

## RISK MANAGEMENT STRATEGY/POLICY May 2025

### 1. Introduction

1.1 This document forms Donyatt's Parish Council's Risk Strategy. It sets out:

#### Management

- What risk management is;
- Why the Council needs a risk management strategy;
- The Council's philosophy on risk management;
- The risk management process;
- Roles and responsibilities;
- Future monitoring.

1.2 The objectives of this strategy are to:

- Further develop risk management and raise its profile across the Council;
- 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; and
- Manage risk in accordance with best practice.

### 2. What Risk Management is

2.1 *'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)

2.2 Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety, but applies to all aspects of the Council's work.

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- 2.3 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. The examples below are not exhaustive:

**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, in a worst case scenario Government intervention.

**Compliance Risk** – Failure to comply with legislation, laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals and the 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 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.

- 2.4 These risks can be broken down further into specific areas which could impact on the achievement of the Council's strategic objectives and day-to-day delivery of services:

**Political** – Those associated with the failure to deliver local, regional or national policy;

**Financial** – Those affecting the ability of the Council to meet its financial commitments; failure of major projects; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; initiative overload;

**Social** – Those relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to deliver its strategic priorities;

**Technological** – Those associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. This includes the consequences of internal failures on the Council's ability to deliver its objectives;

**Legal** – The ability of the Council to meet legislative demands affecting breaches of legislation (UK & EU);

**Environmental** – Those relating to the environmental consequences of progressing the Council's objectives in terms of energy-efficiency, pollution, recycling, emissions etc;

**Partnership/Contractual** – Those associated with the failure of partners/contractors to deliver services to an agreed cost and specification and similarly failure of the Council to deliver services to an agreed cost and specification; compliance with procurement policies (internal/external); ensuring open and fair competition;

**Human Resources** – Those associated with the professional competence of staff; training and development; over-reliance on key personnel; ineffective project management; recruitment and selection issues;

**Organisational** – Those associated with the review of services and delivering continuous improvement;

**Health & Safety/Physical** – Those related to fire, safety, accident prevention and health & safety which pose a risk to both staff and the public; safeguarding and accounting of physical assets;

**Reputational** – Those associated with the changing needs of customers and the electorate; ensuring appropriate consultation; avoiding poor public and media relations.

Not all of these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might 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.

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

### **3. Why the Council needs a Risk Management Strategy**

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

- 3.2 The Risk Management Strategy will help to ensure that all Committees and

service areas have an understanding of risk and that the Council adopts

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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.

- 3.3 Strategic risk management is an important element in demonstrating continuous service improvement.
- 3.4 There is a requirement under the Accounts and Audit Regulations 2015 to establish and maintain a systematic strategy, framework and process for managing risk.

#### 4. Risk Management Policy Statement

*Ash 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, to minimise uncertainty in achieving its aims and objectives and to maximise the opportunities to achieve its vision.*

*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 focussed approach to managing risk.*

*Risk management is an integral part of the Council's management processes.*

#### 5. Implementing the Strategy

##### 5.1 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 include:

**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** – The financial impact is passed to others e.g. by revising contractual terms;

**Sharing** – The risk is shared with another party;

**Insuring** – Insure against some or all of the risk to mitigate financial impact; and

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

## 5.2 Risk Register

The Strategic Risk Register (*Appendix A*) will be regularly refined and updated as part of this Risk Management Strategy.

## 5.3 Risk Monitoring

The risk management process does not finish with putting 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 Risk Management Plan will be reviewed at least annually by the Full Council.

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

## 5.4 Risk Management System

**Risk Identification** – Identifying and understanding the hazards and risks facing the 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 or respond to the risk.

