



January 2026

Risk Management Review 2025-26

Introduction

- 1 As part of the Accounts & Audit Regulations and Health & Safety at Work Legislation, the Town Council is required to maintain an effective programme of risk management and ensure that all policies and procedures in place are subject to regular review
- 2 Each year, the Council reviews a range of risks affecting the organisation in each of the service areas and as a corporate body. It is assisted in its task by a number of advisors including the Internal and External Auditor and by WorkNest the Council's HR and Health and Safety advisors. This report deals with the whole range of risks and builds on work already undertaken by the individual Working Groups in the autumn cycle.

Background

- 3 Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. 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.
- 4 Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. Failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to achieve desired outcomes. The Council generally and Members individually are responsible for risk management alongside the Town Clerk and staff.
- 5 Risk management is an ongoing activity that comprises four elements:
 - identifying risks;
 - assessing risks;
 - addressing risks; and
 - reviewing and reporting.

Identifying risks

- 6 In order to manage risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

7 The specific risks which individual authorities and service areas face varies in accordance with the range, nature, complexity and scale of the organisation. For this reason, each Working Group reviews its own risks in the autumn cycle of meetings to identify any key risks to achieving successfully priorities and service objectives.

8 There are some overall categories of risks which are covered by Strategy & Resources and Council as a whole.

- financial – loss of money;
- security – fraud, theft, embezzlement;
- property – damage to property;
- legal – breaking the law or being sued;
- IT – failure of IT systems or misuse; and
- reputational – actions taken could harm the authority's public reputation.

Addressing risks

9 Risk is unavoidable, and every organisation needs to take action to manage risk in a way that can justify to a level which is tolerable. The response to risk within the organisation, is called internal control and may involve one or more of the following standard responses:

- **Tolerate** the risk - for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified (e.g. because they would be disproportionate); and for unavoidable risks, e.g. terrorism.
- **Treat** the risk - a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- **Transfer** the risk – buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate** the activity giving rise to the risk - it may be best to stop (or not to start) activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

Assessing risks

10 Through the Working Groups the potential consequences of a risk occurring (the impact) and the likelihood are reviewed in a matrix with a Scoring range 1-3 (Low, medium, high). The two factors are multiplied to create a combined risk value and specific attention is given to any risk scoring six or above. There are no matters of concern to bring to Council but further details are available upon request.

Managing risk

11 Some risks are managed through the Council's Insurance policies:

- The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability).
- 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).
- Loss of cash through theft or dishonesty (fidelity guarantee).
- Legal liability as a consequence of asset ownership (public liability).

12 Areas where risk is managed by working with third parties include the following:

- Security for vulnerable buildings, amenities or equipment (eg Shield Security).
- Maintenance of buildings, amenities or equipment.
- The provision of services being carried out under agency/partnership agreements with principal authorities.
- Banking and investment arrangements.

- Ad hoc provision of amenities/ facilities for events to local community groups.
- Equipment lease or hire where needed.
- Professional services (planning, surveying, arboricultural, accountancy, legal etc.).
- Health and safety (Contract with Worknest) for an annual inspection and advice, external training for first aid, evac chair etc;

Workplace Health and Safety

13 Health & Safety risk assessments are an examination of anything in the workplace that could cause people to suffer injury or ill health whilst they are at work. Staff and councillors have individual responsibility to avoid risk and report matters or unsafe practices that may give cause to a risk.

All employers have a legal obligation to carry out risk assessments under *The Management of Health & Safety at Work Regulations 1999*. As well as complying with the legal requirement and having the potential to save money, risk assessments are useful in determining:

1. training programmes
2. the adequacy of information available
3. personal protective equipment needs
4. health surveillance levels

14 Farnham Town Council has an annual General Risk Assessment Report commissioned from WorkNest. The latest Inspection was undertaken on the 6th January 2026 by a new assessor and a report based on the day-long examination of the systems in place at the Council offices and in the Depot has been received. Some actions relate to data which needs to be provided to the assessor and these will be reviewed in the near future and progressed in the coming period.

