

HOLFORD PARISH COUNCIL

STRATEGIC RISK MANAGEMENT

Introduction

This document forms the Council's Risk Management Strategy. It identifies:

- What is risk management?
- Why does the Council need a risk management strategy?
- What is the Council's philosophy on risk management?
- What is the risk management process?
- How will risk management feed into the Council's existing policies?
- Roles and responsibilities
- Future monitoring.

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.
- Manage risk in accordance with best practice.

What is Risk Management?

“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).

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.

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 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.

HOLFORD PARISH COUNCIL

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.

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

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.

Why does the Council need a Risk Management Strategy?

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

The Risk Management Strategy will help to ensure 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.

There is a requirement under the relevant Accounts and Audit (England) Regulations 2011 (SI 2011/817) to establish and maintain a systematic strategy, framework and process for managing risk and putting in place adequate internal controls.

What is the Council's Philosophy on Risk Management?

Risk Management Policy Statement Holford 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 and to minimise uncertainty in achieving its goals.

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.

What is the Risk Management Process?

Implementing the Strategy Risk Identification - identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies. 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 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.

HOLFORD PARISH COUNCIL

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.

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.

Roles and Responsibilities

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.

Councillors

Risk management is seen as a key part of the Councillors role and there is an expectation that Councillors will lead and monitor the approach adopted. This will include:

- Approval of the Risk Management Strategy.
- Analysis of key risks in reports on projects, ensuring that all future projects and services undertaken are adequately risk managed.
- Consideration, and if appropriate, endorsement of the annual Review of Internal Control.
- Assessment of risks whilst setting the precept, including any bids for resources to tackle specific issues.

Parish Clerk

The Parish Clerk will be responsible for overseeing the 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;
- update the Council and sections on the implications of new or revised legislation;
- assist in handling any litigation claims;
- advise on any health and safety implications of the chosen or proposed arrangements for service delivery.

HOLFORD PARISH COUNCIL

Responsible Finance Officer

As RFO the Parish Clerk will also:

- advise on the Councils insurance requirements.
- assess the financial implications of strategic policy options;
- provide assistance and advice on budgetary planning and control;
- ensure that the Financial information System allows effective budgetary control.

Role of the Internal Auditor

The Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance that the necessary risk management systems are in place and all significant business risks are being managed effectively.

The 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.

Training

Risk Management training to be provided to Councillors and Officers. The aim will be to ensure that both Members and officers have the skills necessary to identify, evaluate and control the risks associated with the services they provide.

Future Monitoring

Review of Risk Management Strategy - This Strategy will be reviewed annually.

Risk Assessment

A risk assessment for 2023 is provided at Appendix 1. This template has been based on the recommended risk register from The Joint Panel on Accountability and Governance (2023) (JPAG) The Joint Practitioners' (Section 6).

Assets

Holford Parish Council is responsible for the upkeep and maintenance of the following assets:

- Dog Pound

HOLFORD PARISH COUNCIL

Risk Area	Risk Identified	Level of Risk (H/M/L)	Management of Risk	Actions Required	Review Date
Financial and Management					
Precept	Inadequate Funding	L	<p>Budget setting and budget monitoring arrangements in place</p> <p>At Parish Council meetings information is provided on existing receipts and payments position, together with projected outturn position quarterly and at year end.</p> <p>External Funding opportunities explored wherever possible.</p>	None - Existing procedure adequate.	May 2024
	Adequacy of Reserves	L	Quarterly budget monitoring reports considered at Parish Council meetings detailing general and earmarked reserves	None - Existing procedure adequate	May 2024
	Inadequate Cash Flow	L	Precept received in one instalment in April each year. Receipt of income reported to Council	None - Existing procedure adequate	May 2024
Financial Records	Adequacy of Records	L	<p>Standing Orders and Financial Regulations set out arrangements for accounts, financial transactions etc.</p> <p>Internal Auditor inspects records prior to external audit.</p>	None - Existing procedure adequate	May 2024
Receipts & Payments	Unauthorised access to Council Funds	L	Where possible invoices are presented to all Councillors prior to payment. However, in certain circumstances (see financial regulations), the RFO	None – Existing procedure adequate	May 2024

