



# Perranzabuloe Parish Council

## Risk Management Strategy (Replaces General Risk Policy) Adopted 18 December 2023

### Table of Contents

1. Introduction	2
2. What is Risk Management	2
3. Why does PPC need a Risk Management Strategy?	3
4. What is PPC's Philosophy on Risk Management?	3
5. What is the Risk Management Process?	4
6. How will it feed into PPC's existing policies?	5
7. Roles and responsibilities	6
8. Future Monitoring	7
9. Conclusion	8
10. Freedom of Information	8

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## 1. Introduction

This document forms Perranzabuloe Parish Council's (PPC) Risk Management Strategy. It sets out:

- What is meant by risk management;
- Why PPC needs a risk management strategy;
- The philosophy of PPC's risk management;
- An overview of the methodology to be adopted and its links with existing processes;
- An outline of the associated roles of Members and Officers; and
- A summary of future monitoring and reporting lines for risk management.

1.1 The objectives of this strategy are to:

- Further develop risk management and raise its profile across PPC;
- Integrate risk management into the culture of PPC;
- 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 is Risk Management

2.1 *"Risk is the threat that an event or action will adversely affect the 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 PPC'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 to normal working. The examples below are not exhaustive:

2.3.1 **Strategic Risk** Long term adverse impacts from poor decision making or poor implementation. Risks damage to the reputation of PPC, loss of public confidence, in a worse case scenario Government Intervention.

- 2.3.2 **Compliance Risk** Failure to comply with legislation, or laid down procedures of the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts.
  - 2.3.3 **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's reserves.
  - 2.3.4 **Operating Risk** Failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public of staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery process.
  - 2.3.5 **Reputational Risk** Damage to reputation through the actions or inaction of officers and/or members.
- 2.4 Not all of 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.
- 2.5 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.

### 3. Why does PPC need a Risk Management Strategy?

- 3.1 Risk management will strengthen the ability of PPC to achieve its objectives and enhance the value of services provided.
- 3.2 The risk management strategy will help to ensure that all Committees across PPC have an understanding of "risk" and that PPC adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.
- 3.3 There is an Audit requirement under the Accounts and Audit Regulations 2015 (SI 2015/234) to establish and maintain a systematic strategy, framework and process for managing risk. Risks and their control will be collated in a Risk Assessment document. A statement about the system of internal control and the management of risk will be included as part of the Annual Statement of Accounts.

### 4. What is PPC's Philosophy on Risk Management?

#### 4.1 Risk Management Policy Statement

PPC recognises that, in addition to its statutory duties, there are cogent moral and economic reasons to take all practical and reasonable measures to safeguard people and the natural and built environments. 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, PPC is committed to identifying, reducing or eliminating the risks to both people and the natural and built environments.

4.2 PPC 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.

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

## 5. What is the Risk Management Process?

5.1 Implementing this strategy involves identifying, analysing, prioritising and managing and monitoring risks.

5.2 **Risk Identification** Identifying and understanding the hazards and risks facing PPC 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. All risks identified will be recorded in PPC's Risk **Assessment document**.

5.3 **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.

5.4 **Risk Prioritisation** An assessment should be undertaken of the impact or consequence and likelihood of risks occurring, with impact and likelihood being scored on a scale from 1 to 5 with 1 being low and 5 high. The scores for impact and likelihood are added together. Risks scoring 10 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control risk.

5.5 **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.

5.6 Options for control include:

- **Elimination** The circumstances from which the risk arises are ceased 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 with another party;
- **Insuring** against some or all of the risk to mitigate financial impact; or
- **Acceptance.** Documenting a conscious decision after assessment of areas where PPC accepts or tolerates risk

**5.7 Risk Assessment** An assessment of strategic risks will be collated and an additional system of risk assessments will be maintained for all identified operational risks. Each will be reviewed at least annually.

**5.8 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.

**5.9** 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.

## **6. How will it feed into PPC's existing policies?**

**6.1** All reports to PPC or Committees will consider risk management issues. Initial identification of strategic and operational risks will be by officers who will compile lists of strategic and operational risks. Regular reports on risk management will be presented to the F&O Committee for consideration.

