Drayton Parish Council
Risk Management Policy

Approved by full council: 09 November 2026

Introduction

Drayton Parish Council recognises that, in addition to its statutory duties, it has a responsibility to manage risks effectively to protect the community, its employees, councillors and assets against potential losses. Risk management is an integral part of the Council's management processes.

Overview

1. Risks are uncertain events or conditions (not just financial) that if they occur, may affect the council's ability to achieve its objectives, may result in adverse health outcomes to community members, council employees, or councillors, or may result in reputational damage for the council as a whole or any individual member of the council.
2. The council generally, and members and employees individually are responsible for risk management.
3. Risks can be classified into various types, but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working, or health impacts:
   i) **Financial Risk –** examples are fraud and corruption, waste, excess demand for services, bad debts. This presents risk of additional audit investigation, objection to accounts, reduced service delivery, increased precept levels and impacts on Council reserves.
   ii) **Operating Risk** – examples are failure to deliver services effectively, malfunctioning equipment, hazards to the public or staff and damage to property. These present risk of remediation costs, higher insurance premiums, lengthy recovery processes and damage to council's reputation.
4. Risk is not restricted to potential threats but can arise from missed opportunities. Good risk management can facilitate proactive responses. Measures to manage adverse risks are likely to help with managing positive ones.
5. Risks are unavoidable, but they need to be managed through mitigating controls. Insurance is a significant way of mitigating the financial impact of risks, particularly relating to property, cash and legal liability.
6. There is a requirement under Accounts and Audit Regulations 2015 Reg. 3(c) to establish a sound system of internal control which includes effective arrangements for the management of risk.

Objectives

The objectives of the council's risk management process are to:

- Identify risks
- Put in controls to minimise risk
- Integrate risk management into the processes of the Council
- Respond to changing social, environmental and legislative requirements

Risk Management Process

A. Identify and Assess Risk:

1. Risks are identified and documented
2. Once risks have been identified they are systematically and accurately assessed
3. An assessment is undertaken of a) the impact and b) the likelihood of risks occurring, with impact and likelihood being scored using a matrix
4. If a risk is seen to be unacceptable, then steps are taken to control or respond to the risk.

Scoring:
A numeric value is given to the likelihood of the risk happening (1-Unlikely, 2-Possible, 3-Highly Likely) and the severity (1-Low, 2- Moderate, 3- Severe):

How Likely	Highly likely (3)	**3**	**6**	**9**
	Possible (2)	**2**	**4**	**6**
	Unlikely (1)	**1**	**2**	**3**
		Low 1	Moderate 2	Severe 3
	Impact			

- Where a risk is low (Green) further action will only be taken where it is deemed necessary to do so.
- Medium risks (Amber) will be monitored, and actions taken.
- High risks (Red) will require action as soon as possible.

B. Control Risk

This process involves taking steps to reduce the likelihood of a risk event happening and/or minimising the impact of its consequences if it does occur. Options for control include:

1. **Elimination** – The conditions or activities that give rise to the risk are removed, effectively eliminating the risk.
2. **Reduction** – Steps are taken to decrease the likelihood, impact, or both of the risk.
3. **Insuring** - insure against some or all the risk to mitigate financial impact
4. **Transfer** – The financial burden of the risk is shifted to another party, such as through revised contractual terms
5. **Acceptance** – After a thorough assessment, the Council documents a decision to acknowledge and tolerate the risk.

C. Monitor Risk

The risk management process does not finish with putting any risk control procedures in place. The nature of any risk and the effectiveness of controls must be monitored and reviewed. It will

also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

The Risk Assessment Register will be formally reviewed annually at the Annual Meeting of the Parish Council.

The RFO will maintain the Risk Assessment Register and report on any new risks or changes to existing risks at Parish Council meetings.

Responsibilities in Risk Management

Councillor Responsibilities:

1) To review and approve the Risk Management Policy and Risk Assessment Register.
2) To consider and, if appropriate, approve actions in response to risks proposed.
3) To oversee the management of risk by the Clerk and RFO.
4) To ensure that all identified risks have been considered in decision making.
5) To monitor the effectiveness of the Council's risk management arrangements by reviewing any risk management reports to Council.
6) To seek assurances that action is being taken on risk related issues identified by auditors
7) To report any physical risks in respect of public, staff and property to the Clerk

Clerk/RFO Responsibilities:

1) To manage the Council's Risk Management Policy and Risk Assessment Register.
2) To be responsible for managing the Council's key risks including the assessment and management of risks.
3) To ensure that risks are fully considered in all decision making.
4) To provide advice as to the legality of decisions and update the Council on the implications of new or revised legislation.
5) To arrange and implement the Council's insurance requirements
6) To advise on budgetary planning and control
7) To manage risk effectively in their work in accordance with the Risk Management Policy, health and safety legislation, Financial Regulations and Internal Financial Controls
8) To attend risk-related training, as requested or to request risk-related training where necessary
9) To report any perceived new risk or failure of existing control measures to the Council

Employee/Contractor Responsibilities

1) To attend risk-related training, as requested
2) To report any physical risks in respect of public, staff and property to the Clerk

Role of Internal Audit

1) To act as scrutiny, by undertaking audits to provide independent assurance that necessary risk management systems are in place.
2) To provide independent assurance on the way risks are managed.

Policy Management

Adopted: 9th November 2026
Policy Review Date: November 2027 or earlier if required by legislative change.
Approving Committee: Finance Committee recommendation for Full Council to Approve