



# PIRBRIGHT PARISH COUNCIL

## RISK MANAGEMENT POLICY

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## DEFINITION

Pirbright Parish Council recognises its responsibilities for providing a safe and healthy working environment for all its Councillors, employees, contractors, voluntary helpers and members of the public who may be affected by the activities of the Council.

Risk is an expression of the likelihood and impact of an event with the potential to influence the achievement of an organisation's objectives.

## WHAT IS RISK MANAGEMENT?

"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.

The Parish Council is more likely to achieve its objectives if it manages risk properly and 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 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 would not be cost effective, so the emphasis should be on eliminating or reducing risk and should not be merely a defensive response.

The examples below are high profile but are not exhaustive:

Health & Safety Risk - The Council will adhere to the requirements of the Health and Safety at Work Act 1974 and other relevant health and safety legislation and codes of practice.

Strategic Risk - The long term adverse impacts from poor decision making or poor implementation. Damage to the reputation of the Parish Council, loss of public confidence, and in a worst case scenario Government Intervention.

Compliance Risk - The failure to comply with legislation, particularly Freedom of Information or Data Protection, as well as financial regulations or other adopted policies or the lack of documentation to prove compliance. Exposure to prosecution, judicial review, employment tribunals, 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 Parish Council reserves.

Operating Risk - Failure to deliver services effectively, hazards to users (playground equipment), the general public, members or staff. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

## WHY THE COUNCIL NEEDS A RISK MANAGEMENT POLICY

The need for a Risk Management Policy is set out in Section 5 of the Joint Panel on Accountability and Governance Practitioner's Guide dated March 2020 published by the National Association of Local Councils. <https://www.nalc.gov.uk/library/our-work/jpag/3223-practitioners-guide-2020/file>

By the very nature of risk, it is impossible to produce a standard list of risks which the Council might face, and therefore this policy deals with general guidance to help reduce and where possible eliminate any risk.

In accordance with Section 6 of the Local Audit and Accountability Act 1974, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5m. Pirbright Parish Council is a small council with an income of approximately £120,000 per annum and similar expenditure, and therefore clearly falls into this category.

The Practitioner's Guide, referenced above, sets out examples of risk management considerations. Pirbright Parish Council has considered its risk under three headings:

1. The use of insurance to manage risk.
2. The help of a third party to manage risk.
3. Self-management of risk.

## AIMS OF THE RISK MANAGEMENT POLICY

The Parish Council will:

1. As far as is reasonably practicable, provide a safe place of work and a safe working environment.
2. Use risk management to promote innovation as well as help secure existing objectives.
3. Achieve a systematic and consistent approach to identifying and analysing risks which will be an integral part of all key management processes.
4. Establish an effective and explicit system of risk identification, analysis and control.
5. Embed risk management as an integral part of service, project planning and decision making.
6. Make arrangements for considering, reporting and reviewing matters that may be subject to risk, whether physical or administrative working activities.

## ARRANGEMENTS AND RESPONSIBILITIES FOR RISK MANAGEMENT

The roles and responsibilities set out below, are designed to ensure that risk is managed effectively across the Parish Council and its operations and responsibility

for risk is located in the right place. Those who best know the risks to a particular service are those responsible for it.

### Councillors

Risk management is seen as a key part of a Councillor's role and there is an expectation that they will lead and monitor risk management.

This will include:

1. Approval of the Risk Management Policy.
2. Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed.
3. Consideration and endorsement of a Statement of Internal Control.
4. Assessment of risks whilst setting the budget and agreeing annual audit.

### Parish Clerk and Responsible Finance Officer

The Clerk & RFO will act as the lead officer on risk management and will:

1. Keep informed of any changes to administrative processes that could be subject to risk and advise on any health and safety implications of the chosen or proposed arrangements for projects.
2. Provide advice on the implications of potential service actions for the Parish Council's aims and objectives.
3. Undertake a annual review of the Risk Register and advise members of any changes required.
4. Publish the Risk Management Policy and Risk Register on the Council's website and update as necessary.
5. Update the Parish Council on the implications of new or revised legislation and advise the Council of any matters that may affect the Risk Management policy.
6. Advise the Council immediately of any potential risk that needs to be reflected in the Council's insurance arrangements.
7. Review the Risk Register annually to accompany the Annual Audit.
8. Ensure that matters pertaining to risk management are discussed at meetings of the Council.
9. Ensure that regular risk assessments are carried out of working practices and facilities, with subsequent consideration and review of any necessary corrective/protective measures. Maintain a file of risk assessments.
10. Make effective arrangements to ensure those contractors or voluntary helpers working for the Council comply with all reasonable health and safety requirements and are made aware of any Risk Assessment that has been completed.
11. Assess and implement the Parish Council's insurance requirements.
12. Assess the financial implications of policy options.
13. Provide assistance and advice on budgetary planning and control.
14. Ensure that the budget monitoring documents allow effective budgetary control and informs financial decisions made by the Parish Council.
15. Act as the contact and liaison point for any risk management matter.

