Risk Management

Policy Document - Version 1.3

NALC Principles of Risk Management

A.1 Thurcroft Parish Council recognises that risk management is a key part of good governance and internal control, in line with the NALC Model Risk Management Policy and the Governance & Accountability Practitioners' Guide (JPAG).

A.2 The purpose of this policy is to:
- Support the delivery of the Council's objectives by managing threats and opportunities.
- Safeguard public funds, assets, reputation, and services.
- Provide assurance for the Annual Governance and Accountability Return (AGAR) and internal audit.

A.3 Categories of risk include:
- Financial – loss of money, mismanagement, poor budgeting.
- Operational – failure of systems, processes, or service delivery.
- Compliance – breaches of law, regulations, or statutory duties.
- Governance – failure of decision-making or controls.
- Reputational – actions or decisions that damage public trust.
- Environmental – risks arising from climate change, sustainability, and environmental obligations.
- Staffing – loss of key staff, recruitment challenges, capacity issues.
- Physical – damage to key buildings such as break ins and fires

A.4 Responsibilities for risk management:
- Full Council – overall accountability, approves the Risk Management Policy and Corporate Risk Register, and receives quarterly monitoring reports.
- Committees – monitor and manage risks within their areas of responsibility.
- Parish Clerk/RFO – maintains the Risk Register, ensures risks are assessed, mitigated, insured where appropriate, and reported.
- Internal Auditor – provides independent assurance of the adequacy of risk management arrangements.
- All councillors and staff – responsible for risk awareness, reporting new risks, and complying with agreed controls.

A.5 Review frequency and transparency:
- The Corporate Risk Register will be reviewed at least annually by Full Council and monitored quarterly by the Finance & Employment Committee.
- The Risk Register will be published on the Council's website as part of its commitment to transparency.
- The Risk Management Policy will be reviewed annually or sooner if NALC or statutory guidance changes.

A.6 Business Continuity:
- The Council will maintain a Business Continuity Plan covering key risks such as loss of premises, IT systems, or key staff.

1. **Introduction**

1.1. Thurcroft Parish Council has adopted this risk management policy in accordance with guidance set out in Governance and Accountability for Local Councils – a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) and also to give effect to the Health and Safety at Work Act 1974. This policy also aligns with the NALC Model Risk Management Policy and forms part of the Council's Annual Governance and Accountability Return (AGAR) assurance framework.

1.2. This document sets out the:
- Parish Council's Risk Management Policy
- Objectives of Risk Management
- Types of Risk
- Roles and responsibilities
- Risk Management process
- Approach to future monitoring

1.3. This policy aims to further develop risk management and raise its profile across the Parish Council by:
- Integrating risk management into the culture of the organisation;
- Embedding risk management through the ownership and management of risk as part of all decision making processes;
- Managing risk in accordance with best practice.

2. **The Policy**

2.1. Thurcroft 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 its opportunities.
The Council will take a proactive approach to risk, ensuring both threats and opportunities are identified, evaluated, and managed in a structured manner.

2.2. The Parish Council is aware that some risks can never be eliminated fully and its strategy provides a structured, systematic and focussed approach to managing risk. Where risks cannot be eliminated, they will be reduced to an acceptable level and regularly reviewed.

2.3. Risk Management is an integral part of the Parish Council's management processes.

3. Objectives of Risk Management

3.1. The objectives of risk management are to:

- Identify, evaluate and manage the opportunities and risks to which the Parish Council is exposed, at strategic and operational level;

- To protect physical assets, promote employee and public safety and maximise resources;

- Embed risk management into day to day management and working arrangements;

- Enable effective and safe delivery of services to local people and to minimise the risk of significant failure

- Enable the identification of opportunities and risks associated with the Council's budget options and business planning to ensure that opportunities and risks are controlled;

- Enable better, more informed decision making at all levels;

- Review, evaluate and implement issues identified from past experience;

- To promote good corporate governance; To comply with statutory requirements, including the Accounts and Audit Regulations, and to provide assurance in the AGAR.

