



# WEST RAINTON & LEAMSIDe PARISH COUNCIL

## Risk Management Strategy

### 1. Introduction

1.1 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.

1.2 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.

### 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."* Audit Commission, Worth the Risk – Improving Risk Management in Local Government (2001).

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, 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.

- 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 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 the Council need a Risk Management Strategy?**

- 3.1. Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 3.2. 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.
- 3.3. 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.

### **4. What is the Council's Philosophy on Risk Management?**

#### **4.1. Risk Management Policy Statement**

West Rainton&Leamside 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 Councils management processes.

### **5. What is the Risk Management Process?**

#### **5.1. 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 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.

#### **5.2. 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 require 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.

### 5.3. 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.

## 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.
- 6.2. **Members** — Risk management is seen as a key part of the Members stewardship role and there is an expectation that 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, 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.
- 6.3. **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
  - prepare an annual risk assessment for consideration and approval by Parish Council
- 6.4. **Responsible Finance Officer** — as RFO the Parish Clerk will also:
  - advise on the Council's 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.
- 6.5. **Role of the Internal Auditor** — 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. 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.

- 7. Training**— Risk Management training to be provided to Members, 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.

## **8. Future Monitoring**

- 8.1. **Review of Risk Management Strategy** - This Strategy will be reviewed annually
- 8.2. **Risk Assessment to be reviewed bi annually**

## Appendix 1:

### WEST RAINTON & LEAMSIDE PARISH COUNCIL RISKASSESSMENT 2020/21

Financial and management				
Subject	Risk(s) Identified	H M L	Management/Control of Risk	Review/Assess/Revise
Precept	Inadequate funding	L	Budget setting and budget monitoring arrangements in place At Parish Council meetings information is provided on existing receipts and payments position, together with projected outturn position quarterly and at year end. External Funding opportunities explored wherever possible	Existing procedure adequate.
	Adequacy of reserves	L	Quarterly budget monitoring reports considered at Parish Council meetings detailing general and earmarked reserves.	Existing procedure adequate.
	Inadequate cash flow	L	Precept received in one instalment (together with LCTSS Grant) in April each year. Receipt of income reported to Council.	Existing procedure adequate.
Financial Records	Adequacy of Records /qualified accounts	L	Standing Orders and Financial Regulations set out arrangements for accounts, financial transactions etc. Internal Auditor inspects records prior to external audit.	Review annually.
Receipts and payments	Unauthorised access to council funds	L	Adequate division of duties. The Council has agreed that cheques must be signed by two designated signatories. The Clerk is the authorised person with the bank but is not a signatory. BACS payments are encouraged as the preferred method of payment of amounts due to the council. Other income is banked as soon as possible after receipt. Bank statements are checked regularly for accuracy by the Clerk and quarterly bank reconciliations are verified by nominated Councillor who is not a signatory.	Existing procedures adequate.
Reporting and auditing	Lack of effective Information/	L	At each meeting details of income and expenditure are reported to Council.	Existing procedure adequate

	communication		Quarterly budget monitoring reports & Bank Reconciliations All supporting papers published on website.	
Grants & Donations	Unauthorised payments /use of council funding	L	Grants & Donations Policy. Authority to pay is recorded in Council Minutes, either via specific minutes or under details of expenditure. Applicants must sign declaration agreeing to any grant conditions prior to release of funds.	Policy reviewed in February 2021 and amendments approved to strengthen its effectiveness.
Salaries and associated costs	Incorrect payment	L	The Council authorises the appointment of all employees at a recognised salary rate. Salary and HMRC responsibility calculations are undertaken by an external Accountant. Payments are checked by the Internal Auditor.	Existing appointment and payment system is adequate.
Contractor Payments	Incorrect payment	L	Receipt / approval of contractor quotes/tenders reported at Parish Meetings for approval The Clerk places all orders and verifies invoices received against terms of contract Performance of contractors monitored	Existing Procedure Adequate

Illness, Injury or absence of Clerk	Failure to be able to conduct the Council's business	M/H	Flexible Working arrangements A register of locum Clerks has been set up by CDALC to provide support where the Clerk is absent due to illness, etc. Contact details for/to Clerk's family etc. provided.	Existing Procedure adequate
Election Cost	Insufficient funds to meet cost of elections	L/M	Risk higher in election year, but due to casual vacancy history, election could arise at any time. Estimated election costs obtained from DCC 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)	Existing procedure is adequate.
VAT	Reclaiming of VAT	L	VAT invoices obtained wherever possible. VAT is reclaimed in the year following the period to which payments relate. Repayments are reported as income to Council. Claims subject to internal audit.	Existing procedure is adequate.

