copies of Public Liability Certificates	May 2025
	Audit conducted in accordance with the JPAG Practitioners Guide March 2024	2	1	L	• PKF Littlejohn has been appointed by Small Authorities Audit Appointments (SAAA) as the external auditor for the Council for the 5 financial years from 2022/23 to 2026/27. • An independent and competent internal auditor appointed by resolution of the council for each financial year (with Letter of Engagement) • Timetable for approval and submission of the AGAR (as associated papers) before the deadline approved • Exercise of Public Rights published to include the first 10 working days of July	May 2025
Liability	Adequate levels of insurance cover	3	1	M	• Public and Products Liability £10M • Employer Liability £10M cover • Fidelity: £500K • Business Interruption • Personal Accident • Property/Assets: Register held and updated regularly. Insurance cover reviewed and updated to reflect levels of cover needed	Asset Register May 2024 Insurance renewal 01 Oct 2024
	Compliance with employment law	3	1	M	• Insurance cover • Membership of specialists in employment law e.g. NALC/WALC and South West Councils	May 2025
	Members Register of Interests	2	1	L	• Reviewed and updated annually (recorded at the Annual Parish Council Meeting)	May 2024

Business continuity and Human Resources	Unavailability of critical officers due to sickness or tragic incident	3	1	L	• Shared Dropbox access where appropriate • Two officers employed • Access to LCC locum list • Any vacancies that arise will be advertised in a timely way	May 2025
	Staffing levels	2	2	M	• Regular liaison with Clerk to ensure workload manageable • Each project to consider impact on staff time availability	May 2025 and as necessary
Data Security and accessibility	Cyber attack	2	1	L	• Cyber insurance cover	Insurance renewal 19 April 2024
	Data storage and integrity	2	1	L	• Documents saved cloud-based storage (Dropbox) • IT Support Contract • Anti-virus software installed on PCs. • The Council is a data controller registered with the ICO (renewal 30 Match 2025) • Data Privacy Policy published • Social media policy and review by members of Comms group	May 2025
	Management of website input	1	2	L	• Input can be managed by more than one data input person • With appropriate resolution data can be managed by external provider	May 2024
	Transparency Code 2015	1	1	L	• Publication Scheme and FOI approved in accordance with the requirements of the Council's gross annual turnover (> £200K) • Website complies with requirements • Agendas published 3-clear days • Draft Minutes published on or before the next meeting	May 2024

Protection and Control of Assets	Adverse weather impact	3	1	M	• Flood and Snow emergency plans in place • Annual review of equipment needed to manage adverse weather	May 2025
	Cemetery	1	1	L	• Cemetery regulations in place and shared with potential users • Contractors have their own protection • Public access covered by adequate insurance	May 2025
	Playgrounds	3	2	H	• Annual ROSPA inspections in place • Bi-weekly visual inspections recorded by allocated councillors • Signage in place • Adequate insurance cover	May 2025
	Storage of moveable assets	1	1	L	• Adequate insurance cover • Secure storage with coded padlock	May 2025
	Trees on council owned land	3	2	H	• Tree policy in place • Annual review of tree safety	May 2025
Events	Managing risks for specific events e.g. Christmas Lights	3 (variable by event)	1	L	• An Event specific Risk Assessment will be produced and approved by full council	As required