

RISK POLICY

Background

In accordance with its Financial Regulations (section 17), Cutcombe Parish Council 'the Council' is responsible for putting in place arrangements for the identification and management of risks.

The Financial Regulations stipulate that:

17.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk / RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

17.2 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

Policy

1. For the purpose of this policy, risk is identified as any thing that has a material impact on delivering the Council's objectives, including the delivery of its day-to-day services.
2. The system of risk management is not intended to remove all risks, but is designed to ensure that they are identified promptly and managed within the risk appetite of the Council in a timely manner.
3. The Council will review its risk management policy and consider the risks posed to the organisation as part of a broader framework of internal control.
4. Councillors are ultimately responsible for risk management because risks threaten the achievement of policy objectives. Therefore, each Councillor should:
 - take steps to identify and have recorded key risks facing the Council
 - evaluate the potential consequences to the Council if an event identified as a risk takes place (in terms of likelihood and impact)
 - decide upon appropriate measures to avoid, reduce or control the risk or its consequences, and
 - record any conclusions or decisions reached.
5. A Risk Register will be established by the RFO, and any risks identified will be added to the Register in a timely manner, ie whenever a new risk is identified or changes materially. Any Councillor who identifies a risk should initially report it to the Chairman, copied to the Clerk so that appropriate mitigation and action can be agreed by full Council.

6. The preparation of the Risk Register will be overseen by the Finance and Risk Working Group who will consider the risks and proposed controls and mitigations in order to advise and make recommendations to full Council.
7. The Risk Register will:
 - Assess and rate the combined likelihood and impact for each risk, using the scoring system set out in section 8. A numerical score from 1 – 16 will be assigned by multiplying the potential likelihood of the risk with its potential impact – the higher the score the greater the risk.
 - Risks scoring between 1 - 2 will be assessed as low risk, scores between 3 -7 will be assessed as medium risk and scores between 8 - 16 will be assessed as high risk.
 - Any risk which is scored high requires immediate action to determine if the combined impact and likelihood can be reduced, or to confirm whether it is acceptable to continue with a high level of risk.
 - Identify measures to bring the risk to an acceptable level consistent with the Council's risk appetite, assigning an owner and timescale for action for each risk.
 - Detail the controls that are in place to mitigate against risks, including any improvements that are required to further mitigate risks

Assessment of Risk

8. Each risk will be assessed in terms of its likelihood and impact on the Council's aims and objectives and the users of its services.

9. Likelihood Ratings


		Likelihood	Possible Indicators
4	Almost Certain	>90%	Frequent occurrence, extremely likely to occur, unavoidable
3	Likely	>60%	Regular occurrence, more likely to happen than not
2	Possible	>10%	Occasional occurrence, could occur
1	Unlikely	<10%	Has never occurred but cannot rule out risk of occurrence

10. Impact Ratings

		Impact
4	Major	Financial Impact >£50,000 Fatality/disabling injuries to public or staff/adverse national media attention/external intervention/total

		service disruption/ extensive legal action against the Council.
3	Serious	Financial Impact >£20,000 Adverse local media attention/ extensive public complaints/adverse comments by regulators or auditors/ significant service disruption/ failure to deliver projects or targets/ service disruptions/ injuries to public or staff/ legal action against the Council.
2	Significant	Financial Impact >£10,000 Adverse service users complaints/ service disruption/ minor injuries and near misses to staff and public.
1	Minor	Financial impact < £5,000 Isolated complaints/minor service disruption.

11. Risk Matrix

Likelihood	4	4	8	12	16	
	3	3	6	9	12	
	2	2	4	6	8	
	1	1	2	3	4	
		1	2	3	4	
		Impact				

Treatment of Risk

12. Where risks have been identified, the Council will determine the measures required to bring the risk to an acceptable level by a system of internal controls or specific mitigatory measures which will be designed to:
- **Treat** the risk – take action to reduce the impact or likelihood of the risk.
 - **Tolerate** the risk – determine whether and why the risk is acceptable if it continues with appropriate mitigations.
 - **Transfer the risk** – consider whether the activity can be transferred to another body or organisation.
 - **Terminate the risk** – by discontinuing the activity.

Controls

13. A number of different controls will be established, according to circumstances and the nature and severity of each risk. These will include measures to Prevent, Detect and Correct Risk.

Risk Process

14. A fresh Risk Register will be prepared by the RFO and FRWG no later than May each financial year with approval given by full Council.

15. The Risk Register will be subject to review by the FRWG every **three months** who will advise and make necessary recommendations to the subsequent meeting of the full Council. Risks will be reviewed more frequently if there is a material change to a specific risk.
16. Any risks that require budgetary approval for mitigation action will be subject to a motion at the next available meeting of full Council.
17. Risks which have been managed to an acceptable level will be removed from the Register, recording the date and reason for removal.
18. This policy will be reviewed on a periodic basis, at least every three years.

Version Control

Prepared by Jeanna Grenville, Clerk and RFO	6/9/2021
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