

## **Sinnington Parish Council**

### **RISK ASSESSMENT STRATEGY (comprising the Risk Management Policy and Risk Management Scheme)**

#### **Risk Management Policy**

##### **1 Introduction**

1.1 This document forms the Council's Risk Management Policy. It sets out:

What is risk management, why the Council needs a risk Management Policy, what the Council's philosophy is on risk management; and what is the risk management process, as well as roles and responsibilities and future monitoring.

1.2 The objectives of this Policy are to:

- 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,
- Manage risk in accordance with best practice.

##### **2 What is Risk Management?**

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.'

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.

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 public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

2.4 Not all 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 relate to 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 does the Council need to have Risk Management?

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

3.2 Effective Risk Management will help to ensure that all Committees/service areas understand risk and that the 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.

3.3 Strategic risk management is also an important element in demonstrating continuous service improvement.

3.4 There is a requirement under the Accounts and Audit Regulations to establish and maintain a systematic Policy, framework, and process for managing risk.

### 4. Risk Management Scheme

Sinnington 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 goals 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 scheme 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 Scheme

### 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 will 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; Acceptance – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

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

### 5.3 Identifying, assessing, and prioritising risk

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 using a matrix. This will require a numeric value to be given to both the likelihood of the risk happening and the severity of the impact if it did. The council uses the following scoring as recommended in the NALC Joint Panel on Accountability and Governance, Practitioners Guide, March 2020. Low risk = 1-3, Medium risk 4-5, High risk 6-9.

## 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 in the right place.

6.2 Elected Members – risk management is seen as a key part of the Elected Member’s stewardship role and there is an expectation that Elected Members will lead and monitor the approach adopted, including:

- (a) Approval of the Risk Management Scheme;
- (b) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
- (c) Consideration and endorsement of the Annual Governance Statement;
- (d) 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 and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to the Clerk.

6.4 The Clerk – will act as the Lead Officer on Risk Management and will be responsible for overseeing the implementation of the Risk Management Policy. The Clerk will:

- (a) provide advice as to the legality of policy and service delivery choice,
- (b) provide advice on the implications for service areas of the Council’s corporate aims and objectives,
- (c) update the Council on the implications of new or revised legislation,
- (d) assist in handling any litigation claims,
- (e) 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,
- (f) advise on any health and safety implications of the chosen or proposed arrangements for service delivery.

6.5 Responsible Finance Officer –the clerk acting as RFO will:

- (a) assess and implement the Council’s insurance requirements,
- (b) assess the financial implications of strategic policy options,

- (c) provide assistance and advice on budgetary planning and control,
- (d) ensure that the council's financial information systems allow effective budgetary control and internal control generally,
- (e) maintain the Council's Risk Management Scheme,
- (f) effectively manage the Council's investment and loan portfolio.

6.6 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.

The council will appoint the internal auditor annually and will ensure that the person/company appointed is competent to do the work required.

6.7 Review and future development – Review and future development of the Risk Management Policy and Scheme will be overseen by council.

6.8 Training – Councillors and employees will attend risk management training where available. The aim will be to ensure that both councillors and staff have the skills necessary to identify, evaluate and control the risks associated with the services the council provides.

6.9 In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly.

## 7 Future Monitoring

7.1 Review of Risk Management Policy - This Policy will be reviewed annually.

## 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.

## The council's Risk Management Scheme

Risk No.	Description	Impact	Likelihood score	Impact score	Risk rating (High, Medium, Low)	Response
	<b>Council owned trees</b>					
1	Damage to vehicles, properties, and harm to the public, contractors, and council staff caused by unsafe trees.	Potential claim against the council	1	4	4 (Medium)	<p>Clerk/councillor carries out a visual check of trees monthly.</p> <p>A biennial inspection of all trees is carried out by a qualified arboriculturist and any recommended work is carried out by a competent tree surgeon. More frequent monitoring of trees may be carried out on advice from the arboriculturist.</p> <p>Immediate action taken if unsafe trees are reported to the council.</p> <p>Adequate Public liability cover is in place.</p>
	<b>Assets - General</b>					
2	Theft, damage or deterioration of public notice boards, interpretation panels, council signs, bus shelter, Maypole, honesty box or football goal.	<p>Need to make good the deterioration or damage with accompanying cost to the council.</p> <p>Risk of injury to the public or council staff. Potential claim against the council.</p>	1	1	1 (Low)	<p>Annual inspection carried out by the Clerk. If repairs are necessary a contractor will be appointed.</p> <p>Signs and notice boards to be removed immediately if found to be unsafe.</p> <p>Insurance cover for assets is in place where appropriate.</p>

