



Frodsham Town Council Risk Management Policy

Introduction

1. This document explains Frodsham Town Council's approach to risk management.

Approach to Risk Management

2. FTC recognises that safeguarding the people and the natural & built environments in its jurisdiction makes for sound moral and economic sense. The Council acknowledges that 'risk' cannot be eliminated wholly, but considers it vital to take all reasonable steps to minimise the incidence & extent of injury, damage and financial loss. Risk can be defined as an action (or indeed inaction) that may lead to a detrimental outcome.

Aim of the Policy

3. The Policy will further FTC's commitment to identifying and reducing/eliminating the risks to people and the natural & built environments in its jurisdiction and to the good practices of financial management.

Evaluating the Effectiveness of the Policy

4. The Town Clerk, in conjunction with the Chair of the Policy and Process Committee, will monitor FTC's internal controls to ensure that the Risk Management Policy is achieving its stated aim.

Reviewing the Policy

5. FTC's approach to risk management will be reviewed annually with a view to incorporating improvements to key elements of its processes and procedures.
6. In case of a substantial change in the functions/duties undertaken by FTC, the Policy will be reviewed prior to such change being undertaken to assess the viability and effectiveness of the Policy.

Strategy for Implementing the Risk Management Policy

7. The Audit Commission recommends 'a formal implementation strategy with clear responsibilities'. The following paragraphs aim to comply with the recommendation.
8. The first step for management of risks is to identify them. Government legislation & guidance and FTC's policies, strategies & procedures include pointers to risks involved in the Council's operations. Additionally, FTC will seek professional advice in specialist areas where appropriate.
9. It is important to evaluate risks, to decide which are the most pressing, and require action. The most serious may require urgent action – the less serious may just need to be noted. A framework for evaluating risk is attached at Annex A
10. For successful implementation of the Policy, it is essential that:
 - a. All Councillors & staff need to understand what constitutes a 'risk'; and
 - b. The Council adopts a uniform approach to managing risk.

This should facilitate choosing of the most appropriate method for dealing with each risk, viz:

- *Elimination:* The circumstances from which the risk arises are ceased so that the risk no longer exists.
- *Reduction:* Loss control measures are implemented to reduce the impact/likelihood of the risk occurring.
- *Transfer:* The financial impact of a risk is passed to others.
- *Acceptance:* Documenting a conscious decision after assessment of areas where we accept risk.

11. Both Councillors and staff will assist in and take responsibility for the identification, control and reduction of risk and containment of cost in all aspects of their activities.
12. Councillors & staff will provide adequate information about any identified risk to FTC in a timely manner.
13. Risks reported to the Council, including information from the public, will be reviewed to identify any problem areas that may be indicative of risks being managed inadequately.
14. Identified risks will be entered in the Risk Register, evaluated and prioritised. (see Annex A).
15. The Risk Reports, including the proposed actions, will be submitted to FTC for endorsement.
16. Review of an existing Policy or development of a new Policy for management & control of FTC's operations will include an assessment of the said Policy in terms of Risk Management.
17. *Training*: Opportunities for staff and Councillors to attend an appropriate course or a workshop will be made available where necessary.

Assessment of the Strategy

18. Both Internal & External Audits provide an independent review of the Council's systems of internal control for risk identification & management. The Audits are conducted annually.

RISK MANAGEMENT MATRIX

In compiling risk registers, it is helpful to categorise risks to ascertain their relative priority.

We do this by means of considering impact and likelihood, both on a scale 1-5, where 1 is low.

The two figures are then multiplied together to give a score (between 1 and 25).

This translates into a “colour” on the following scale;

1-6	Green
7-15	Amber
16-25	Red

In many cases it will be necessary just to note green risks.

In other cases a plan will be included in the risk assessment to mitigate. The potential actions are:

- accept the risk, or
- avoid the risk by changing proposed actions, or
- reduce the risk by taking further actions.