

ECTON PARISH COUNCIL

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RISK MANAGEMENT

1. Introduction

This document forms the Council's Risk Management strategy and policy. 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
 - How will risk management feed into the Council's existing policies;
 - Roles and responsibilities;
 - Future monitoring
- The objectives of this strategy are to:
- Further develop risk management and raise its profile across the Council
 - Manage risk in accordance with best practice

2. 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, Worth the Risk: Improving Risk Management in Local Government, (2001:5)

Risk Management applies to all aspects of the Council's work and can be classified into various types.

- **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.
- **Compliance Risk** – failure to comply with legislation or laid down procedures or the lack of documentation to prove compliance. Risks – exposure to prosecution, judicial review, employment tribunals, inability to enforce controls.
- **Financial Risk** – fraud and corruption, waste, excess demand for services, bad debts. Risk – additional audit investigation, objection to accounts, reduced service delivery, impact on council reserves, increased precept request.
- **Operating Risk** – failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk – insurance claims, higher insurance premiums, lengthy recovery processes.

3. Why does the Council need a Risk Management Strategy?

Risk Management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided. The Risk Management Strategy will help to ensure that Councillors and the Clerk have an understanding of risk and that the Council adopts a uniform approach to identifying and prioritising risks.

4. What is the Council's philosophy on Risk Management?

Policy Statement

Ecton 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 and maximise the achievement of its goals and objectives. 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 managing risk. Risk management is an integral part of the Council's management processes.

5. What is the Risk Management Process?

Risk Identification – Identifying and understanding the hazards and risks facing the Council are crucial if informed decisions are to be made about policies or service delivery methods. 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. If a risk is seen to be unacceptable, steps need to be taken to control or respond to the risk.

Risk Control

Risk control requires the identification and implementation of revised operating procedures

Risk Monitoring

Risk control methods and their effectiveness need regular monitoring. It is also important to assess whether the nature of any risk has changed over time.

6. How will Risk Management feed into the Council's existing policies?

Projects and Service Changes – when developing projects or recommending changes to services the Council will ensure that risks are identified and the measures to eliminate or control them are discussed and documented in minutes of council meetings.

Partnership Working – the Council will continue to enter into a number of partnerships with organisations from the public, private, voluntary and community sectors where necessary.

7. Roles and Responsibilities

Councillors – Risk management is seen as a key part of the Councillors stewardship role and there is an expectation that Councillors will lead and monitor the approach adopted. To include:

- Approval of the Risk Management Policy
- Analysis of key risks on all projects, ensuring that all future projects and services undertaken are adequately risk managed
- Assessment of risks whilst setting the budget

Clerk – will be responsible for overseeing the implementation of the detail of the Risk Management Policy. To include:

- Providing advice as to the legality of policy and service delivery choices.
- Providing advice on the implications of the Council's stated aims and objectives
- Update the council on the implications of new or revised legislation
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery
- Assess and implement the Council's insurance requirements
- Assess the financial implications of project options
- Provide assistance and advice on budgetary planning and control
- Will maintain an awareness of the impact and costs of risks
- Will monitor progress and report on risks

Role of the Internal Auditor – The Internal Auditor 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. The auditor assists Council in identifying both its financial and operational risks and assists 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.

Training – Risk Management training will be provided as necessary.

8. Future Monitoring