						Immediate action taken if unsafe assets are reported to the council.
3	Theft, deterioration or damage to litter bins and grit bins.	Need to replace the litter/grit bin and accompanying cost to the council.	1	1	1 (Low)	Annual inspection of litter/grit bins and repair or replacement carried out, as necessary.  Claim against third party for damage if possible.  Immediate action taken if unsafe litter bins are reported to the council.
4	Theft, deterioration or damage to office equipment or maintenance equipment.	The need to replace the assets with accompanying cost to the council.  Inability of Clerk/contractor to carry out their duties.	1  1	2  3	2 (Low)  3 (Low)	Appropriate insurance cover for assets.  Staff to ensure safety of council laptops or other equipment.  Annual check to verify the existence and condition of all equipment.  Equipment replaced and upgraded, as necessary.  All electrical equipment PAT tested annually.  Clerk to report safety concerns about equipment to council
5	Theft, damage, or deterioration of public seats.	The need to replace the assets with accompanying cost to the council.  Injury to members of the public from unsafe seats.	2  1	1  3	2 (Low)  3 (Low)	Seats are properly anchored.  Appropriate insurance cover is in place.  Annual inspection of all seats and repairs carried out, as necessary.  Regular maintenance of seats carried out to protect against deterioration.

						Immediate action taken if an unsafe seat is reported.
	<b>Protection of Data</b>					
6	Personal data is lost or made public.	Breach of General Data Protection Act Regulations 2015 and the Data Protection Act, liability of a fine from the ICO.  Potential damage to the council's reputation.	2	2	4 (Medium)	Data Management policies to be in place and regularly reviewed. Any such policies to comply with current legislation.  Clerk and councillors to be reminded of the need to always comply with such policies.  Clerk and councillor training to be kept up to date.
7	Loss of other data (stored either electronically or as a hard copy)	Potential damage to the council's reputation.  Inability of council staff to carry out their duties due to loss of data.	2	4	8 (High)	Computers and data are password protected.  Regular backups are made of all data held on computers. The clerk takes a password protected weekly back up of essential documents from the council laptop and keeps this at home.  When working from home council staff will ensure the safety of all data, keeping hard copy documents locked away if possible. Particular care will be taken with sensitive or confidential paperwork.
	<b>Council Finances</b>					
8	Financial prudence and probity compromised (excluding points covered in	Damage to the council's reputation.	1	4	4 (Medium)	Council ensures the adequacy of the annual precept with sound budgeting arrangements.



	Fraudulent Activity and Money below)	Potential undermining of local democracy.  Financial Loss				<p>Regular budget monitoring takes place with regular scrutiny of financial records and proper arrangements for the approval of payments.</p> <p>The clerk is adequately trained and appraised by the council.</p> <p>Regular and accurate returns are made to HMRC re: income tax, NI and VAT.</p> <p>There is a robust system of Internal Audit and the council's systems of Internal Control are regularly reviewed.</p>
9	Fraudulent activity	Financial loss.  Damage to the council's reputation.  Potential undermining of local democracy.	1	3	3 (Low)	<p>Password control of the council's computers and hard drive encrypted.</p> <p>Financial Regulations to be followed, more particularly 5, 6, 7 and 9 to be followed re authorisation and making of payments (including salaries) and dealing with income.</p> <p>Councillors to check invoices against relevant cheque stubs and online payments and the entries in current account statement and cash book for accuracy re payments.</p> <p>Councillors to check that VAT to be recovered from HMRC tallies with the sum of all VAT payments made since the last claim was made.</p> <p>Councillors to check that salary payments agree with the scales approved by the council.</p>

