

# **Wroxton & Balscote Parish Council**

## **Risk Management Policy**

**(July 2024)**

### **1. Legal Context**

Wroxton & Balscote Parish Council (the Council) has adopted this risk management policy in accordance with guidance set out in Governance and Accountability for Local Councils – a Practitioner’s Guide (England) issued by the Joint Practitioners Advisory Group (JPAG).

### **2. Purpose of the Policy**

Compliance with this policy ensures that the Council assesses and addresses the risks associated with its activities. The policy aims to identify the steps required to address risks and to increase confidence in the Council’s governance arrangements.

### **3. Background**

- 3.1 Risk can be defined as an uncertain event or condition that, if it occurs, is likely to have an adverse impact on the Council. Risk management helps the council to identify and address risks. The focus of risk management is to consider what can go wrong and to set out the steps needed to avoid this or to manage the consequences.
- 3.2 Failure to manage risks effectively can be expensive in terms of legal challenge and/or reputational damage as well as potentially significant financial consequences. The Council generally, employees and members individually share responsibility for identifying and managing risk.
- 3.3 The Council notes that it very seldom organises events involving members of the community. This minimises an important potential area of risk but, when such an event is undertaken (for example arranging for litter picking), it will conduct a risk assessment, including a review of the insurance cover available.
- 3.4 Risk management is an ongoing activity comprising four key elements:
  - a) Identifying risks
  - b) Classifying risks
  - c) Mitigating risks; and
  - d) Reviewing and reporting
- 3.5 Experience shows that risks very frequently fail to be identified (irrespective of the effort made to consider the possibilities) until they crystallise and for this reason a considerable proportion of the

mitigations put in place by the Council involve a comprehensive suite of insurance cover.

#### **4. Risks that have been identified**

The Council has identified the following broad risk categories

- 4.1 Financial risk – essentially the loss of money
- 4.2 Solvency risk – unanticipated changes in contractual income or expenditure – **note (a)**
- 4.3 Security breaches – fraud, theft or embezzlement, including the consequences of cyber attacks
- 4.4 Property related risk – damage to, or loss of property owned by the Council
- 4.5 Cemetery administration risk – **note (b)**
- 4.6 Legal risk – breaking the law or being sue– **note (c)**
- 4.7
- 4.8 IT risk – failure of IT systems or loss of data– **note (d)**
- 4.9
- 4.10 Reputational risk – actions or behaviour which could harm the Council’s public image

The Council has satisfied itself that it has no responsibility for accidents or injury caused by users of either the play/exercise equipment located in the Balscote play area (which is the legal responsibility of the Balscote Village Hall Committee), or of Wroxton and Balxcote village greens (which are understood to be the responsibility of Oxfordshire County Council).

#### Notes:

- (a) The main risk of loss of contractual income or unaffordable increases in contractual expenditure would stem from renegotiation of lease terms, bearing in mind that rent receivable contractually currently accounts for 60% of the Council’s total annual revenue;*
- (b) Cemetery risks include misallocation of grave spaces that lead to disputes and claims arising from injury to visitors due to unsafe or unstable memorials;*
- (c) The Council is exposed to the risk of legal actions arising from injury or damage to property caused by contractors or tenants of the Council lacking adequate insurance cover.*
- (d) IT risk includes loss or damage arising from cyber attack*

## 5. Classification of risks

5.1 In common with most organisations, the Council assesses every risk that is identified by considering first the **potential impact** should that risk crystallise (on a scale of 1 to 5, 5 being the highest) and, secondly, the **likelihood** that the risk will in practice crystallise (again on a scale of 1 to 5).

5.2 Multiplying these two admittedly (but of necessity) subjective scores enables the Council to rank them in order of importance, given a range of possible scores between 1 (very low risk) and 25 (potentially catastrophic)

5.3 The following table sets out the Council's assessment of the risks identified in Section 4 based on the scoring methodology set out in 5.1 and 5.2 and, in the final column, describes the mitigations currently in place for each of them

| Risk                        | Impact | Likelihood | Score | Mitigation  |
|-----------------------------|--------|------------|-------|---|
| Financial risk              | 3      | 2          | 6     | Internal controls; limited value at risk; RFO is professionally qualified; insurance cover.   |
| Solvency risk               | 4      | 4          | 16    | Ability to adjust precept to offset adverse financial consequences; access to professional advice in relation to lease negotiations.                            |
| Security breach risk        | 4      | 1          | 4     | Insurance cover; dual control of payments; antivirus software; minimal reliance on paper records  |
| Property risk               | 2      | 2          | 4     | Insurance cover; carefully maintained asset register  |
| Cemetery risk               | 3      | 1          | 3     | Electronic register of plots; planned migration of burial records to third part specialist software; insurance cover; regular inspection of memorial headstones |
| Legal risk                  | 3      | 2          | 6     | Insurance cover; training; reliance on legal advice; terms of contracts with third parties. Including evidence of valid public liability insurance cover..      |
| Information Technology risk | 2      | 2          | 4     | Cloud based data storage; robust third party accounting software.   |
| Reputational risk           | 5      | 2          | 10    | Code of conduct observed by Councillors; declarations of interest where applicable; Parish Clerk's training.  |

5.4 The scoring against the **likelihood** criterion takes account of the mitigations in place, particularly a robust and carefully considered system of internal controls and wide-ranging insurance cover.

The risk scored highest is the solvency risk due , for example, to the introduction of a new Telecoms code that gives operators of masts sweeping powers to impose rent reductions on renewal of leases.

## **6. Reporting**

6.1 All incidents that have the effect **either** of crystallising any of the identified risks, **or** of revealing a previously unidentified risk is to be reported promptly, initially to the Chairman who is responsible for determining remedial action to be taken and, as soon as practicable thereafter, to the Council as a whole.

6.2 In the event of a risk crystallising, a review of the risk management policy will be triggered. Previously unidentified risks will at that point be incorporated into the policy framework.

6.3 The policy and scoring of every identified risk will be reviewed by the Council annually as part of the year end procedures, which include a review of internal controls and governance arrangements. Both reviews are subject to internal and external audit procedures.

6.4 Evidence of the existence and monetary level of the insurance cover held by any contractors employed by the Council will be requested annually and kept on file.

***Adopted at a meeting of Wroxton & Balscote Parish Council held on 2 September 2024***