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RISK MANAGEMENT STRATEGY 2024

In order to identify risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process. This risk management scheme has been devised and is tailored to the individual needs of Kennett Parish Council.

Risk is a threat of an event or action which will adversely affect an organisation's ability to achieve its objectives. Risk management is the process where risks are identified, evaluated, and controlled. By managing risks appropriately, Kennett Parish Council is more likely to achieve its objectives. The Guidance of Governance and Accountability for Local Councils in England (published by the Joint Practitioners' Advisory Group) makes the following observations regarding risk management:

- Risk management is not just about financial management it is about ensuring the achievement of objectives set by the council to deliver high quality public services; and,

- the local council audit approach seeks to encourage local councils to address these issues by placing emphasis on the need to keep under review and, if need be, to strengthen their own corporate governance arrangements, thereby improving their stewardship of public funds and providing positive and continuing assurance to taxpayers.

It is important to understand the risks of any decision. A structured approach to risk management can achieve this by enabling a decision to be made within a framework of better information about the potential outcome of a course of action.

The aim of this strategy is to develop an awareness of the benefits of risk management within the Council. it also encourages everyone involved to adopt an open and structured approach to risk management. The Council intends that effective risk management will help deliver:

- Better management of threats to cost, time and performance.
- Better understanding of opportunities to improve services.
- More effective management of change
- Clear ownership and accountability for risk and its management
- Better value for money for residents

The process for the management of risk is set out below and the risk management strategy is implemented by the Clerk.

What types of risk are there?

Strategic risk – long term adverse impacts from poor decision making or poor implementation. Risk causing damage to the reputation of the Council, loss of public confidence or statutory 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 etc.

Financial Risk – fraud and corruption, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council tax precept 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.

Not all of these risks are insurable and some of the premiums may not be cost effective. Even where insurance is available, money may not be an adequate recompense. The emphasis should always be on eliminating or minimising the risks. Risks can be connected to opportunities as well as potential threats.

How do we assess risk?

Each risk will be assessed in terms of its probability of occurrence and the potential impact on the Council. The following are the criteria by which risk is assessed:

Probability of Occurrence

Category	**Probability**	**Possible Indicators**
Almost Certain (4)	>90%	Frequent occurrence
Likely (3)	>60%	Regular occurrence
Possible (2)	>10%	Occasional occurrence
Unlikely (1)	<10%	Has never occurred

Evaluation of impact

Impact on Performance	Risk Threat
Major (4)	Financial Implication > £25,000 Fatality/disability injuries to public or staff Adverse national media attention External intervention Total service disruption Extensive legal action against Council
Serious (3)	Financial implication > £15,000 Adverse local media attention Extensive public complaints Adverse comments by regulators or auditors Significant service disruption Failure to deliver projects. Service disruption Injuries to public or staff Legal action against the Council

Significant (2)	Financial Impact >£5,000 Adverse service user complaints Service disruption Minor injuries and near misses to staff and public
Minor (1)	Financial impact <£5,000 Isolated complaints Minor service disruption

Priority Ranking

The ranking of an individual risk is calculated by a simple combination of its probability and impact.

Risk Matrix

The risk, using the above impact and likelihood ratings can then be plotted onto the risk matrix and its classification identified.

LIKELIHOOD

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

IMPACT

Summary		Suggested Time Frame
12-25	High	As soon as possible
6-11	Medium	Within next 3-6 months
1-5	Low	Whenever viable to do so

The scores for impact and likelihood are scored as above and multiplied to arrive at the rating. Risks scoring 12 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

Risks rated as green (1 to 5) are reasonably acceptable to the Council. It is unlikely that further additional measures are required to control these risks. However, the risk will remain monitored as part of the risk management.

Risks rated as amber are reasonably acceptable to the Council. However, further additional measures may be needed to treat (i.e., control) the risks and so reduce exposure or to consider risk transfer e.g., insurance or a contractual arrangement. The Council must be periodically advised of amber risks and the action planned and /or taken to control them.
Risks rated as red are not acceptable to the Council. Immediate action is required to bring the risk down to a lower category risk or, if this is not possible or desired, to terminate the activity that

creates the risk. The Council must be immediately advised of red risks and regularly updated on the action planned and taken to control them until they are within the spectrum of reasonably acceptable risk for the Council. Any action taken must be in accordance with the Council's Standing Orders and Financial Regulations.