						<p>Keep records in accordance with statutory requirements, proper practices, and financial regulations. Regular and accurate returns to HMRC re income tax, NI and Vat.</p> <p>Ensure that Fidelity Guarantee insurance cover is adequate.</p> <p>Internal Audit assurance.</p>
10	Inaccuracy of records	<p>Financial loss.</p> <p>Damage to the council's reputation.</p> <p>Potential undermining of local democracy.</p> <p>Disruption to administrative routine.</p>	1	4	4 (Medium)	<p>Financial Regulations 5,6 7 and 9 to be followed.</p> <p>Councillors to check that Vat to be recovered from HMRC tallies with the sum of all Vat payments made since the last claim was made.</p> <p>Councillors to check that salary payments agree with the scales approved by the council.</p>
11	Money missing or unaccounted for.	<p>Losses excluded under fraudulent activity above</p> <p>Damage to the council's reputation.</p> <p>Potential undermining of local democracy.</p>	1	4	4 (Medium)	<p>Cheques and other non-negotiable money banked usually on day of arrival and never more within two days of receipt.</p> <p>Proper records kept in accordance with statutory requirements and follow financial regulations.</p> <p>Adequate insurance cover is in place.</p> <p>Annual review of insurance cover to ensure its adequacy.</p> <p>Internal Audit assurance.</p>

12	Loss of financial data	<p>Disruption to the financial administration of the council.</p> <p>Potential damage to the council's reputation.</p>	1	4	4 (Medium)	<p>Password control of council's computers and hard drive encryption</p> <p>Weekly, scheduled back up of the hard drive.</p> <p>Monthly transfer of payroll data to back up device (for safe keeping by the clerk).</p>
<b>Councillors and Employees</b>						
13	Probity of councillors	<p>Potential damage to council and councillors' reputations.</p> <p>Unlaw action taken.</p>	1	3	3 (Low)	<p>Remind councillors at each meeting of the need to consider each agenda item and decide whether to declare an interest.</p> <p>Remind councillors annually that they need to review their entry in the Statutory Register of Members' Financial and Other Interests and to provide the Monitoring Officer within 28 days of receiving any gift or hospitality over the value of £25.00 of the nature of that gift or hospitality.</p> <p>Ensure that councillors have access to regular training.</p>
14	Negligence, accidental error, or omission.	Potential claim against the council.	2	3	6 (High)	<p>Insurance cover (Employers liability, Officers Indemnity and Public Liability).</p> <p>Robust system of Internal Controls.</p> <p>Staff training to be kept up to date and a system of staff appraisal to be in place.</p>

15	Libel and slander (councillors and clerk only)	Potential claim against the council/councillors/clerk	1	2	2 (Low)	Insurance cover and a robust system of Internal Controls to be in place.
16	Accident to councillors, council staff and council volunteers	Potential claim against the council.	1	4	4 (Medium)	Personal accident cover in place and regularly reviewed.
17	Inability of town clerk/RFO to carry out their duties due to accident, long term sickness, or other reasons.	Disruption to council functions and services.	1	4	4 (Medium)	Chairman of the Staffing Committee to have a next of kin contact for the clerk to be able to recover the council's laptop and any documents which are at the clerk's home.  The clerk to keep any current passwords stored in sealed envelope.  The Staffing Committee to meet as soon as possible if it becomes apparent that there is a problem, or an Extra-Ordinary meeting of the council is to be called, depending on the circumstances. The Chairman of the Staffing Committee to decide which meeting will be held.

The council will consider whether a separate risk assessment should be carried out for new activities, or where new risks become apparent (as in the management of the risks presented by the Covid-19 outbreak).

This document has been prepared in accordance with guidance from YLCA and information contained in the NALC Joint Panel on Accountability and Governance, Practitioners Guide, March 2023. This document was reviewed by the council on March 2023 and will be reviewed again in March 2024.