

Sturminster Marshall Parish Council

Risk Management Policy

Adopted: May 2025

Objectives

The aims and objectives of this policy are comprehensive beginning with the need to develop risk management beyond Health & Safety.

- 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;
- Manage risk in accordance with best practice.

Introduction - Risk Management Policy Statement

The Parish Council recognises that, in addition to its statutory duties, there are significant economic and ethical reasons to take all reasonable and practicable measures to safeguard the people that it works with, and provides services for, and to protect the natural and built environments for which it is responsible.

This policy document first establishes:

- What is risk management?
- Why the Council needs a risk management policy?
- The reasoning behind the risk management procedures of the Parish Council
- What the risk management process is;
- Options for control of risks;
- Risk monitoring;
- Roles and responsibilities;
- Future monitoring.

What is Risk Management?

Risk management is essential to good governance.

‘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. It is critical to recognise that 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 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.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, money may 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.

Risk is not restricted to potential threats but can be connected with 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.

The examples below are high profile but not exhaustive:

Health & Safety Risk

The Council will adhere to the requirements of the Health and Safety at Work Act 1974 etc 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 or laid down procedures 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, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

Why the Council needs a Risk Management Policy?

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

Risk management will help to ensure that the Parish Council has an understanding of 'risk' and that the Parish 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.

Why Risk Management?

Whilst it is acknowledged that risk cannot be totally eliminated it is accepted that much can be done to reduce the extent of injury, damage and financial loss. Therefore, the Parish Council is committed to identifying, reducing or eliminating the risks to both people and the natural and built environments.

The Council will carry insurance in such amounts and in respect of such perils as will provide protection against significant losses, where insurance is required by law or contract and in other circumstances where risks are insurable, and premiums cost effective.

The Council will seek to embed effective risk management into its culture, processes and structure to ensure that opportunities are maximised.

The Council will seek to encourage staff to identify, assess and manage risks

What is the Risk Management Process?

Implementing the Policy involves identifying, analysing/prioritising, managing and monitoring risks.

Risk Identification

Identifying and understanding the hazards and risks facing the Parish 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 it or respond to it.

Risk Prioritisation

An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored low, medium, or high. High scoring risks will be subject to detailed consideration and the preparation of an action plan to appropriately control the risk.

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 may be required to reduce the risk to an acceptable level.

Options for control of Risks

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

Where the financial impact is passed to others, for example, by revising contractual terms.

Sharing

By sharing the risk with another party or parties.

Insuring

Insuring against some or all of the risk to mitigate financial impact.

Acceptance

Documenting a conscious decision after assessment of areas where the Council accepts or tolerates a particular risk.

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 judgments on the nature and extent of insurance cover and the balance to be reached between self insurance and external protection.

How will it feed into the Council's existing policies?

Initial Identification of risks will be by individual Councillors, the Clerk, members of the public, contractors or volunteers.

Roles and Responsibilities

It is important that risk management becomes embedded into the everyday culture and performance management process of the Parish Council.

The roles and responsibilities set out below, are designed to ensure that risk is managed effectively across the Council and its operations, and responsibility for risk is located in the right place.

Councillors

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

This will include:

- Approval of the Risk Management Policy.
- Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed.
- Consideration, and if appropriate, endorsement of the Statement of Internal Control.
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

Clerk

The Clerk & RFO will act as the lead officer on risk management, overseeing the implementation of the detail of the Risk Management Strategy and will:

- Provide advice as to the legality of policy and service delivery choices.
- Provide advice on the implications of potential service actions for the Parish Council's aims and objectives.

- Update Parish Council and service areas on the implications of new or revised legislation.
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery.

Responsible Finance Officer

The Clerk as the Parish Council's Responsible Finance Officer will:

- Assess and implement the Parish Council's insurance requirements.
- Assess the financial implications of policy options.
- Provide assistance and advice on budgetary planning and control.
- Ensure that the budget monitoring documents allow effective budgetary control and informs financial decisions made by the Parish Council.

Role of Internal Audit

The Independent Internal Auditor provides an important scrutiny role carrying out audits to provide independent assurance to the Parish Council that the necessary risk management systems are in place and all significant risks are being managed effectively.

Internal Audit assists the Parish Council in identifying both its financial and operational risks and seeks to assist the Parish 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.

The Internal Audit Report, and any recommendations contained within it, will help to shape the operation of the Parish Council.

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

Future Monitoring

The progress of the policy will be measured on:

- Adjustments to the way in which services are delivered.
- Greater satisfaction of Councillors, staff, volunteers, customers and visitors with the provisions made by the Parish Council.

Reviewing this Policy

This policy will be reviewed every 2 years as part of the Parish Council's continuing review of its policy documents, Standing Orders and Financial Regulations. Recommendations for change will be reported to the Parish Council.