



## **Newick Parish Council**

### **Risk Management Strategy and Policy**

#### **Background**

Newick Parish Council have held a Risk Management matrix for many years. Following a change of internal auditors for the 2023/24 financial year the interim internal audit identified a need for the approach to be reviewed and reformatted. This document was considered and adopted in the February Parish Council meeting (12th February 2024).

This Strategy and Policy Statement together with the detailed register of risks should be reviewed annually and the following statement provides an update for the Council to agree and adopt to meet this requirement.

#### **Introduction to Risk Management**

In all types of undertaking, there is the potential for events and consequences that may either be opportunities for benefit or threats to success. Local councils are no different and risk management is increasingly recognised as being central to their strategic management.

Risk management is the process whereby local councils methodically address the risks associated with what they do and the services which they provide. The focus of good risk management is to identify what can go wrong and take proportionate steps to avoid this and successfully manage the consequences. The Council faces risks to people, property and continued operations. The systematic management of risks therefore assists the Council in achieving its objectives by enabling the provision of a diverse range of services to the community and visitors to the area. Not all risks the Council faces can be insured against and is not just about financial management: it is about ensuring the achievement of objectives set by the Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, the ability to achieve desired targets, and eventually, on the local community's Council Tax Bills.

The importance of looking afresh at risks comes in the wake of a more demanding society, bold initiatives, and more challenge when things go wrong. It also arises because of the significant changes taking place because of the Government's localism agenda, which has resulted in more delegation of service delivery from principal authorities. Local Councils also face pressures, including those associated with not holding General Power of Competence, that potentially give rise to a range of new and complex risks, and which suggest that risk management is more important now than at any other time.

#### **Risk Management and Decision Making**

Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives, once established, and must consider all risks when making policy decisions, and review risks affecting all services on an annual basis. The Council's Risk Management Policy ensures that it has a well-defined framework to support better decision making at a strategic level. This will provide better decision making, through good understanding of risks and threats and their

likely impact.

### **The Benefits of Risk Management**

Risk management is regarded as an essential element of good governance and as an integral part of internal control. It provides the foundation for effective management throughout the Council and focuses attention on the achievement of Council objectives together with a consistent and structured approach to risk.

Managing risk in

this way delivers many other benefits to the Council as set out below:

- The process provides a fully documented record of all major risks and opportunities.
- The risk of positive initiatives not taking place is reduced and fewer opportunities will be missed. There is also greater innovation in seizing opportunities.
- Council employees and contractors can communicate their prioritised risks with members therefore enabling focus on those risks and properly evaluated risk decisions. There is also an enhanced ability to justify actions taken.
- Council employees and contractors can anticipate emerging issues in an ongoing and organised manner before they reach unmanageable proportions.
- To be effective risk management requires input and ideas from all the staff and members. This creates a culture of risk ownership.
- The Council's reputation is protected and enhanced.
- The Council will receive fewer complaints and will have more satisfied customers.
- Income can be maximized, and expenditure reduced.

### **Summary of Risk Management Roles**

Effective risk management can only be achieved when ownership of risks is allocated to appropriate risk owners within the Council. Without this, responsibility and authority for implementing control actions will not be clear.

#### **The Role of Council Members**

- To consider and if appropriate approve the Risk Management Strategy and Policy Statement.
- To consider the risk motivators and risk priorities.
- To consider and if appropriate approve the action in response to risks proposed by officers.
- To oversee the management of risk by Parish Clerk.

#### **The Role of the Parish Clerk**

- To promote the Council's Risk Management Strategy, Policy Statement, and framework.
- To be responsible for managing the Council's key risks including the assessment of risks.
- To encourage a culture of shared responsibility and open communication of risks.
- To consider risk as part of everyday activities and provide input to the risk management process.
- To manage risk effectively in their work in accordance with the Risk Management Strategy, Policy Statement and framework and report any threats or risks identified.

### **The Role of Internal Audit**

- To assist with the development and review of a Risk Management Strategy, Policy Statement, and framework.
- To support the Council in developing and implementing risk management.
- To provide independent assurance on the way risks are managed.

### **Conclusion**

Risk management is at the centre of the Council's management process. It provides a mechanism to identify, evaluate and control threats and risks to the Council's objectives and is the responsibility of every Council member and officer. Risk management is vital to the Council's efforts to deliver good governance and best value.

### **Risk Management Policy Statement**

Newick Parish Council owns several areas of land which are open to members of the public. Some amount of risk-taking is inevitable. However, the Council recognises that effective risk management will improve strategic, operational, and financial management by helping to maximise opportunities, minimise losses and maximise resources.

It is the policy of the Council to adopt a risk process that supports better decision making through understanding of risks, whether a positive opportunity or negative threat and their likely impact.

