

Funtington Parish Council

Risk Management Policy

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1. What is Risk Management?

Risk is a threat that an event or action will adversely affect the council's ability to achieve its objectives, implement its strategies and provide its services.

Risk management is the process by which risks are identified, evaluated, addressed and reviewed and is essential for good governance. The council recognises that it has a responsibility to take all reasonable and practical measures to safeguard its employees, the people it works with and provides services for; and to protect the natural and built environments for which it is responsible. The council is aware that some risks cannot be eliminated fully and has in place a strategy that provides a structured, systematic and focused approach to managing risk and including where necessary, the introduction of internal controls and/or appropriate use of insurance cover.

2. Objectives

The objectives of the risk management policy are to:

- Integrate risk management into the culture of the council
- Manage risk in accordance with best practice and legislative requirements
- Minimise loss, disruption, injury and damages
- Inform policy and operational decisions by identifying risks and their likely impact
- Raise awareness of the need for risk management

3. Risk Management Process

The objectives will be achieved by:

- 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 associated risks can then be 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, medium or high. High 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 consequence 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.

4. Options for the Control of Risk

- **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 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 (most usually) financial impact
- **Acceptance**
Documenting, after appropriate assessment, a conscious decision that the Council accepts or tolerates a particular risk.

5. 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.

6. Roles and Responsibilities

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

- **Councillors**
 - Risk management is seen as a key part of a Councillor's role and there is an expectation that they will lead and monitor risk management. This will include
 - Approval of the Risk Management Strategy
 - Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed

- Assessment of risks when setting the budget, including any bids for resources to tackle specific issues
- Clerk

The Clerk/Responsible Financial Officer will act as the lead office on risk management, overseeing the implementation of the detail of the Risk Management Strategy and will advise on the:

 - legality of policy and service delivery choices
 - implications of proposed actions on the Council's aims and objectives
 - implications of new or revised legislation
 - health and safety implications of the chosen or proposed arrangements for service delivery
- Responsible Financial Officer (RFO)

The Clerk as RFO will:

 - assess and implement the Council's insurance requirements
 - assess the financial implications of the 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 Council
- Internal Audit
 - The Independent Internal Auditor provides an important scrutiny role, in providing independent assurance to the Council that the necessary risk management systems are in place and all significant risks are being managed effectively.
 - Internal Audit assists the Council in identifying both its financial and operational risks and seeks to assist in developing and implementing proper arrangements to manage those risks, including adequate and effective systems of internal control or reduce or eliminate the likelihood of errors or fraud.
 - The Internal Audit Report and any recommendations therein will help to shape the operation of the Council

6 Risk Register

The Risk Register enables the Council to assess the risks that it faces and confirm it has taken, or has plans in place to take, the appropriate steps to manage those risks. The Register will be, as a minimum, reviewed annually in September.