Conduct of Council Business	Unable to recruit and retain appropriate staff	M	NALC model contract and salary scales applied. Training undertaken as considered necessary CDALC and SLCC membership to provide advice and guidance Flexible working arrangements Workload and performance subject to periodic review	Existing procedure is adequate.
	Unable to conduct council business effectively during Covid 19 pandemic	M	New legislation and guidance provide by CDALC to hold remote meetings Zoom subscription taken out to host meetings and member training provided by Clerk Support available to Members of the Public who may wish to attend.	Protocol for conducting Zoom meetings to be formalised
	Unable to find suitable Covid Safe venues for Council Meetings when Zoom Meetings are no longer permitted under legislation	H	Follow Government guidance on holding in-person meetings when this is issued. CDALC guidance will also follow once a final Government decision has been made as a challenge is currently ongoing regarding the continuation of remote meetings being permitted. Meeting numbers could be reduced in the short term.	Clerk to monitor situation and review venue availability and guidance.
	Unable to recruit and retain members	M	All casual vacancies regularly advertised and training for new councillors if appropriate. DCC Governance review will reduce membership from 11 to 9 from May 2021 On-going initiatives to help raise the profile of the parish council and encourage new members.	The election has been publicised via Parish Council website and Village Partnership Facebook page. Continued attempts to co-opt new Councillors.
	Council Meetings are not quorate	M	All members requested to report any apologies at earliest opportunity.	Clerk to monitor apologies for absence in run up to meetings and to liaise with Chairman/members to ensure quorum.  In the event a quorum cannot be achieved, an extraordinary meeting to be called at the earliest opportunity to ensure that any urgent decisions can be taken asap

	Non 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. Advice available from CDALC/SLCC	Website under SLA with Durham County Council. Data regularly inputted and updated by Clerk and approved Volunteer. Publication Scheme being developed – Any progress on this Mark – can will specify a target date for implementation
	Non Compliance with General Data Protection Regulations	M	Parish Council registered with ICO. Advice available from ICO and CDALC/SLCC Privacy Notice displayed on notice board. Privacy Notice and related policies published on the website.	Clerk to review current policies
Members 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 DCC. CDALC training programme All members encouraged to attend	Existing procedure is adequate but control could be improved if training was made compulsory,
Members Conduct	Reputational damage arising from complaints of inappropriate member behaviour	L	Member Code of Conduct in place All new members must agree to adhere to this code on taking up office. CDALC training available. All members encouraged to attend DCC Standards Procedure referrals	Existing procedure is adequate but control could be improved if training was made compulsory.
Insurance	Inadequate Cover	L	Annual risk assessment Review of needs when renewing insurance policy and at other times as circumstances dictate. Employers and Employee liability insurance is a statutory requirement.	Existing procedure is adequate.

Physical Equipment Or Public Areas				
Assets	Loss or damage to council assets.	L	Annual Review of Asset Register Appropriate Maintenance Arrangements in Place Appropriate council insurance provision in place Appropriate contractor insurance in place	Existing procedure is adequate
	Damage to third party property or individuals	L/M	Appropriate maintenance arrangements in place for grounds maintenance of cemetery site Policies and procedures in place that identify responsibilities of cemetery users/grave owners and those of the council Regular inspection of headstones Grave adornment policy introduced 1/3/19 Appropriate contractor and council public liability insurance in place	Existing measures are adequate Obtain copy of insurance for records

M Ramshaw

Reviewed: 9 April 2021

V2 Approved: