



Pershore Town Council

RISK MANAGEMENT POLICY

1. General Policy Statement

Pershore Town Council has a responsibility to manage risk 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 the opportunities to achieve its vision.

Risk management is an essential part of effective corporate governance; therefore, Pershore Town Council have put in place arrangements for managing risk as stated in the Accounts and Audit Regulations 2015:

“A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”

2. Definitions

Risk is defined as being 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 of identifying, assessing and controlling threats to an organisation's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents or natural disasters.

3. Objectives

The objectives of Pershore Town Council's risk management strategy are to:

- Incorporate risk management into the culture of The Council
- Control risk in accordance with best practice
- Anticipate and respond to social, environmental and legislative requirements
- Prevent loss, damage and injury, and reduce the cost of risk thereby maximising reserves
- Make informed operational decisions by identifying risks and their likely impact
- Raise awareness of the need for risk management in all Council services

4. Implementation

Pershore Town Council will achieve these objectives by:

- Establishing clear goals, responsibilities and reporting lines within The Council
- Providing opportunities for training to all staff members
- Ensuring relevant committees are informed of potential risks identified, and have access to the risk register
- Carrying out risk assessments in all areas of The Councils activities, on staff members and in buildings
- Continuing to monitor procedures and carry out assessments regularly
- Preparing contingency plans for potential risks within the responsibility of The Council

5. Responsibility

Pershore Town Council acknowledges that it is the responsibility of all members and employees to have regard for risk in carrying out their duties. If uncontrolled, risk can result in a drain on resources that could be better directed to front line service provision, and to meeting the Town Councils objectives and community needs.

This policy has the full support of Pershore Town Council, who recognise that any decrease in injury, illness, loss or damage will directly benefit the whole community. The cooperation and commitment of all members and employees is required to ensure that Council resources are not wasted as a result of uncontrolled risk.

Risk management will be reviewed regularly by Pershore Town Council and its relevant committees, who will have responsibility for approving the actions necessary to control risk.

6. Risk Register

Pershore Town Council have adopted a risk register. A risk register is a document used as a risk management tool and to fulfil regulatory compliance acting as a repository for all risks identified. The document includes additional information such as the nature of risk, level of risk, actions to minimise risk and further actions required.

7. Risk Assessments

Alongside the risk register, specific risk assessments will be carried out for significant projects, services and functions to comply with lawful regulations or legislative change. These risk assessments will be

reviewed and monitored at appropriate and regular points, where actions plans will be put into place where necessary.

8. Level of Risk

Impact will be viewed in terms of the consequences of the identified risk on the service. Impact will be classified using the following criteria:

| | |
|----------------|---|
| Extreme (5) | Total failure of process |
| Very High (4) | Serious disruption to the process |
| Medium (3) | Disruption to the process |
| Low (2) | Some minor impact to the process |
| Negligible (1) | Annoyance, but does not disrupt the process |

An assessment of the likelihood of the identified risk occurring within a relevant timeframe will be carried out using the following classification:

| |
|--------------------|
| Almost certain (5) |
| Likely (4) |
| Moderate (3) |
| Unlikely (2) |
| Rare (1) |

Based on the above, each level of impact will be multiplied against each level of likelihood providing a rating:

| Likelihood | Impact Extreme | Impact Very High (4) | Impact Medium (3) | Impact Low (2) | Impact Negligible (1) |
|--------------------|----------------|----------------------|-------------------|----------------|-----------------------|
| Almost Certain (5) | 25 | 20 | 15 | 10 | 5 |
| Likely (4) | 20 | 16 | 12 | 8 | 4 |
| Moderate (3) | 15 | 12 | 9 | 6 | 3 |
| Unlikely (2) | 10 | 8 | 6 | 4 | 2 |
| Rare (1) | 5 | 4 | 3 | 2 | 1 |

9. Prioritisation of Risk

Using the table and the results of the risk ratings, all the identified risks will be categorised into three levels. This will enable attention to be focused on the highest priority area.

| | |
|-------------|---|
| High 25-16 | Risks requiring immediate response, active monitoring and management |
| Medium 15-8 | Risks requiring management and monitoring |
| Low 6-1 | Risks which do not require specific management attention, but may be monitored as appropriate |

