



# Risk Management Policy

## 1. Introduction

This Policy describes how Folkestone Town Council (FTC) will identify, assess, address, and review risks. FTC has adopted this Risk Management Policy in accordance with the guidance set out in Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) and to give effect to the Health and Safety at Work Act 1974. Compliance with this policy ensures that the Council assesses and addresses the risks associated with its activities.

This policy aims to identify the steps needed to avoid or address risks and to provide increased confidence in the Council's corporate governance arrangements.

## 2. Background

- 2.1. Risk is defined as an uncertain event or condition that, if it occurs, will influence the achievement of FTC's objectives. Risk management is the process whereby the Council methodically addresses the risks associated with what it does and the services it provides. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority's corporate governance arrangements and its ability to deliver its priorities.
- 2.2. Risk management is not just about financial management; it is about protecting the achievement of objectives set by the Council to deliver high-quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation and can impact the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.
- 2.3. Risk management is an ongoing activity that comprises four elements:
  - a) Identifying risks
  - b) Assessing risks
  - c) Addressing risks, and
  - d) Reviewing and reporting.

## 3. Identifying risks

- 3.1. To manage risk, the Council needs to know what risks it faces. Identifying them is therefore the first step in the management process.
- 3.2. The Council will identify the key risks to successfully achieving its priorities and service objectives, in the following categories:
  - a) Financial – loss of money.
  - b) Security – fraud, theft, embezzlement.
  - c) Property – damage to property.
  - d) Legal – breaking the law or being sued.
  - e) IT – failure of IT systems or misuse; and
  - f) Reputational – actions taken could harm the authority's public reputation.

#### **4. Assessing risks**

- 4.1. Having identified potential risks, the Council assesses the likelihood of it happening and the impact it would have, using JPAGs recommended assessment process. This allows the Council to identify low, medium, and high risks when considering measures, it should take.
- 4.2. FTC's risk assessment matrix:

PRIORITY OF RISK MANAGEMENT				
Likelihood of occurrence	Highly likely (score 3)	Medium (3 X 1)	High (3 X 2)	Very High (3 X 3)
	Possible (score 2)	Low (2 X 1)	Medium (2 X 2)	High (2 X 3)
	Unlikely (score 1)	Very Low (1 X 1)	Low (1 X 2)	Medium (1 X 3)
		Negligible (score 1)	Moderate (score 2)	Severe (score 3)
Impact				

#### **5. Assessing risks**

- 5.1. Risk is unavoidable, and every organisation needs to take action to manage risk in a way that it can justify it to a level that is tolerable. The response to risk, which is initiated within the Council is called 'internal control'.
- 5.2. There are a number of ways in which risk can be managed and these include:

- Identification and implementation of adequate controls to reduce risk to an acceptable level
- Accept the risk
- Avoid the risk (do not carry out the activity)
- Transfer the risk (insurance or third party)
- Reduce the possible impacts (business continuity planning)

5.3 Many risk control measures may already be in place whilst others may need to be implemented as a result of this process. Officers are required to ensure that processes are clearly documented in order to satisfy Auditors.

5.4 Insurance is used to help manage certain risks including the following:

- a) The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- b) The risk of damage to third-party property or individuals because of the authority providing services or amenities to the public (public liability).
- c) The risk of consequential loss of income or the need to provide essential services following critical damage, loss, or non-performance by a third party (consequential loss).
- d) Loss of cash through theft or dishonesty (fidelity guarantee).
- e) Legal liability as a consequence of asset ownership (public liability).

5.5 Limited staff resources available to the Council means that it works with specialist external bodies to help manage risk including, but not limited to, the following:

- a) Security and maintenance for vulnerable buildings, amenities, or equipment.
- b) The provision of services under agency/partnership agreements with principal authorities.
- c) Banking arrangements, including borrowing or lending.
- d) Ad hoc provision of amenities/ facilities for events to local community groups.
- f) Vehicle or equipment lease or hire.
- h) Professional services (planning, architects, accountancy, design, etc.).

## **6. Reviewing and reporting**

6.1. Having identified likely risks, the Council records the information in the FTC's Governance and Accountability Risk Register. This register is kept under review by the Town Clerk/Responsible Financial Officer and is reported to Full Council annually.

6.2. The Council seeks advice and guidance on risk management from its insurers Zurich, the National Association of Local Councils, the Society of Local Council Clerks and other training providers. The Council provides training for its staff through the BrightHR and BrightSafe platforms, required qualifications and additional specialist training where appropriate.

### **Review of Policy**

This policy will be reviewed annually or in response to changes in legislation.

<i>Date Adopted</i>	<i>22.01.26 (Full Council Min. 2204 i) )</i>	<i>Review Date</i>	<i>Annually</i>
<i>Revised Dates</i>			