HOLFORD PARISH COUNCIL

			<p>will pay an invoice and advise the Council afterwards.</p> <p>Bank statements are checked regularly for accuracy by the RFO and bi-monthly bank reconciliations are verified by nominated Councillor who is not a signatory.</p>		
Reporting & Auditing	Lack of effective information/communication	L	<p>At each meeting details of income and expenditure are reported to Council.</p> <p>Bi-monthly budget monitoring reports & Bank Reconciliations.</p> <p>All supporting papers published on website</p>	None – Existing procedure adequate	May 2024
Grants	Unauthorised payments/use of council funding	L	<p>All grants are considered at a Full Parish Council Meeting prior to expenditure.</p> <p>Bi-monthly bank reconciliation.</p>	None – Existing procedure adequate	May 2024
Salaries & associated Costs	Incorrect payment	L	<p>The Council uses the HMRC basic PAYE tools.</p> <p>The contracted salary is agreed at a full Parish Council Meeting annually.</p> <p>Bi-monthly budget monitoring & Bank Reconciliations.</p>	None – Existing procedure adequate	May 2024
Contractor Payments	Incorrect payment	L	<p>Receipt/approval of contractor quotes/tenders reported at Parish Meetings for approval.</p> <p>The RFO places all orders and verifies invoices received against agreed terms</p>	None – Existing procedure adequate	May 2024

HOLFORD PARISH COUNCIL

Illness/injury or absence of Clerk/RFO	Failure to conduct the Parish Council's business	M/H	For short term issues – existing councillors can issue agendas and minutes. 2 Councillors are bank signatories and can authorise payments. For long term issues – obtain a Locum	None – Existing procedure adequate	May 2024
Election Cost	Insufficient funds to meet election costs	L/M	Risk higher in election year. Estimated election costs obtained from Somerset Council Electoral Services. There are no measures which can be taken to minimise the risk of having a contested election as this is part of the democratic process. Council puts a sum aside each year in budget for election costs (Election Reserve)	Earmark a portion of the reserves for election costs.	May 2024
VAT	Reclaiming of VAT	L	VAT invoices obtained wherever possible. VAT is reclaimed annually as a minimum, however if a large (vatable) payment has been made, a claim will be submitted earlier. Repayments are reported as income to Council.	None – Existing procedure adequate	May 2024
Conduct of Council Business	Unable to recruit and retain appropriate staff	M	NALC model contract and salary scales applied. Salary scale point reviewed annually. Training undertaken as considered necessary. Flexible working arrangements. Workload and performance subject to periodic review	None – Existing procedure adequate	May 2023

HOLFORD PARISH COUNCIL

	Unable to recruit and retain Councillors	H	All casual vacancies regularly advertised and training for new councillors if appropriate. On-going initiatives to help raise the profile of the parish council and encourage new members .	Create a publicity campaign to encourage new applicants	May 2024
	Council meetings are not quorate	M	All councillors are requested to report any apologies as soon as possible. Meeting date moved to a suitable date	None – existing procedure adequate	May 2024
	No-Conformity with Transparency Regulations	L	Parish Council has a website which is maintained and contains information necessary in relation to Transparency Regulations. Minutes, agendas, supporting papers and council policies are available to view or download.	None – existing procedure adequate	May 2024
	Non-Compliance with General Data Protection Regulations	M	Parish Council registered with ICO. Advice available from ICO. Privacy Notice and related policies published on the website.	None – existing procedure adequate	May 2024
Councillors Interests	Financial/reputational damage if conflict of interests not declared	L	Standard agenda item at council meetings for appropriate interests to be declared. Periodic reminders from Clerk that it is the responsibility of individual Members to advise Clerk of any changes that require updating of register of interests maintained by Somerset Council.	None – existing procedure adequate	May 2024
Insurance	Inadequate cover	L	Annual risk assessment Review of needs when renewing insurance policy and at other times as circumstances dictate.	None – existing procedure adequate	May 2024

HOLFORD PARISH COUNCIL

			Employers and Employee liability insurance is a statutory requirement.		
Physical Equipment and Public Areas					
Assets	Loss or damage to council assets.	M/H	Annual Review of Asset Register Appropriate Maintenance Arrangements in Place Appropriate council insurance provision in place	None – existing procedure adequate	May 2024
	Damage to third party property or individuals	L	Adequate Public Liability Insurance in place	None – existing procedure adequate	May 2024