

Financial Management and Risk Assessment

VERSION CONTROL

Version	Adopted	Review Date	Owner	Committee	Distribution
001	November 2026	Annually			

Contents

1. Introduction 4
2. Risk Management 4
3. Requirements of a Risk Management Strategy 6
4. Objectives 7
5. Risk Management Process 7

Risk Identification – 8

Risk Analysis – 8

Risk Prioritisation – 8

Risk Control – 8

Implementation Timetable 9

6. ROLES AND RESPONSIBILITIES 9
7. Future Monitoring 11
8. Conclusion 11

A. Financial Risk Register 2027–2028 13

B. Strategic Risk Register 16

C. Operational Risk Register 17

1. Introduction

This document forms the Charter Trustees' Risk Management Strategy. It sets out:

a) What is meant by risk management;
b) Why the Trustees needs a risk management strategy;
c) An overview of the methodology to be adopted and its links with existing processes;
d) An outline of the associated roles of Elected Members, senior officers and other employees; and
e) A summary of future monitoring and reporting lines for risk management.

The objectives of this strategy are to:

a) Further develop risk management and raise its profile across the Trustees;
b) Integrate risk management into the culture of the organisation;
c) Embed risk management through the ownership and management of risk as part of all decision-making processes; and
d) Manage risk in accordance with best practice.

2. Risk Management

Risk management is an essential feature of good governance, contributing to improved decision making and the achieving of objectives. When embedded within the existing planning and decision-making process, risk management provides a basis for ensuring implications are thought through, and ensures that the impact of decisions, initiatives and projects are considered, and that conflicts are balanced. This will influence success and improve service delivery.

Risk Management Benefits:

a) Protecting and adding value to the Trustees and its stakeholders by supporting the achievement of the Trustees' aims and objectives;
b) Improved strategic, operational and financial management;
c) Ensuring future activity takes place in a consistent and controlled manner;
d) Improved decision making, planning and prioritisation;
e) Mitigation of key threats and taking advantage of key opportunities;
f) Contributing to more efficient use/allocation of resources;
g) Protecting and enhancing assets and image;
h) Optimising operational efficiency and therefore delivering efficiency gains and value for money;
i) Allocating time and management effort to major issues;
j) Avoiding shocks and crises;
k) Safeguarding tangible and intangible assets;
l) Promotion of innovation and change;

m) Improved customer service delivery.

It is therefore vital to recognise that risk management is not simply about health and safety, but applies to all aspects of the Trustees' work. Risks can be classified into various types but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working.

The examples below are not exhaustive:

Strategic Risk - long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Trustees, loss of public confidence, in a worst-case scenario Government Intervention.

Compliance Risk - failure to comply with legislation; laid down procedures; the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts.

Financial Risk - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Trustees tax levels/impact on Trustees reserves.

Operating Risk - failure to deliver services effectively; malfunctioning equipment; hazards to service users; the general public or staff; damage to property. Risk of insurance claims; higher insurance premiums; lengthy recovery processes.

These risks can be broken down further into specific areas which could impact on the achievements of the Trustees' long-term and day-to-day delivery of services:

Financial – Those affecting the ability of the Trustees to meet its financial commitments; failure of major projects; internal and external audit requirements; failure to prioritise and allocate resources affectively; poor contract management; initiative overload;

Social – Those relating to the effects of changes in demographic, residential, or socio-economic trends on the Trustees' ability to deliver its corporate priorities;

Technological – Those associated with the capacity of the Trustees to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. It would also include the consequences of internal failures on the Trustees' ability to deliver its objectives;

Legal – The ability of the Trustees to meet legislative demands affecting breaches of legislation.

