

**POLICY AND PROCEDURE: RISK MANAGEMENT**

**PURPOSE:** To set out how Melbourn Parish Council will manage risks effectively to protect its employees, volunteers, assets, liabilities and community against harm and financial loss. Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives. Risk management is the process by which risks are identified, evaluated and controlled

**SCOPE:** Risk management is an integral part of the Council's management processes. It is a key element of the framework of governance and applies to all aspects of Melbourn Parish Council's work, including an assessment of risks to the success of major projects before they are begun.

**1. POLICY:**

1.1 The aim of this policy is to integrate risk management into the culture, of the Parish Council and to embed it through ownership and management of risk as part of all decision-making processes.

1.2 Melbourn Parish Council will classify risks into various types (these are set out in Appendix 1) but, for all categories, the direct financial losses may have less impact than indirect costs such as disruption of normal working.

1.3 The risk management process is an integral part of making sure that Council has an appropriate level of insurance cover. However, not all risks are insurable and, for some, the premiums may not be cost-effective. The policy must therefore emphasise the need to identify and manage risk

**2. OBJECTIVES**

2.1 The implementation of the Risk Management Policy will enable Melbourn Parish Council to:

- a. Integrate risk management into the culture of the council.
- b. Eliminate or reduce risks to an acceptable level.
- c. Anticipate and respond to changing social, environmental and legislative requirements.
- d. Prevent injury and damage and reduce the cost of risk.
- e. Raise awareness of the need for risk management.

2.2 Identifying and managing risk is a key requirement of the Council's audit procedures and will be examined by the Internal Auditor. As a Council, Councillors have to agree annually (as part of the Annual Governance Statement) that:

"We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required."

### **3. PROCEDURE**

3.1 Risks may be identified through a systematic review of activities and service provision or they may result from discussion of new projects and activities. It is the responsibility of all Councillors, employees and service providers to think about the risks associated with their own responsibilities in the Council, and to bring any areas of deficiency to the Clerk. Members of the public and volunteers must be encouraged to ask the Council about how it is dealing with risks.

3.2 Specific tasks are as follows:

- a. Annual review of this policy, accompanied by an assessment of whether risk management is embedded in the culture of the Council.
- b. Following adoption of this policy, a review of risks under the categories set out in Appendix 1 faced by the Council.
- c. An annual review of the financial risk assessments to be carried out by [Finance Committee] and to be completed before the Annual Parish Council meeting to support completion of the Annual Governance Statement and 5 k xiv of the revised Standing Orders. An annual review of non-financial risks to be carried out by the Chair who may delegate the review of certain risk assessments as they see fit.
- d. To carry out an assessment of the risks associated with any new project, process or function and put in place a risk management plan to address those risks

3.3 Risk Assessment Format

There will be a list of identified risks, together with a management plan for each risk deemed 'High'. Appendix 2 illustrates the general format to be used for the management plan for individual risks deemed to be 'High'.

**Document Approval:**



**(Chair to Melbourn Parish Council)**

**Date of Parish Council meeting: 22 May 2017**    *Review Policy: Every 12 months*

Melbourn Parish Council: 30 High Street Melbourn SG8 6DZ

## APPENDIX 1

## TYPES OF RISKS TO BE CONSIDERED

**Health & Safety Risk** - The Council will adhere to the requirements of the Health and Safety at Work Act 1974; the Regulatory Reform (Fire Safety) Order 2005; the Management of Health and Safety at Work Regulations 1999; and other relevant health and safety legislation and codes of practice.

**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, and in a worst case scenario Government Intervention.

**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 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.

## APPENDIX 2

## FORMAT TO BE USED FOR RISK ASSESSMENTS

## FINANCIAL/NON-FINANCIAL RISK ASSESSMENT

<b>Risk</b>	
<b>Degree of risk</b>	High, medium, low
<b>Persons Involved</b>	
<b>Control Measures</b>	
<b>Reviewed by</b>	
<b>Date</b>	
<b>Actions/comments</b>	