

## Risk management policy

### 1. Legal context

- 1.1. Alderbury Parish Council has adopted this risk management policy in accordance with guidance set out in Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) and also to give effect to the Health and Safety at Work Act 1974.

### 2. The purpose of this policy

- 2.1. Compliance with this policy ensures that the Council assesses and addresses the risks associated with its activities. This policy aims to identify the steps needed to avoid or address risks and to provide increased confidence in the Council's corporate governance arrangements.

### 3. Background

- 3.1. Risk is an uncertain event or condition that, if it occurs, will have an impact on the Council. Risk management helps the Council assess and address risks. The focus of risk management is to identify what can go wrong and take steps to avoid this or manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority's ability to deliver its priorities and responsibilities.
- 3.2. The failure to manage risks effectively can be expensive in terms of legal challenge and reputation, and can impact on the ability to comply with legal duties. The authority generally and members individually are responsible for risk management.
- 3.3. Risk management is an ongoing activity that comprises four elements:
  - a) identifying risks;
  - b) assessing risks;
  - c) addressing risks; and
  - d) reviewing and reporting.

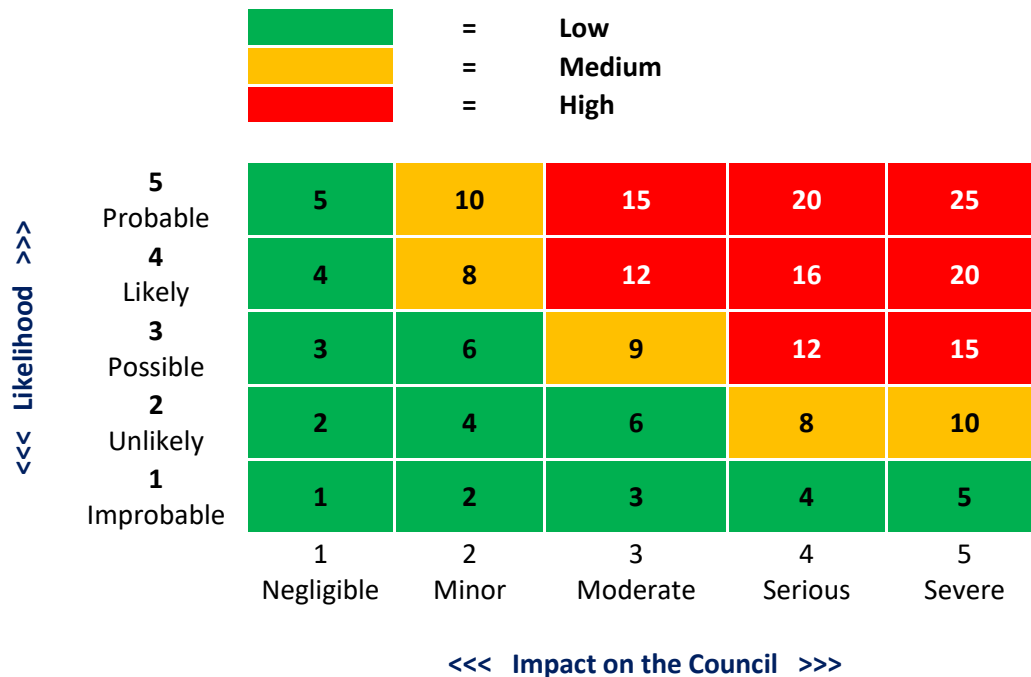
### 4. Identifying risks

- 4.1. In order to manage risk, the Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process. The Council will identify the key risks to achieving successfully its priorities and service objectives, in the following categories:
  - a) financial – loss of money;
  - b) security – fraud, theft, embezzlement;
  - c) property – damage to property;
  - d) legal – breaking the law or being sued;
  - e) IT – failure of IT systems or misuse; and
  - f) reputational – actions taken could harm the authority's public reputation.

### 5. Assessing risks

5.1. Having identified a potential risk, the Council assesses the likelihood of it happening and the impact it would have, using JPAGs recommended assessment process. This allows the Council to identify low, medium and high risks when considering measures it should take.

5.2. Alderbury Parish Council’s risk assessment matrix and RAG rating:



## 6. Addressing risks

6.1. Risk is unavoidable and the Council takes action to manage risk in a way which it can justify to a level which it considers acceptable – the Council’s ‘risk appetite.’ The response to risk, is called ‘internal control’ and involves the following responses:

<b>Tolerate</b>	For risks that are containable; where the possible controls cannot be justified (e.g., they would be disproportionate) and where risks are unavoidable e.g., terrorism. <b>LOW &amp; MEDIUM RISKS</b>
<b>Treat</b>	Imposing controls so that the organisation can continue to operate; or introducing measures to deal with the risk. <b>MEDIUM &amp; HIGH RISKS</b>
<b>Transfer</b>	Buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk. <b>HIGH RISKS</b>
<b>Terminate</b>	Avoiding or cancelling activities where no response can bring the risk to an acceptable level. <b>HIGH RISKS</b>

6.2. The Council uses insurance to help manage risk include the following:

- The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability).
- The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
- Loss of cash through theft or dishonesty (fidelity guarantee).
- Legal liability as a consequence of asset ownership (public liability).

6.3. The limited staff resources available to the Council means that it works with specialist external

bodies to help manage risk include the following:

- a) Inspection – ROSPA for playgrounds
- b) Contractors – inspections included in contract specifications.
- c) Banking arrangements, including borrowing or lending.
- d) Ad hoc events management.
- e) Professional services (trees, planning, architects, accountancy, design, etc.).

## **7. Reviewing and reporting**

- 7.1. Having identified likely risks, the Council records this in the Alderbury Parish Council Risk Register (Appendix 1). This register is kept under review by the Responsible Financial Officer and is reported to the Council annually.
  - 7.2. The Council seeks advice and guidance on risk management from its auditors, insurers, JPAG, the National Association of Local Councils, the Society of Local Council Clerks and other training providers. The Council provides training for its staff through the CiLCA qualifications and additional specialist training where appropriate.
- 1.1 anges to legal requirements.