The policy seeks to confirm the commitment of the Council to a risk managed culture by ensuring that every member and employee has regard for the management of risks in the decision-making process and everyday work situations. The Council is committed to the management of risks to:

- Ensure compliance with statutory obligations.
- Safeguard its employees, members, residents and all other persons to whom the Council has a duty of care.
- Protect its assets, including property, equipment, other resources and reduce associated losses and claims.
- Maintain effective control of public funds.
- Minimise waste, fraud, and poor value for money.
- Support better project management.

A Risk Register is a systematic general examination of working conditions, workplace activities and environmental factors that will enable Newick Parish Council to identify any and all potential inherent risks. Newick Parish Council will take all practical and necessary steps to reduce or eliminate risks, in so far as is practically and reasonably possible. This document has been produced to enable Newick Parish Council to assess the risks it faces and satisfy itself that it has taken adequate steps to minimise them.

Rating L = Likelihood, I = Impact, S = Score

	Risks Identified	Management/Control	Rating			Review/Assess	Action By
			L	I	S		
<b>Financial</b>	Inadequate records Financial Irregularities	The Parish Council uses Financial Regulations which set out the requirements based on Model Regulations from NALC	1	3	3	Existing procedure adequate. Review Feb 2025.	Clerk/Council
	Lack of commitment by Councillors to the budgetary process	Full Council receives detailed budget estimates. Precept determined on basis of the budget set. Expenditure against budget is reported at each full Council meeting.	2	4	8	Existing procedure adequate.	Clerk/Council
	Failure to ensure that the annual precept results from an adequate budgetary process	Start consideration of budgetary process at least 3 months prior to submission date of Precept. Checks by Clerk.	1	5	5	Existing procedure adequate.	Clerk
	Inadequate internal controls with regard to monitoring expenditure	Performance against budget and all expenditure is reviewed in every full Parish Council meeting to ensure effective financial management by Clerk.	2	3	6	Existing procedure adequate	Clerk/Councillors

	Risks Identified	Management/Control	Rating			Review/Assess	Action By
			L	I	S		
<b>Financial cont.</b>							
	Reserves too high/low	Practitioners Guide advises reserve balance must not exceed the Precept but should be sufficient to allow the Council to operate if the expected precept is not received.	2	4	8	Existing procedure adequate.	Clerk/Council
	Illegal activity or payments	All activity and payments within the powers of the Parish Council to be resolved at Council meetings, as per the Financial Regulations.	1	5	5	Existing procedure adequate.	Clerk/Council
	Fraud by Employees/ Councillors	Ensure level of Fidelity Insurance is adequate and review annually. Payments authorised by two councillors.	1	4	4	Existing procedures adequate	Clerk
	Cash handling	Cash may be received. Cash to be paid into the current account, not petty cash irrespective of the amount.	1	1	1	Existing procedures adequate.	Clerk
	VAT – requirements of HMRC not met	VAT is reclaimed quarterly.	1	5	5	Existing procedures adequate.	Clerk

	Risks Identified	Management/Control	Rating			Review/Assess	Action By
			L	I	S		
<b>Business Continuity</b>	Incapacity/Absence of Clerk/ Resignation of Clerk	<p>Sue Berry to be approached to temporarily act as Clerk in an emergency. A Locum Service is available through the Society of Local Council Clerks or NALC.</p> <p>A councillor cannot receive remuneration for clerical duties.</p> <p>Locum costs can be expensive, some cover is provided in Parish Council insurance policy with Zurich.</p>	2	5	10	Existing procedures adequate.	Council
	Loss of services of employee.	Immediately advertise any vacancy (if permanent loss) and, if appropriate, request help from remaining employees to cover temporary loss.	2	5	10	Existing procedure adequate.	Clerk
<b>Insurance</b>	Public Liability (statutory)	Continue existing cover and meet terms of the cover.	1	5	5	Existing procedure adequate.	Clerk
	Employers Liability (statutory)	Continue existing cover and meet terms of the cover.	1	5	5	Existing procedure adequate.	Clerk
	Money – Loss or theft of funds held	Continue existing cover, updated financial regulations, regular audits, prudent investment.	1	5	5	Existing procedure adequate.	Clerk

	Security of data (IT systems and support)	Any confidential documents are securely destroyed.  The Council laptop is password protected and has security protection.  Council is registered with the Information Commissioner.	2	3	6	Existing procedure adequate.	Clerk/Council
	<b>Risks Identified</b>	<b>Management/Control</b>	<b>Rating</b>			<b>Review/Assess</b>	<b>Action By</b>
<b>Insurance cont.</b>	Failure to retain or secure the necessary number of members for the Council	Clerk to include Councillor Attendance in minutes of meetings. The Council has a policy for casual vacancies.	1	5	5	Existing procedure adequate.	Clerk/Council
<b>Business Continuity</b>	Election costs	The Council holds an earmarked reserve for elections. If this is insufficient at any point in time, the shortfall will be met from the general reserve.	3	2	6	Existing procedure adequate.	Clerk/Council
<b>Legal</b>	Freedom of Information	The Council has adopted the model scheme produced by the Office of the Information Commissioner.  Assistance to be sought from Monitoring Officer or NALC as required.	3	1	3	Action any FOI requests in accordance with policy	Clerk
	Governing Policies not up to date	There is a rolling policy review schedule and policies are referred to Council for review as and when necessary.	3	3	9	Existing procedure adequate.	Clerk/Council

