



January 2024

## Risk Management Review 2023-24

### 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 (formerly Ellis Whittam) 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. The 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 & Finance 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 which it 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.
- 10 During 2023, Farnham Town Council undertook a number of activities to minimise risk. These included the refurbishment of the lift in the Town Hall due to operation failure. The lift is inspected every 6 months by FTC insurer Zurich and Liftsy the installer on an annual basis. A new Gas Boiler was installed in 2023 at the Town Hall replacing an old uneconomical one. The new boiler is more efficient. This year also saw the removal of two Lombardy Poplars from Haren Garden and Gostrey Meadow. These were identified and reported as needin to be felled due to disease during a separate tree survey conducted by Connick Tree Care. Regular inspections of cemeteries and allotments and of memorials were carried out. Continental Landscapes carry out regular inspections of the Gostrey Play area and FTC's insurer Zurich conduct their own survey annually on the play area. FTC are continuing to invest in pathway repairs to reduce potential trip hazards and remove dangerous trees. The Hale Chapels Garden, finished in 2023, helped with reducing FTC's risk due to the part demolition of the dilapidated buildings and the creation of a garden. Continual investment in training and personal protective equipment for staff keep staff safe. The Internal Auditor checks for any financial risks during three visits during the year. Legionella testing was undertaken by an external contractor.

### Assessing risks

- 11 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

- 12 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).

- 13 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 (formerly Ellis Whittam) for an annual inspection and advice, external training for first aid, evac chair etc;

### Workplace Health and Safety

- 14 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

- 15 Farnham Town Council has an annual General Risk Assessment Report commissioned from Worknest (Ellis Whittam). The current Inspection is due on the 23rd January having been deferred by Worknest and a report based on the day-long examination of the systems in place at the Council will be presented once received. The key findings of the report after the most recent visit by Johnny Daffue on the 26<sup>th</sup> January 2023 are set out below.

	Storage	COSHH	Fire	COSHH
Identified issue	Chemicals are stored in an open electrical cupboard Store hazardous substances in their original containers and not in proximity to electrical equipment. obtain an appropriate	Compile a list of the hazardous substances used, created or stored on, or transported from the premises. Obtain the required Safety Data Sheets (SDS) and complete the appropriate	Carry out or commission a specific fire risk assessment.	Ensure staff are appropriately trained in handling COSHH products

	cupboard to store the chemicals	Assessments if so required.		
Risk Level	Medium	Medium	Medium	Medium
Officer Responsible	I McCreedy	I McCreedy	I McCreedy	I McCreedy
Completed	Yes	Ongoing	Date set	ongoing

The number of 'Actions required' as a result of the eight surveys since 2011/12 is as follows:

	No. of Action Points	No. requiring immediate or short term action.
2011/12	72	5
2012/13	39	2
2013/14	13	0
2014/15	7	1
2015/16	18	1
2016/17	29	5
2017/18	3	0
2018/19	3	2
2020/21	1	1
2021/22	6	0
2022/23	4	0
2023/24	Awaited	Awaited

16 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 and the Depot were tested in early 2022, 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 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 Installations** – the boilers at the Council Offices and Wrecclesham Community Centre are safety-checked every year.
3. **The Lift** at the Council offices is inspected quarterly in accordance with insurance requirements.
4. **Fire** – A fire risk assessment was undertaken by an external consultant in 2011 and subsequently in house. There are no changes that have taken place that cause concern but a new external fire assessment is planned for 2024.
5. **Legionella** Testing takes place annually by an external contractor.
6. **Asbestos.** As required. Relevant items are marked to identify any asbestos risk.
7. **Risk.** The Council reviews risks regularly with its insurers (Zurich) when new areas/activities are introduced (eg supporting vaccination testing and the new playground inherited from WBC).

### Financial risks and related Issues

17 The new 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.

18 The financial risks of the organisation are considered as part of the independent Internal Auditor's work. The most recent visit was in November 2023 with the Internal Auditor's Interim report reported to Council in January 2024. The Internal Auditor uses as a basis for his work the latest edition of *Governance and Accountability – a Practitioners' Guide to proper practices*, 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 is £2,000,000 however the internal Auditor has suggested reviewing this figure and raising it to £5,000,000, members should consider this level of increase after a review of the reserves. 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 reviewed in 2023 with a review due in 2025 and Standing Orders in March 2023 due for review in March 2027.
- 20 In underpinning the Council's approach, Farnham Town Council readopted in 2021 its:
- Health and Safety Policy Statement
  - Fire Safety Management Policy Statement
  - Environmental Policy Statement
- These will next be reviewed in 2024.

#### **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.**