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LLANFYLLIN
TOWN COUNCIL

Risk Management Policy
LLANFYLLIN TOWN COUNCIL

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1 Introduction

This Risk Management Policy outlines the commitment of Llanfyllin Town Council to managing risk in a proactive and responsible manner. The Council recognises that it has a duty to protect the public's assets, ensure the continuity of its services, safeguard its reputation, and uphold public trust. Effective risk management enables the Council to respond appropriately to both opportunities and threats, allowing it to fulfil its duties lawfully and efficiently while promoting transparency and accountability.

Risk is an inherent part of the Council's operations, ranging from financial decisions and legal compliance to day-to-day service delivery. As such, this policy provides a framework for identifying, assessing, managing, and reviewing risks that may impact the Council's ability to meet its objectives.

2 Purpose of the Policy

The purpose of this policy is to establish a clear and consistent approach to risk management across all functions and responsibilities of the Town Council. It aims to support sound decision-making and provide assurance that all significant risks are being effectively managed. Through implementation of this policy, the Council seeks to reduce the likelihood of adverse events and limit their potential impact, while ensuring the delivery of high-quality services and protection of public resources.

By embedding risk management into the culture of the Council, this policy supports good governance and contributes to the achievement of both strategic goals and operational objectives.

3 What is Risk?

Risk can be defined as the possibility of an event or circumstance occurring that may prevent the Council from achieving its goals or delivering its services effectively. Risks can arise from both internal and external factors and may affect the Council's operations in a variety of ways. Examples of risk include:

- Financial losses resulting from mismanagement, fraud, or unforeseen expenditures.
- Breaches of legislation or regulatory requirements.
- Reputational damage due to poor communication or service failure.
- Disruption of services caused by emergencies or equipment failure.
- Failure to maintain and manage Council-owned assets.
- Health and safety incidents involving staff, councillors, or the public.

Risks can be strategic, operational, financial, reputational, or compliance related. The Council acknowledges that while not all risks can be eliminated, they can often be managed, mitigated, or transferred.

4 Responsibilities

Responsibility for risk management lies with the whole Council. However, different roles within the Council carry specific responsibilities in ensuring that risks are identified and addressed appropriately.

The Full Council has overall responsibility for approving the Risk Management Policy and ensuring that an adequate risk management framework is in place. It also reviews the effectiveness of the Council's approach to risk on a regular basis.

The Clerk and Responsible Financial Officer (RFO) are responsible for the day-to-day implementation of this policy. This includes maintaining the Council's Risk Register, ensuring that risk assessments are undertaken where necessary, and advising the Council on risk-related matters.

Where the Council operates through committees or working groups, each body is responsible for monitoring and reporting any risks associated with its specific area of responsibility.

All members and employees of the Council have a role to play in risk management by maintaining awareness of potential risks, following appropriate procedures, and reporting concerns in a timely manner.

5 The Risk Management Process

Risk management within the Council follows a structured and continuous process, designed to ensure that risks are addressed systematically. The main stages in the process are:

5.1 Risk Identification

The Council will identify potential risks across all areas of its activity. This includes reviewing financial systems, governance arrangements, compliance with legal obligations, and the management of physical assets and human resources. Input will be sought from members, staff, audit reports, and community feedback.

5.2 Risk Assessment

Each identified risk will be assessed in terms of the likelihood of it occurring and the potential impact it would have on the Council if it were to materialise. This assessment allows the Council to prioritise which risks require more immediate or robust action.

5.3 Control Measures and Mitigation

Once assessed, appropriate controls will be developed to manage each risk. These may include implementing procedures, training staff, taking out insurance, introducing safeguards, or delegating responsibilities. In some cases, the Council may decide to accept a level of risk if it is deemed to be within acceptable tolerance.

5.4 Monitoring and Review

Risks are not static. The Council will therefore regularly monitor the risks it faces and review the controls in place. This includes maintaining an up-to-date Risk Register and ensuring that emerging risks are considered in line with changes in legislation, policy, or service delivery. A full review of all risks will take place at least annually, or sooner if circumstances require it.

6 Risk Register

The Council maintains a Risk Register as a central document that records all significant risks, their assessment ratings, and the actions being taken to manage them. The Risk Register includes:

- A description of the risk
- The category it falls under (e.g., financial, reputational, legal)
- An evaluation of the likelihood and impact (typically using a scoring system)
- The existing controls in place
- Any further action required or planned
- The individual or body responsible for managing the risk
- The date of the last review

The Risk Register is reviewed by the Council at least once per year, or more frequently if a major change occurs or new risks emerge.

7 Specific Areas of Risk

The Council recognises several core areas where risk management is essential, including but not limited to:

7.1 Financial Management

This includes setting and monitoring the budget, managing reserves, processing payments and receipts, maintaining accurate accounts, and ensuring compliance with internal and external audit requirements. Fraud prevention and financial controls are key components.

7.2 Legal and Regulatory Compliance

The Council must comply with all relevant legislation, including health and safety law, data protection regulations (UK GDPR), the Freedom of Information Act, and employment law. The Clerk ensures that policies and procedures reflect legal requirements and that councillors and staff are aware of their responsibilities.

7.3 Governance and Decision-Making

Effective governance is essential to maintaining the Council's legitimacy and trust. Risks in this area include poor record-keeping, inadequate consultation, lack of transparency, or decisions being made without due authority.

7.4 Assets and Infrastructure

The Council is responsible for the maintenance and security of physical assets such as buildings, land, play areas, and public spaces. Failure to maintain these can result in safety hazards, service disruption, and financial loss.

7.5 Reputation and Community Engagement

Maintaining public confidence is vital. Poor communication, lack of responsiveness, or controversial decisions can damage the Council's reputation. Clear communication, accessible services, and proactive engagement with residents help mitigate reputational risk.

7.6 Staffing and Human Resources

The Council depends on the professionalism and well-being of its employees. Risks in this area include staff turnover, poor performance, disputes, and non-compliance with employment legislation. Proper recruitment, regular appraisals, and staff development are part of managing these risks.

7.7 Information Technology and Data Security:

The Council uses IT systems to store data and manage services. Risks include cyberattacks, data loss, and unauthorised access. Adequate backups, secure passwords, staff training, and GDPR compliance are all part of the control environment.

8 Risk Management System

8.1 Risk Identification

Identifying and understanding the hazards and risks facing the Town Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed.

8.2 Risk Analysis

Once risks have been identified they need to be systematically and accurately assessed using proven techniques. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to the risk.

8.3 Risk Prioritisation

An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored.

		Impact			
		Negligible (1)	Low (2)	Medium (3)	High (4)
Likelihood	High (4)	4	8	12	16
	Medium (3)	3	6	9	12
	Low (2)	2	4	6	8
	Negligible (1)	1	2	3	4

The scores for impact and likelihood are scored as above. Risks scoring 12 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

9 Policy Review

This Risk Management Policy will be reviewed by the Town Council annually to ensure it remains effective and relevant to the Council's needs and responsibilities. Reviews will also be triggered by significant events, such as changes in legislation, major projects, or the occurrence of a serious incident.

Any updates or revisions to the policy will be subject to approval by the Full Council, following appropriate consultation and discussion.