**Risk Prioritisation** - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored Negligible (1), Low (2), Medium (3) and High (4).

|            |                | Impact         |         |            |          |
|------------|----------------|----------------|---------|------------|----------|
|            |                | Negligible (1) | Low (2) | Medium (3) | High (4) |
| Likelihood | High (4)       | 4              | 8       | 12         | 16       |
|            | Medium (3)     | 3              | 6       | 9          | 12       |
|            | Low (2)        | 2              | 4       | 6          | 8        |
|            | Negligible (1) | 1              | 2       | 3          | 4        |

The scores for impact and likelihood are scored as above. Risks scoring 12 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

## 6. Roles and Responsibilities

- 6.1 It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. The process must be driven from the top but must also involve staff throughout the organisation.
- 6.2 **Councillors** – Risk management is seen as a key part of Councillors' stewardship role and there is an expectation that Councillors will lead and monitor the approach adopted, including:
- i) Approval of the Risk Management Strategy;
  - ii) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
  - iii) Consideration, and if appropriate, endorsement of the Annual Governance Statement; and
  - iv) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.
- 6.3 **Employees** – will undertake their job within risk management guidelines ensuring that their skills, experience and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and

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how to feed information into the formal process. They will work to control risks or threats within their roles, monitor progress and report on task related risks to the Parish Council.

6.4 Council Chairperson– will act as the lead officer on risk management, assisted by the Parish Clerk, and be responsible for overseeing the implementation of the Risk Management Strategy. The Chairperson will:

- i) Provide advice as to the legality of policy and service delivery options;
- ii) Provide advice on the implications for service areas of the Council's strategic aims and objectives;
- iii) Update the Council on the implications of new or revised legislation;
- iv) Assist in handling any litigation claims;
- v) In consultation with the Council's external advisors as necessary, provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work related illness or injury;
- vi) In consultation with the Council's external advisors as necessary, advise on any health and safety implications of the chosen or proposed arrangements for service delivery;
- vii) Assess and implement the Council's insurance requirements;
- viii) Assess the financial implications of strategic policy options;
- ix) Provide advice on budgetary planning and control;
- x) Ensure that the financial information systems and processes allow effective budgetary control;
- xi) Ensure the Council's Risk Register is maintained;
- xii) Effectively manage the Council's investment and loan portfolio.

6.5 **Role of Internal Audit** – Internal Audit 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.

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

Internal Audit reports, and any recommendations contained within, will help to shape the Annual Governance Statement.

- 6.6 **Parish Council** – Review and future development of the Risk Management Policy and Strategy will be overseen by the Full Council.
- 6.7 **Training** – The aim will be to ensure that both Staff and Councillors have the skills necessary to identify, evaluate and control the risks associated with the services they provide. Risk Management training and development will be provided through a range of methods such as workshops, literature and in-house service familiarisation.
- 6.8 In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals and groups are encouraged to report adverse incidents promptly and openly.

## 7. **Future Monitoring**

- 7.1 **Review of Risk Management Strategy** – This Strategy will be reviewed annually by the Full Council.

## 8. **Conclusion**

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



**DONYATT PARISH COUNCIL  
RISK ASSESSMENT  
Approved 14th May 2025**

| ADOPTED TOPIC                                  | 15th May 2025 RISK IDENTIFIED  | H/M/L | MANAGEMENT OF RISK   |
|--|--|-------|--|
| <b>FINANCE</b>                                 |  |       | Key: H/M/L High, Medium or Low   |
| Internal Audit                                 | The Council not carrying out an Internal Audit as legally required. The appointment of the Internal Auditor must be a competent person to carry out an internal audit and independent from | M     | The Council has appointed an appropriate, independent IA with clear terms and conditions together with an audit plan. Checks will be carried out at least once in the financial year   |
| Invoices                                       | Cheque payable is wrong amount. Cheque payable to wrong party. Cheque signed and left blank  | L     | Two members of the Council however one member only can sign if two signature members are not present at a meeting. A Cllr required to initial invoice and cheque stubs. Blank cheques are never signed. The Clerk retains the cheque |
| Bank Statements                                | The Financial bi monthly report is not a true statement of the funds in the bank   | L     | The report reconciles to the most recent bank statements. A Cllr checks the statements against the corresponding financial report. Bank statements are signed by Cllr. Internal Audit check  |
| Compliance with Customs and Excise Regulations | VAT not claimed  | L     | VAT is claimed at least once a year if over £10. Internal Audit check  |
| Salaries                                       | Incorrect hours paid. Fictitious employee  | L     | Members check bi-monthly schedule of cheques. Internal Audit check. Clerk paid by SO   |
| Reimbursements                                 | Wrong amount claimed by Clerk or Councillors   | L     | Till receipts submitted. Members check bi-monthly schedule of cheques. Internals Audit check. No petty cash.   |
| Compliance with Inland Revenue regulations     | Compliance with Real Time Information  | H     | The Clerk submits RTI every month. Payment made by SO, Clerk completes submission & payslip  |