	Failure to meet our statutory duties eg. Breach of GDPR and failure to comply with Inland Revenue and HMRC regulations.	A Contract of Employment and Job Description is agreed for the Clerk.				Existing procedure adequate.	Clerk/Council/ Internal Auditor/ Internal Control
		Clerk runs payroll using the HMRC Basic Tools. Ensure employee regulations are available and understood by the Clerk.	2	4	8		
		No additional payment to the Clerk without Council approval.					



	Risks Identified	Management/Control	Rating			Review/Assess	Action By
Governance & Management	Lack of knowledge of or commitment to regulations and legislation	Ensure that a Code of Conduct, Standing Orders and Financial Regulations are in place and are reviewed annually. Highlight essential parts and provide training where relevant.  Attend training courses  Membership of ESALC, NALC & SLCC.	3	3	6	Existing procedure adequate.	Clerk/Cllrs
	Action by the Parish Council outside its powers laid down by Parliament	Clerk to monitor relevant legislation and report to Council  Advice sought from other bodies where required.	2	4	8	Existing procedure adequate.	Clerk
	Notice of meeting	The meeting Agenda is placed on village noticeboards and on the Council's website. Councillors to receive summons electronically.	4	2	8	Existing procedure adequate.	Clerk
	Accurate and legal Minutes	Minutes are presented to next council meeting for approval. Minutes are produced for all meetings.  Approved Minutes are posted on the website.	1	3	3	Existing procedure adequate.	Clerk/Council
	Written communication to third parties - Reputation	All formal written communication/emails should be directed through the Clerk and may be signed by the Chairman or Vice-Chairman when necessary.	3	3	6	Existing procedure adequate.	Clerk/Council
	Impact of Public spending cuts	All Councillors to be made aware that priorities must be set on the basis of the financial capacity of the Parish Council to deliver. Attend training where appropriate.	3	2	6	Existing procedure adequate.	Council

	Risks Identified	Management/Control	Rating			Review/Assess	Action By
<b>Governance &amp; Management cont.</b>	Lack of engagement by Councillors and Residents on major items of public interest	Take every opportunity to publicise the role of the Parish Council through the website and Facebook. Effective use of village noticeboards and face to face engagement events. Council contact details are available on the website.	4	3	12	Existing procedure adequate.	Clerk/Council
	Lack of knowledge by Councillors on their role, responsibility and accountability	All councillors to have a "New Councillor" meeting with the Clerk after becoming a member of the council. Councillors to attend relevant training courses.	4	5	20	Existing procedure adequate.	Clerk/Council
	Inadequate insurance cover for members and Clerk	Review Risk Assessment by including on Agenda of Parish Council meetings at least annually. Ensure a Risk Assessment is carried out for all new assets and appropriate insurance cover implemented.	2	5	10	Existing procedure adequate.	Clerk/Council
	Failure to identify, value and maintain all assets of the Parish Council, and ensure that asset and investment registers are complete.	Record and maintain a record of all assets for which the Parish Council is responsible and include in the year end accounts. Arrange for annual review of valuations and arrange for professional valuation where appropriate.	4	2	8	Existing procedure adequate.	Clerk

	Risks Identified	Management/Control	Rating			Review/Assess	Action By
<b>Governance &amp; Management cont.</b>	Adoption and implementation of appropriate Government legislation	<p>Clerk to have appropriate legislation available. Review liabilities and responsibilities periodically at Parish Council meetings.</p> <p>Clerk to attend training and conferences and to read sector publications to keep up-to-date.</p>	3	3	9	Existing procedure adequate.	Clerk
<b>Assets and Property</b>	<p>Loss or damage to Assets</p> <p>Risk/damage to third party</p>	<p>An Asset Register is maintained for asset control.</p> <p>An annual review of any assets will be undertaken for insurance purposes.</p> <p>Regular risk checks of Council property.</p> <p>Paul Antrobus to inspect assets weekly, LDC undertake monthly check of playa areas. Independent check of equipment in the play area at the recreation ground is instructed annually.</p> <p>Repairs undertaken by competent contractor.</p>	3	2	6	Existing procedure adequate.	Clerk/Council
<b>Emergency Planning</b>	Health & Wellbeing of the Community	Emergency Plan reviewed in November 2023 and reviewed every 4 years.	5	5	25	Existing procedure adequate.	Clerk/Council