- To promote continuous improvement in governance, service delivery, and financial stewardship.

3.2. It is the responsibility of all Members and staff to have regard for risk management whilst carrying out their duties.

3.3. This Strategy will enable risks and opportunities to be identified, evaluated, controlled, monitored and reported.

3.4. Seek assurances that action(s) are being taken on risk related issues identified by auditors and inspectors.

4. Types of Risk

4.1. In order to manage risk, the Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

4.2 In line with NALC guidance, risks will also be categorised as: operational, governance, compliance, reputational, environmental, staffing and physical.

5. Roles and Responsibilities for Risk Management

   5.1. All Members and staff of the Parish Council are responsible for risk management.

   5.2. Specific responsibilities will be clearly documented in the Corporate Risk Register, which is monitored quarterly.

   5.3. All Members:

   - Have collective responsibility in understanding the strategic risks which the Parish Council faces.
   - Ensure that all identified risks have been considered in decision making and countermeasures and controls are defined.
   - Agree and publish a clear Risk Management Policy and oversee the effective management of risks by the Parish Clerk.
   - Monitor the effectiveness of the Parish Council's risk management arrangements by reviewing any risk management reports to Council.
   - Know how the Parish Council will manage and operate in a crisis through an approved Emergency Plan.
   - Members will receive training and guidance on their role in risk management, including induction for new councillors.

   5.4. Parish Clerk:

   - The lead officer for risk management and owner of the Risk Management Strategy.
   - Has the responsibility to understand the strategic and operational risks that the Parish Council faces and to oversee the effective management of these risks by officers.
   - Leads on the corporate governance agenda which includes risk management and with the Council's Chair approve the Annual Governance Statement.
   - Ensures that risks are fully considered in all strategic decision making and that the Risk Management Policy helps the Parish

Council to achieve its objectives and protection of assets.

- Provides advice as to the legality of policy and service delivery and updates the Parish Council on the implications of new or revised legislation.
- Assesses and implements the Council's insurance requirements.
- Assesses the financial implications.
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5.5. Parish Council:

- Support the Parish Clerk in all aspects of risk management.
- Understand the strategic and operational risks that the Parish Council faces.
- Ensure that a structured and systematic approach is in place for the identification, recording and reporting of risks and opportunities.
- Ensure that the arrangements for risk management and the associated risk registers are regularly reviewed.
- Ensure that risks are fully considered in all decision making and that the Risk Management Strategy helps the Parish Council to achieve its objectives and protection of assets.
- Assist in embedding a culture of risk management through the Parish Council and encourage appropriate training, including induction and refresher training for staff.
- Committees will review risks within their remit and report to Full Council.

5.6. All Employees:

- Understand how they can enable continuous improvement of risk management.
- Understand that risk management and risk awareness are a key part of the organisations culture.
- Report systematically and promptly to the Parish Clerk any perceived new risk or failure of existing control measures.
- Record areas of risk which fall directly within their day to day areas of control and review in line with agreed target dates.
- Provide a pro-active role in the reporting and assessing of physical risks in respect of public, staff and property.
- Employees will receive training where relevant (e.g., health & safety, data

protection, financial procedures) to support effective risk management.

5.7. Role of Internal Audit:
- Provide a scrutiny role by carrying out audits to provide independent assurance to Members, via the Internal Auditor's annual audit plan and post audit report that the necessary risk management systems are in place.
- Internal Audit findings will be reported to Full Council and any recommendations acted upon promptly**.**

6. The Risk Management Process

6.1. The process of risk management is straight forward and involves a number of key steps which are outlined below. This process is embedded into the Council's planning, budget-setting, and decision-making cycles**.**

7. Step 1: Identification of Risks

7.1. The Parish Clerk is responsible for identifying and recording any risks. Identification will be either via a formal process of planned inspections or ad hoc requests or risks being noted through everyday working situations.

7.2. When changes to working arrangements, new initiatives, events or projects are to be undertaken the Clerk will seek to identify any risks early in the planning process and prior to implementation.