Who is responsible for risk?

Risk management is only considered to be truly embedded when it functions as part of the Council's day to day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process.

To ensure that this level of clarity exists, the Council has established a structure that shows how Members and Officers contribute to the overall risk management process.

Council	• Monitor risk management strategy • Certification of Council's Annual Statement of Internal Control • General oversight of the Council's Risk Management Strategy • Approve risk management strategy and related documents. • Approve content of risk registers and proposed risk mitigation plans and monitor implementation. • Receive regular reports to review/scrutinise/challenge current and proposed risk management processes. • To recommend any amendments to the risk management framework, strategy, and process • Identify, analyse, and prioritise risk. • Determine responsibilities and actions to control risk. • Monitor progress on managing risks against action plans/projects. • Review implementation of the risk management strategy and process • Review of Health and Safety Policy, and any breaches or incidents relating to its performance
Clerk	• Report to Members on the strategy and process • Provide advice and support on risk management matters. • Maintain the risk management strategy and framework through review with officers (at team meetings or individually) • Identify, analyse and priority risks. • Determine risk management action plans and delegate responsibility for control. • Monitor progress on the management of risks
Staff and other stakeholders	• Maintain awareness of risks, their impact and costs and feed these into the formal risk management process • Control risks in their everyday work • Monitor progress in managing job related risks. • Receive training to identify and manage risks
Internal Auditor	• Provide independent assurance to the Council in identifying both its operational and financial risks including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

How do we manage risk?

Risks and their management may be identified at any stage and should be included in the Risk Register. In order to capture as many risks as possible facing an activity or project, the following methods could be used:

- Brainstorming sessions with individuals and various levels of management
- Checklists
- Questionnaires
- Learning from other projects, authorities, and auditors

As risks are identified, they should be added to the Risk Register. Each risk must be described in terms of the source of the risk, the consequences of it happening and the effect it would have on the Council's activities or project.

Once a risk has been identified, it will be given an owner who is the person best able to manage the risk. The owner will be responsible for all aspects of the management of the risk.

Each risk will be evaluated in accordance with the process outlined in this strategy. This information will be entered into the Risk Register and will enable priorisation of the risk within a certain area.

Once each risk has been identified and evaluated, actions for dealing with the risk will be developed. These are known as risk responses and fall into one of four categories:

Terminate:	An action that allows the risk to be avoided
Treat:	An action that will reduce the impact and or the probability of a risk
Transfer:	Is there a stakeholder or another organisation better able to manage the risk?
Tolerate:	Accept the consequences if the risk occurs.

The risk register will identify the option selected to deal with each risk together with any actions that might be required. Once the risk responses have been developed, the risk owner must then decide which option to adopt. In reaching decisions as to which response should be used, a cost/benefit comparison should be made. For mitigating activities attracting significant costs (>£5,000) results will need to be recorded. It may be that external help is required to help decide the appropriate course of action, in which case, the risk owner should record the date the decision was made and the potential consequences if the decision is not taken by that date.

Following the decision to adopt a particular risk response, the risk owner must ensure that:

- The secondary risks associated with implementing the risk response are assessed and recorded.
- Where one exists, the project plan is updated to include the activities associated with the risk response.
- Entries are made in the risk register detailing the predicted probability and impact evaluation once the response activities are completed.
- A failback/contingency plan is developed to address the consequences of the risk happening of the response activities.

Risk owners must monitor the progress and success of their chosen response to risk on a regular basis. They should review all their risks and provide an evaluation of probability and impact on a regular basis.

The highest priority risks are reviewed by Full Council on a regular basis. They should review all risks and provide an evaluation of probability and impact on a regular basis.

The effectiveness of the process will be reviewed by the Council annually.

Adopted by Kennett Full Council on: 14th October 2024

Review Due by: October 2025