## The Role of Internal Audit

1. The Independent Internal Auditor provides an important scrutiny role whilst carrying out audits to provide independent assurance to the Parish Council that the necessary risk management systems are in place and all significant risks, both its financial and operational, are identified and being managed effectively.
2. Internal Audit assists the Parish Council in implementing proper arrangements to manage risks, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.
3. The Internal Audit Report, and any recommendations contained within it, will assist the Parish Council to achieve the status of a Quality Council through continuous service improvement and effective corporate governance and best practice.

## Contractors and voluntary helpers' responsibilities:

1. Co-operate fully with the aims and requirements of the Council's Risk Management Policy.
2. Comply with Codes of Practice or work instructions for health and safety.
3. Comply with any guidance provided following a Risk Assessment carried out in relation to any activity being undertaken.
4. Report all accidents or incidents to the Clerk to the Council, or as soon as is reasonably practicable and to assist with the investigation of such.

## AREAS WHERE INSURANCE CAN BE USED TO MANAGE RISK

A thorough insurance review should be undertaken every three years with a provisional review at each renewal date. This review will be carried out by the Clerk, with assistance from Councillors and the insurance company as necessary. A report of the insurance review will be presented to a full Council meeting for approval and minuted accordingly. Insurances to be considered should include:

1. Public Liability
2. Employer's Liability
3. Money
4. Fidelity Guarantee
5. Property Damage
6. Libel and Slander
7. Personal Accident
8. Legal Expenses
9. Internal controls

Physical assets should be inspected regularly and details logged. The Clerk will be responsible for ensuring that inspections take place and are logged. Councillors will assist with the inspection of assets.

Maintenance and repair of assets should be carried out as soon as practicable and an amount set aside in the annual budget for this purpose.

An annual review of the adequacy of insurance cover should be carried out at each insurance renewal date.

Consideration should be given to the need for a specialist insurance provider in view of work carried out by the council.

The Asset Register should be updated on a regular basis by the Clerk, but as a minimum annually at the financial year end.

## AREAS WHERE THE WORK OF THIRD PARTIES CAN BE USED TO HELP MANAGE RISK

In order to comply with its powers and duties, the Parish Council may find it necessary to enrol the services of external bodies to undertake tasks such as maintenance, security, legal assistance, etc. This need will arise when the Council is unable to carry out this function using internal resources or where external expertise is required.

### INTERNAL CONTROLS

In all cases where external help is needed, the council should ensure that its Financial Regulations and Standing Orders are adhered to, especially when awarding contracts.

The Council should review the performance of the external provider both during and on completion of the job.

The payments procedure should be checked in line with the council's Financial Regulations, and expenditure kept within its budget limit.

In addition to its own checking procedure, an annual inspection and risk assessment of the council's play equipment should be carried out by an external organisation.

## AREAS WHERE RISK CAN BE SELF-MANAGED

A large proportion of the Council's work is undertaken by the Parish Clerk under terms and conditions of employment. The main role of the Clerk is to ensure compliance of the Council's statutory and financial responsibilities within the framework of the Council's powers and duties.

### INTERNAL CONTROLS

At all times the Clerk and Councillors will work within the limits set out in the Council's own Standing Orders and Financial Regulations and comply with the Accounts and Audit Regulations 1996 as amended (guidance for which is detailed in NALC's 'Governance and Accountability Practitioner's Guide').

Where relevant Council Minutes will record details of the powers under which decisions have been made. The Minute book will be kept up to date and the Minutes approved monthly to ensure accuracy and adequate detail.

Replies to correspondence, consultation and parishioner contact will be dealt with as soon as practical.

## CONTINUAL REVIEW OF RISK MANAGEMENT

In order to ensure that the Council's risk management process remains effective, the Council will review this policy annually.

In addition, the Council will review its Standing Orders and Financial Regulations annually.

All decisions reached by the Council should be considered in relation to this policy.

The appointment of the Internal Auditor will provide an independent opinion regarding the effectiveness of this policy.

## RISK REGISTER

The Council currently maintains a register of risk which can be viewed on the website.