7.3 Risks identified must be documented and linked to strategic objectives where relevant

8. Step 2: Evaluation of Risks

8.1. On identification of a risk the Clerk will assign a risk factor by reference to the risk matrix.

8.2. The risk matrix considers the likelihood of a risk materialising and the impact it would have.

Probability			
Highly likely (3)	**Medium (3)**	**High (6)**	**Very high (9)**
Possible (2)	**Low (2)**	**Medium (4)**	**High (6)**
Unlikely (1)	**Very low (1)**	**Low (2)**	**Medium (3)**
	Negligible (1)	Moderate (2)	Severe (3)

Impact

8.3. According to the level of risk identified appropriate action should be taken.

8.4. If the level of risk is high, it may not be possible to wait until a formal response or action has been agreed by the Council. The risk factor table below provides guidance in assessing appropriate action.

Risk Factor		Action
Red	Very High/ High	Immediate notification to Chair, Vice Chair and Standing Committee Chairs Expedite Steps 3 and 4 to identify additional controls for consideration and implementation.
Amber	Medium	Immediate notification to Chair and Vice-Chair and Standing Committee Chairs.
Green	Low	Notify Chair and Vice-Chair and Standing Committee Chairs.

8.5 Scores and classifications (High/Medium/Low) will be recorded in the Risk Register and reviewed quarterly**.**

9. **Step 3: Mitigation of Risk**

   9.1. The Parish Clerk should consider what controls are in place to mitigate the risk. These could include controls to reduce the likelihood of a risk occurring or to reduce the impact on the Parish Council.

   9.2. Only existing controls that are already in place should be considered and included on the risk assessment/notification form.

   9.3. Mitigation must include reference to insurance, internal controls, and external assurance where applicable.

10. **Step 4: Decide on Any Further Action to be Taken**

    10.1.   Following evaluation there are four main control options to manage the risk:

    Terminate the risk –   take a decision to discontinue the activity.
    Transfer the risk –   the risk is 'passed' on e.g. to an insurer.
    Treat the risk   –   put in place additional controls to reduce the impact or likelihood.
    Tolerate the risk   –   accept the risk but continue to monitor and evaluate.

    10.2   Once the proposed action has been reviewed and considered by the Parish Council then the Clerk shall scope, determine the resources (time, effort and funds) required and propose an implementation plan for agreement by Council Resolution, or for a new Red risk with agreement of the Chair (of a committee or council) and with the Parish Council being notified at the next council meeting.

    10.3   Where the implementation of additional controls incurs non-budgeted costs of £500 or over these should be reported to the Standing Committee or Council at the earliest opportunity

    10.4   All decisions relating to Red or High risks will be formally minuted by Council.

11. **Step 5: Allocation of Responsibility**

    11.1   Each risk should be passed to the Parish Clerk who will be responsible for implementing controls and ensuring they are working. The Clerk will also be

responsible for monitoring the risk.

11.2   Each risk will also be assigned an 'owner' (officer, committee, or councillor) who will be accountable for monitoring and reporting progress.

12. Step 6: Completing the Risk Register

12.1   All completed risk assessments must be passed to the Chair of the Council for checking prior to entering onto the risk register.

12.2   All risk assessments must be recorded in the risk register. To assist with the management of the risk register, items will be categorised in accordance with A3.

12.3   The Risk Register will be published on the Council's website as part of its commitment to transparency.

13. Step 7: Monitoring and Reporting

13.1   An annual review of the risk management arrangements for the Parish Council will be conducted by the Full Council.   The review will also confirm compliance with the Accounts and Audit Regulations and AGAR requirements.

13.2   Annually at minimum, a meeting of the Parish Council will include an agenda item for risk management to ensure that any developments or issues are considered.   Committee monitoring reports will feed into Full Council.

13.3   The Parish Council's risk management strategy will be also reviewed as part of the internal control environment within the Annual Governance Statement. This is agreed annually by the Parish Council in May. Any significant changes in risks will be reported immediately to the Chair and relevant Committee for urgent action.