

NAILSEA TOWN COUNCIL

RISK ASSESSMENT POLICY

1 Introduction

- 1.1 This Policy describes the basis on which an analysis of risks is made. The analysis is documented in the Risk Assessment Plan, which includes a risk rating based on the potential of an event occurring, and the impact of that event on the Town Council.
- 1.2 The Risk Assessment policy has been developed using guidance from various sources, including the NALC/SLCC publication 'Governance and Accountability in Local Councils in England and Wales', NALC Legal Topic Notes, risk management advice provided by the Charity Commission and policies produced by other town councils.

2. Purpose

- 2.1 The purpose of the Risk Assessment Policy and Plan is to demonstrate that the Town Council has considered all the material risks for which it is responsible and that it has taken appropriate action with regard to these risks and their potential impact. By doing so the Council aims to utilise its resources to best effect and to integrate risk management into the Council's planning and decision-making process. The objective is to be 'risk aware' not 'risk averse'.
- 2.2 Risk management aims to reduce the 'gross' level of identified risk to a 'net' level i.e. the risk that remains after appropriate action to address it is taken. In assessing the risk the potential impact is given a greater weighting than the potential likelihood.
- 2.3 The Risk Assessment working party is responsible for the on-going assessment and documentation of the Risk Assessment Plan. It reports to the Finance and General Purposes Committee, and its terms of reference are:

"To identify the key risks facing the Town Council; evaluate potential consequences if an event identified as a risk takes place; identify appropriate measures to avoid, reduce or control the risk or its consequences and review risk on a regular and systematic basis. To document this information in a Risk Assessment Plan. To make appropriate recommendations to the Finance and General Purposes Committee."

3. What is a risk?

A risk is anything that can have an adverse impact on the assets, operation or reputation of the Town Council. It can be managed through insurance, third parties, in-house or a combination of approaches.

4. Principles

- 4.1 Risk awareness should be part of the culture of the Town Council.
- 4.2 The Town Council as a whole has responsibility for overseeing its own risk management.
- 4.3 The relevant Council committees have a responsibility to identify, evaluate and report on risks.
- 4.4 The Clerk and other staff implement policies and plans approved by the Council to assess and manage risk.

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5. Benefits of risk management

The benefits of managing risk include:

- **Improved strategic management:** better decision-making and asset management; enhanced reputation.
- **Improved operational management:** better management control as a result of identification, analysis and monitoring of risk; avoidance of the consequences of risks occurring; more systematic approach to management.
- **Improved financial management:** enhanced financial control; reduction of costs associated with losses.

6. The process

6.1 The approach to risk assessment is as follows:

- Risk identification
- Analysis and evaluation of risk
- Controlling the risk
- Record, monitor and manage the risk

6.2 Risk management is a process not a one-off event, and the assessment and action must consider, among other things, the cumulative impact of different events.

7. Controlling risk

Risk control is the action taken to minimise identified risks. The options are:

- **Accept:** take an informed decision to accept and tolerate the risk but continue to monitor.
- **Remove.**
- **Reduce or modify:** introduce new systems and practices; staff training; regular assessment and monitoring.
- **Transfer:** pass to a third party e.g contractor and/or insurance. However, this cannot be done with reputational risk.
- **Share.**