Environmental – Those relating to the environmental consequences of progressing the Trustees' strategic objectives in terms of energy, efficiency, pollution, recycling, emissions etc;

Partnership/Contractual – Those associated with the failure of partners/contractors to deliver services to an agreed cost and specification and similarly failure of the Town Trustees to deliver services to an agreed cost and specification; compliance with procurement policies (internal/external); ensuring open and fair competition;

Human Resources – Those associated with the professional competence of staff; lack of training and development; over reliance on key personnel; ineffective project management; recruitment and selection issues;

Organisational – Those associated with the review of services and delivering continuous improvement;

Health & Safety/Physical – Those related to fire, safety, accident prevention and health & safety which pose a risk to both staff and the public; safeguarding and accounting of physical assets.

Reputational – Those associated with the changing needs of customers and the electorate; ensuring appropriate consultation; avoiding bad public and media relations.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, money may not be an adequate recompense. The emphasis should always be on eliminating or reducing risk, before costly steps to transfer risk to another party are considered.

Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely defensive, responses. Measures to manage adverse risks are likely to help with managing positive ones.

3. Requirements of a Risk Management Strategy

Risk management will strengthen the ability of the Trustees to achieve its objectives and enhance the value of services provided. The Risk Management Strategy will help to ensure that all Committees across the Trustees have an understanding of 'risk' and that the Trustees adopts a uniform approach to identifying and prioritising risks.

This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.

The Risk Management Strategy provides assurances to members and officers on the adequacy of arrangements for the conduct of business and the use of resources. Implementation of the strategy leads to greater risk awareness and improved control,

which should mean fewer incidents and control failures and, in some cases, lower insurance premiums.

A statement about the system of internal control and the management of risk will be included as part of the Annual Statement of Accounts.

4. Objectives

The objectives of the Trustees' Risk Management Strategy are to:

i. Integrate risk management into the culture of the Trustees;
ii. Manage risk in accordance with best practice;
iii. Anticipate and respond to changing social, political, environmental, technological and legislative requirements;
iv. Prevent loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources;
v. To inform policy and operational decisions by identifying risks and their likely impact;
vi. Raise awareness of the need for risk management by all those connected with the Trustees' delivery of services.

These objectives will be achieved by:

vii. Establishing clear roles, responsibilities and reporting lines within the Trustees for risk management;
viii. Embedding risk management into the Trustees' decision-making process, service delivery, project management and partnership working;
ix. Providing opportunities for training and shared learning on risk management across the Trustees
x. Offering a framework to identify priority risk areas, including the provision of risk registers at strategic and operational levels;
xi. Reinforcing the importance of effective risk management as part of the everyday work of employees
xii. Incorporating risk management considerations into all levels of Trustees service provision;
xiii. Developing effective communication with, and the active involvement, of employees; monitoring of arrangements, at all levels on an ongoing basis.
xiv. Identification and evaluation of risks associated with partners, contractors and other agencies and community groups
xv. Ensuring robust business continuity arrangements are in place

5. Risk Management Process

Implementing the Strategy involves identifying, analysing/prioritising, managing and monitoring risks.

Risk Identification –

Identifying and understanding the hazards and risks facing the Trustees 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. All risks identified will be recorded in the Trustees' Risk Register.

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 it or respond to it.

Risk Prioritisation –

An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored Low (1), Medium (2) and High (3). The scores for impact and likelihood are added together. Risks scoring 4 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

Risk Control –

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control require the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

Options for control include:

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 is passed to others e.g. by revising contractual terms;

Sharing the risk with another party;

Insuring against some or all of the risk to mitigate financial impact; and

Acceptance – documenting a conscious decision after assessment of areas where the Trustees accepts or tolerates risk.

Risk Monitoring – The risk management process does not finish with putting any risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time. The information generated from applying the risk management process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection. Annual Reporting – there continues to be requirements for the Trustees to reassess its objectives and the threats to achieving these objectives.

The Trustees will build risk management procedures into the way that it operates as part of a commitment to quality and continuous service improvement.

Projects and Service Changes –officers developing projects or recommending service changes will ensure that risks are identified and the measures to eliminate or control risks are documented in agenda reports/briefing papers to be considered by Trustees and committees.

