OLD MILVERTON AND BLACKDOWN JOINT PARISH COUNCIL

Risk Management Plan

Introduction

1. It has been deduced that 80% of companies suffering a major disaster without a Business Continuity Plan go out of business in 12 months. Having such a plan is therefore essential, and it is crucial in times of crisis.

Key Objectives

2. The key objectives of this Risk Management Plan shall be to:-
   - ensure protection of the Parish Council's assets and to avoid disruption and inteuuption of the Council's services
   - maintain a safe and healthy working environment for employees
   - promote the safety and health of employees, clients and the public in general
   - minimise the Parish Council's "cost of risk"' by evaluating its exposure and by improving the control of risks by an overall reduction in insurance costs and self-funded losses.
3. These objectives consider not only the financial consequences of exposure to risk, but also seek to encourage the identification of incidents which might have a detrimental effect on the Parish Council's ability to provide a service, incidents which might adversely affect morale or employee welfare, or incidents which are likely to have an adverse effect as a result of the public's perception of the Council. The ultimate aim shall be to minimise the total cost to the Council as part of a drive to achieve best value in service delivery.

Severity' Definition of Risks and Probability' Definitions

4. The Parish Council's Severity Definition of Risks shall be as follows:-

Area of Risk	Negligible IV	Marginal III	Critical II	Catastrophic I
Life Health	Incident not involving injury	One or more minor injuries treated on site	One or more serious injuries referred for further medical attention	One or more death or permanent disabling injuries
Property Damage	Minor damage	Loss of part of building	Loss of complete building	Loss of operational material and records
Interruption of Activities	Minor interruption	Loss of employee time	Loss of employee time	Complete loss of employees

	involving employee time less than one day	between one day and one week	for several weeks	
Service Provision	Errors which can be rectified within one day	Errors which can be rectified between one day and one week	Breach of statutory duty	Failure of procedures and breach of statutory duty
Finance	Minimal loss of income	Increased expense in financing services	Loss or partial loss of income and/or further increase expenses	Loss of income making Parish Council unviable

Probability Definitions

5. The Parish Council's Probability Definition shall be as follows:-

A	Frequent	a constantly occurring, persistent problem, a situation perpetually present
B	Often	a repeatedly occurring problem, though unpredictable in frequency and times of occurrence
C	Regular	a situation which will undoubtedly arise, and the time of the situation arising can be predicted with reasonable accuracy
D	Infrequent	an unusual occurrence but one which intermittently arises in the normal cause of activities
E	Seldom	hardly ever arises but has been known to occur
F	Almost Impossible	An unlikely scenario, which will arise only if all fail-safes are disabled

Identification of Risks

6. The parish Council's risks have been identified and are summarised in the schedules at Appendix A. The Risk Profile at Appendix B summaries these schedules, indicated by a broad line the level of "acceptability" – those above the line being unacceptable.

Risk Management Administration

7. On an annual basis, the Parish Council shall:-

- review this plan with a view to confirmation or amendment
- review the status of the risk in Appendices A and B
- consider what additional risks should be evaluated and added to the assessment
- consider with a view to ameliorating any risks which have been outstanding in excess of 6 months or those requiring urgent attention in view of their nature.

Avoidance and Mitigation of Risk

8. These is no way in which all risks can be avoided. Identified risks, however, can be reduced and their effects mitigated.
9. Training where appropriate and constant evaluation are cornerstones of risk reduction. To this can be linked motivation. Training and education should extend to employees and members, and should be a criterion when selecting contractors.
10. It is not possible to eliminate risks entirely, and incidents will occur in various degrees of severity. Such incidents can result from events largely out of the Parish Council's control, such as flooding, or can occur despite the most stringent attempts to prevent them, as, for example, wilful damage.

Financing Risk

11. Incidents will occur and cost will arise; expenditure of money to avoid risk must be kept under review. Examples of financing losses include insurance premiums, formal self-financing and uninsured losses.
    - **Insurance** - Insurance should always be considered for major unpredictable losses. It can be used to mitigate losses caused by the more predictable but significant losses. Dependent on the terms, it can be used in the short term to predict relatively minor losses. Over time, insurers expect to receive £lm for every £700,000 paid out; insurance financing therefore needs to identify clearly the cost of purchasing the cover needed.
    - **Formal Self-Financing** - The Parish Council may reserve funds which act in the same way as an insurance policy. They should cover only to specific limits, or where by the nature of the losses they are unlikely (i.e. a large one- off loss). The cost is the total contribution to the reserved fund. This will not reduce the cost of risk, and therefore, as with insurance, may result in complacency to Risk Management. As with insurance, such reserved funds should be used only as a fall-back when risk measures fail. The justification for self-financing must be a financial decision and not a Risk Management issue.
    - **Uninsured** - Uninsured losses may include flood damage. Costs may be "uninsurable" and include loss of morale or productive working. Here the costs are financed out of the general budget.

Consideration of the True Financing of Risks

12. In considering the true financing of risks, there is a need to:-
    - Recognise there are judgements to be made between the cost of losses and the cost of their avoidance.
    - Remember there will always be a need to finance risks, but the amount required will decrease if the measures relating to Risk Management reduce exposure to risk.
    - Identify the true costs which need financing: unknown unrecorded losses cannot be financed.

- Benchmark and carefully monitor all aspects to enable results to be monitored over a period of time.

This plan was approved and adopted by the Joint Parish Council on 1 September 2003 (Minute Ref. 813) and amended on 11 September 2017 (Minute Ref. 1847)