The number of 'Actions required' as a result of the last six surveys are as follows:

	No. of Action Points	No. requiring immediate or short-term action.
2020/21	1	1
2021/22	6	0
2022/23	4	0
2023/24	3	0
2024/25	0	0
2025/26	59*	13*

*2025/26 survey currently being reviewed to identify follow-up documents required to be sent to assessor and actions required and will be discussed at next Strategy & Resources meeting

15 External contractors undertake the following on behalf of the Council:

1. **Electrical Installations** – All buildings are tested every five years for the condition of its fixed electrical wiring. The Council Offices was tested in February 2022, The Depot was tested in December 2025 – with a number of recommendations that will be implemented from within the 2025/26 budget. Wrecclesham Community Centre, West Street Chapel, Victoria Gardens, Gostrey Meadow toilet block, the Hart toilet block and the Central Car Park toilet block were tested in 2021 and are due again in 2026 – a date for the tests to be carried out is awaited. Electrical Appliance Testing is undertaken annually for those items that require testing and periodically in accordance with the type of item as required.
2. **Gas Safety Checks** – the boilers at the Council Offices and Wrecclesham Community Centre are safety-checked annually.
3. **Lift** - at the Council offices is inspected quarterly in accordance with insurance requirements.

4. **Fire Risk Assessment** – A fire risk assessment was undertaken by an external consultant in 2024 – Town Council Offices and 2025 in the Depot, Wrecclesham Community Centre, West Street Chapel, Gostrey Meadow toilet block, the Hart toilet block and the Central Car Park toilet block. All the remedial works were carried out.
5. **Legionella** - Testing takes place every other year, the last one was in 2024 – remedial works were carried out. The testing is done by an external contractor.
6. **Asbestos** - The legal requirement is to carry out an annual re-inspection. The most recent General Risk Assessment recommendation is to carry out Asbestos Management Survey.
7. **Risk.** - The Council reviews risk regularly with its insurers (Zurich) when new areas/activities are introduced or taken on (eg the new playground, vehicles). In 2025 the assessment led to the temporary removal of a new piece of equipment pending the manufacturer's advice.

Financial risks and related Issues

- 16 The 2018 General Data Protection Regulation has brought in new duties on protecting personal data and reporting where lapses occur. Any such breach is reported to Council and if required, the Information Commissioner.
- 17 The financial risks of the organisation are considered as part of the independent Internal Auditor's work. The most recent visit was in January 2026 with the Internal Auditor's Interim report being considered in January 2026. The Internal Auditor uses as a basis for his work the latest edition of The Practitioners' Guide is issued by the Smaller Authorities Proper Practices Panel (SAPPP), and the related checklists therein. Potential loss of income is managed by having adequate reserves in accordance with audit guidelines and effective fidelity insurance cover. The current fidelity insurance cover was raised in 2024, at the suggestion of the internal Auditor, to £5,000,000.
- 18 There is effective separation of duties to ensure that more than one person is involved in financial transactions to minimise the potential risk for fraud. Risks of absence of key personnel for an extended period are covered by the creation of process manuals on main areas of activity and work shadowing so other staff are aware of work requirements wherever possible and some key personnel insurance cover. In the event of an extended absence of the Town Clerk, locum support is available through the Surrey Association of Local Councils and elsewhere.
- 19 The Financial Regulations were last formally reviewed with a revised version based on the latest NALC model due before the end of the financial year. Standing Orders are scheduled for review in March 2027 but may also be brought forward.
- 20 In underpinning the Council's approach, Farnham Town Council has the following policies:
 - Health and Safety Policy Statement
 - Fire Safety Management Policy Statement
 - Environmental Policy Statement

Recommendations to Council

- i) **The Risk Management report be welcomed and adopted;**
- ii) **The work done by the Working Groups in managing risk be noted.**
- iii) **A further report be considered by Strategy & Resources Working Group on the actions required from the Worknest independent review in January 2026;**