Batheaston Parish Council
Risk Management Policy

Contents

1. Introduction 1
2. Responsibilities 1
3. Definition 1
4. Aims 2
5. Relevant Legislation 2
RISK MANAGEMENT PROCEDURE 3
A) Introduction 3
B) Objectives 3
C) Definitions 3
D) Categories of Risk 4
E) Processes 5
F) Risk Management Matrices: Assessing Overall Risk Category 6
G) Risk Management Matrices: Council Review and Action 6
Appendix 1: Assessing Impact of Risk 7
Appendix 2: Assessing Likelihood of Risk 8
Appendix 3: Risk Assessment Template 9
Appendix 4: Employee Form 11

1. Introduction

Batheaston 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 procedure in line with the introduction of the Local Audit and Accountability Act 2014[1], and the Accounts and Audit Regulations 2015[2], in order to protect the Council from avoidable losses.

2. Responsibilities

This Policy places a responsibility on all Councillors and Staff 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**.

[1] https://www.legislation.gov.uk/ukpga/2014/2/contents/enacted

[2] https://www.legislation.gov.uk/uksi/2015/234/contents/made

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 Councillors.

4. Aims

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

To integrate risk management into the culture of the Council.

4.1. 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.

4.2. To manage risk in accordance with best practice.

4.3. To minimise losses, injury and damage and reduce the cost of risk.

4.4. To ensure appropriate actions are taken to address identified risks.

4.5. To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Council's system of internal control.

4.6. To ensure appropriate actions are taken to identify and pursue opportunities.

These aims will be achieved through the Council's Risk Management Procedure (Appendix 1) which details the roles, responsibilities and actions necessary for successful implementation.

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

5. Relevant Legislation

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

RISK MANAGEMENT PROCEDURE

A) Introduction

This procedure sets out the framework on which risk management processes at Batheaston 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 Staff.

B) Objectives

The objectives of this procedure 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 Staff and Councillors 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

i. **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

ii. **Risk Management:** the process, by which risks are identified, evaluated and controlled, which includes the following:

- Treat the risk: Improve the controls to reduce the probability or impact to acceptable limits
- Transfer the risk: Insure against risk / outsource
- Tolerate the risk: Live with it, the risk is acceptable and additional controls would not be cost-effective
- Terminate the risk: Do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level

D) Categories of Risk

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

E) Processes

	STEPS	ACTION – Risk Assessment	ACTION – Risk Register
1	IDENTIFY	Activity based risks will be identified during the service delivery planning process. Ad hoc risks that arise during the normal course of business will be assessed as they are identified.	Core 'standing' business risks will be identified and entered in the Risk Register. These will include items such as the risk of fraud and financial loss.
2	ASSESS	Risks will be assessed against probability and impact of the identified risks using the Council's approved evaluation criteria to give a risk score. Risk Owner to be identified. The evaluation exercise will result in a risk score from which significant risks can be established.	Individual risk assessments resulting in a mitigated risk score of over 10 (amber) will be entered in the Risk Register.
4	CONTROL	Potential mitigating actions should be considered based on the risk score and a cost/benefit appraisal. Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk assessment. Target dates and assignment of responsibility will also be stated.	
5	RECORD	Risk assessments must be recorded on the template at Appendix 1. 'Dynamic' risk assessments may be carried out as and when the need arises for low risk ad hoc activities and need not be documented, as long as the risk is low.	
6	REVIEW	All risk assessments are to be assigned a review date, which will be determined by taking into account the nature of the activity and the risk level. The Risk Owner will be responsible for timely review, and the update of the Risk Assessment (and Risk Register where appropriate).	The Risk Register will be updated as actions are achieved, and risk scores amended as appropriate. Risk no longer warranting inclusion on the Risk Register will be removed to a separate sheet for record. The Risk Register will be reviewed by the Full Council biannually.
7	COMMUNICATE	Risk Assessments must be communicated to all those who will be impacted by them.	

F) Risk Management Matrices: Assessing Overall Risk Category

		Likelihood				
		Improbable	Remote	Possible	Probable	Almost Certain
Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Negligible	1	2	3	4	5

G) Risk Management Matrices: Council Review and Action

Risk Category			Council Review on Identification of Risk	On-going Council Review (Until closure)
RED RISK	Score 20 or above	Unacceptable risk. Reduce risk by mitigation, and/or transfer risk.	Council oversight at earliest opportunity, with emergency meeting if necessary	Thereafter and until resolved /reduced: Review at least monthly
AMBER RISK	11-19	Amber Risk: Reduce risk by mitigation. Regularly review.	Council oversight at earliest opportunity (within a month, at next meeting)	Review monthly
YELLOW RISK	7-10	Yellow Risk: Tolerate risk. Review control measures.	Council oversight at next reasonable opportunity	Review biannually
GREEN RISK	Below 7	Green Risk: Acceptable Risk. Monitor risk.	Council review at next risk review	At next review of risks, at least within a year / annually

Appendix 1: Assessing Impact of Risk

	Financial	Reputation	Stakeholder	Community/ Customers	Health & Safety	Environmental
Negligible	Under £500	Minimal loss of public trust	Minimal impact on stakeholder business arrangements	Minimal impact or disruption to community contained within a community area	First aid case, with no lost time. Negligible safety impact. Mild health effect for short period.	Minimal environmental impact.
Minor	£501 - £1,000	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.	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.
Moderate	£1,001 - £5,000	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.	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.
Major	£5,001 - £10,000	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.	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
Catastrophic	Over £10,000	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.	Death	Extreme environmental incident, resulting in irreversible long term or widespread harm

Appendix 2: Assessing Likelihood of Risk

	Description	Guidance	Probability Range
1	Improbable	Very remote probability that the event would occur	0 -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%

Appendix 3: Risk Assessment Template

Risk Assessment for:										
Location/Dept:						**Date Assessed:**	**Assessed by:**			
Task/Activity:						**Risk Owner:**	**Reference Number:**			
			Risk rating before implementing control measures				**Residual Risk rating after implementing control measures**			
Activity/ Task	**Hazard/Risk**	**Persons at Risk**	**Impact**	**Likelihood**	**Category**	**Controls Measures in Place**	**Impact**	**Likelihood**	**Category**	**Additional Control Measures Required**

Review Record

Date of Review	Confirmed by	Comments

Appendix 4: Employee Form

I have read the risk assessment and understand and accept its contents form part of my job role. I will keep myself informed of any changes.

Employee Name (Print)	Employee Signature	Date