**6.2 Best Practice** The current economic climate means that risk management is now more important than ever. It is important for PPC to reassess its objectives and the threats to achieving these objectives. PPC will build risk management procedures into the way it operates as part of a commitment to quality and continuous improvement.

**6.3 Localism and Partnership Working** PPC enters into contracts and partnerships with organisations from the public, private, voluntary and community sectors. Some of these organisations may not have the same sensitivities to the risks that PPC sees as important. Part of the process of setting up future partnerships will be to ensure that all relevant risks are identified and that appropriate control mechanisms are built into the management arrangements for the partnership (e.g. PACE).

## 7. Roles and responsibilities

7.1 It is important that risk management becomes embedded into the everyday culture and performance management process of PPC. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across PPC and its operations, and responsibility for risk is located in the right place. Those who best know the risks to a particular service or function are those responsible for it. The process must be driven by members but must also involve officers.

7.2 **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. This will include:

- Approval of the Risk Management Strategy;
- Analysis of key risks in reports on major projects (including Bolenna Toilets Project, Skatepark, Droskyn Toilets), ensuring that all future projects and services undertaken are adequately risk managed;
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

7.3 **Parish Clerk & RFO** – will act as the Lead Officer on Risk Management, overseeing implementation of the detail of the Risk Management Strategy. The Parish Clerk will:

- Provide advice as to the legality of policy and service delivery choices;
- Provide advice on the implications of potential service actions for PPC's aims and objectives.
- Update PPC on the implications of new or revised legislation;
- Assess and implement PPC's insurance requirements;
- Assess the financial implications of strategic policy options;
- Ensure that the financial management system allows effective budgetary control and recommend alternative systems if appropriate;
- Inform investment decisions made by PPC;
- Assist in handling litigation claims;
- Provide advice on human resources issues relating to strategic policy, objectives or the risks associated with operational decisions and assist in handling cases of work-related illness or injury;
- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery;
- Consider the environmental implications of policy and service delivery choices;
- Have due regard to the Equality Act 2010 when dealing with Risk Management issues, and
- Report progress to PPC via the Finance & Operations Committee as detailed below.

7.4 **Assistant Clerk?**

The Assistant Clerk will:

- Act as lead officer for Risk Management and Health and Safety issues associated with Grounds Maintenance, Beach and Parish Ranger operational services of PPC.

### **7.5 Employees**

Employees will undertake their job within risk management guidelines ensuring that the skills and knowledge passed to them 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 and threats within their jobs, monitor progress and report on job related risks to the Clerk or their line manager.

### **7.6 Role of Internal Audit**

The Internal Auditor provides an important scrutiny role carrying out audits to provide independent assurance to PPC that the necessary risk management systems are in place and all significant business risks are being managed effectively. Internal audit assists PPC in identifying both its financial and operational risks and seeks to assist PPC 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.

### **7.7 Training**

Risk Management training will be provided to Members and key staff. The aim will be to ensure that both members and staff have the skills necessary to identify, evaluate and control the risks associated with the services they provide. In addition to the role and responsibilities set out above, PPC is keen to promote an environment within which individuals are encouraged to report adverse incidents properly and openly. To assist with this aspect, PPC will develop and maintain an Anti-Fraud and Corruption Policy, a Whistleblowing Policy, Health and Safety Policy and Employee Handbook.

## **8. Future Monitoring**

### **8.1 Review of Risk Management Strategy**

This Strategy will be reviewed on a regular basis as part of PPC's continuing review of its policy and procedures, including Standing Orders and Financial Regulations. Recommendations for change will be reported to the Finance & Operations Committee. The date of the next review will be November 2024.

### **8.2** Once the initial work to establish the Risk Assessment has been completed, it is crucial that the information is regularly reviewed and updated. New risks will emerge and need to be controlled. Feedback from Internal and External Audit can identify areas for improvement, as can the sharing of best practice via professional bodies such as the National Association of Local Councils (NALC).

8.3 Reporting on Progress – The Parish Clerk will present an annual report to the Finance & Options Committee detailing progress on risk management over the year and providing a summary of the Risk Assessment and control assurance statements.

## **9. Conclusion**

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

## **10. Freedom of Information**

In accordance with the Freedom of Information Act 2000, this document will be posted on PPC's website together with the Risk Assessment.