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|                    |   |   |   |
|--------------------|---|---|---|
| Pensions           | Council not carrying out compliance with Auto Enrolment   | M | Declaration of Compliance and Pensions Regulator updated 27.09.24. Copy on file. Chairman and Internal Auditor to check the confirmation from the Pensions Regulator  |
| Budgets            | The Council has not allowed sufficient allocation of money to run its business for the forthcoming year | M | The budget is set in January outlining estimated expenditure and income for the next financial year. A provision for contingency. General reserve at least 1/3rd of total expenditure for one year. Actual income & expenditure is checked on a regular basis. Internal Audit check |
| Elections          | Insufficient provision for a contested election   | L | Reserve of £500   |
| Borrowing          | Complying with borrowing restrictions   | L | A parish council may borrow funds but will normally require the formal written approval of the Secretary of State   |
| <b>ASSETS</b>      |   |   |   |
| Asset Register     | No list of assets. Loss or damage to assets<br>Insufficient Insurance                                   | M | A list of Assets maintained. Asset checked yearly and noted of any further action required. Insurance cover reviewed yearly. Internal Audit check   |
| <b>LIABILITIES</b> |   |   |   |
| Liability          | Ensuring activities are with legal powers   | L | Clerk clarifies legal position on any new proposal. Legal advice be sought if necessary. Internal Audit check   |

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|   |   |   |  |
|---|---|---|--|
| Liability                                 | Proper and timely reporting via the Minutes   | L | Draft minutes are produced within a month of a meeting and are posted on the web site. Minutes are approved at the next meeting  |
| Liability                                 | Risk to third party, property or individuals  | M | Public Liability Insurance cover   |
| Employment Liability                      | Compliance with Employment Law. Compliance with Pension obligations   | M | All employees have Contracts of Employment. Training programme for Proper Officer/Cllrs via membership to SALC and SLCC.   |
| Data Protection                           | Fined by the Data Protection Agency for not registering as required by law. Uncontrolled data                   | M | Registered with the Data Protection Agency. Council has adopted a Publication Scheme. The Council has GDPR policies in place and certificate on file.  |
| <b>OTHER RISKS</b>                        |   |   |  |
| Financial Regulations and Standing Orders | Not carrying out good practice as recommended by NALC   | L | Adoption of Financial Regulations and Standing Orders as recommended by NALC   |
| Urgent expenditure                        | Expenditure on items, i.e. repairs, that can not wait for approval at the next available council meeting        | L | The Clerk in consultation with the Chairman has delegated powers to authorise payment of up to £500  |
| Cllrs/Clerk site visits                   | Cllrs, Clerk could be in danger of not being seen by vehicles, cyclists and horse riders especially on highways | M | Use of high visibility waistcoats to wear when on footpath highways/footpath activities and planning site visits   |
| Proper Document Control                   | Security of documents and storage   | M | Paper documents are filed in a filing cabinet and Council's legal and leases are with the Council's solicitors. Data storage are stored to comply with the Data Protection Act. Regular back-ups with electronic records |

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|  |   |          |   |
|--|---|----------|---|
| <p>Councillor Propriety</p>                  | <p>Compliance with regulations on Register of interests, gifts and hospitality</p>  | <p>M</p> | <p>Clerk to ensure that Register of Interests are completed by 28 days. Copies are sent to SSDC and web sites. Councillors have a copy of the Council's Code of Conduct which outline their responsibilities in regard to gifts and hospitality. Declaration of Interest in an agenda item at every Council meeting</p>   |
| <p>National Epidemic or Global Pandemic.</p> | <p>The Council is unable to meet or to exercise its normal local government and parish functions for any reason associated with the epidemic or pandemic.</p> | <p>M</p> | <p>For Business Continuity: To implement (or review) a scheme of delegation. This would allow the clerk to make certain decisions, in consultation with Cllrs for the council, which would be especially important if the council were unable to hold meetings due to COVID-19 risks. In reviewing/adopting a scheme of delegation the council should ensure there is clarity around which decisions are delegated and which are not, for how long the scheme of delegation is in place, and when the scheme of the delegation will end or be reviewed.</p> |