Partnership Working – the Trustees is entering into an increasing number of partnerships with organisations from the public, private, voluntary and community sectors. Some of these organisations may not have the same sensitivities to the risks that the Trustees sees as important. Part of the process of setting up future partnerships will be to ensure that all relevant risks are identified and that appropriate control mechanisms are built into the management arrangements for the partnership.

Implementation Timetable

There should be annual reviews of the register and reporting on the strategy and control assurance to Trustees.

6. ROLES AND RESPONSIBILITIES

It is important that risk management becomes embedded into the everyday culture and performance management process of the Trustees. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across the Trustees and its operations, and responsibility for risk is located in the right place. Those who best know the risks to a particular service are those responsible for it. The process must be driven from the top but must also involve staff throughout the organisation.

Charter Trustees – risk management is seen as a key part of the Charter Trustees' stewardship role and there is an expectation that they will lead and monitor the approach adopted. This will include:

a) Approval of the Risk Management Strategy;

b) Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;
c) Consideration, and if appropriate, endorsement of the Annual Statement of Internal Control; and
d) Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

Clerk – will act as the Lead Officer on Risk Management, overseeing the implementation of the detail of the Risk Management Strategy.

The Clerk will:

a) Provide advice as to the legality of policy and service delivery choices;
b) Provide advice on the implications of potential service actions for the Trustees' corporate aims and objectives;
c) Update Trustees on the implications of new or revised legislation;
d) Assist in handling any litigation claims;
e) Provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work-related illness or injury;
f) Advise on any health and safety implications of the chosen or proposed arrangements for service delivery; and
g) report progress to Trustees.

Responsible Finance Officer – as the Trustees' Section 151 Officer, will:

a) Assess and implement the Trustees' insurance requirements;
b) Assess the financial implications of strategic policy options;
c) Provide assistance and advice on budgetary planning and control;
d) Ensure that the Financial Information System allows effective budgetary control; and
e) Inform investment decisions made by the Trustees.

Employees – will undertake their job within risk management guidelines ensuring that the skills and knowledge passed to them are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to their line manager.

Role of the Internal Auditor – the Internal Auditor provides an important scrutiny role carrying out audits to provide independent assurance to the Trustees that the necessary risk management systems are in place and all significant business risks are being managed effectively. The Internal Auditor assists the Trustees in identifying both its financial and operational risks and seeks to assist the Trustees in developing and

implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

The Internal Audit Report, and any recommendations contained within it, will help to shape the Annual Statement of Internal Control.

Training – Where appropriate risk management training will be provided to Elected Members, senior officers and key staff via facilitated workshops. The aim will be to ensure that both Elected Members and staff have the skills necessary to identify, evaluate and control the risks associated with the services they provide. In addition to the roles and responsibilities set out above, the Trustees is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly.

7. Future Monitoring

Review of Risk Management Strategy –

This Strategy will be reviewed on a regular basis as part of the Trustees' continuing review of its Policy Documents, Standing Orders and Financial Regulations. However, it is noted that the Charter Trustees will ceased to exist as of 31st March 2027.

Recommendations for change will be reported to Trustees. Once the initial work to establish a Risk Register has been completed, it is crucial that the information is regularly reviewed and updated. New risks will emerge and need to be controlled. Feedback from Internal and External Audit can identify areas for improvement, as can the sharing of best practice via professional bodies such as the National Association of Local Councils and the Society of Local Council Clerks.

Reporting on Progress – The Clerk will present an annual report to the Trustees detailing progress on risk management over the year and providing a summary of the Risk Register and control assurance statements.

8. Conclusion

The adoption of a sound risk management approach should achieve many benefits for the Trustees. It will assist in demonstrating that the Trustees are committed to continuous service improvement and effective corporate governance. Alignment with other Policies of the Trustees. This Risk Management Strategy should be read in conjunction with the following policies of the Trustees:

a) Standing Orders
b) Financial Regulations

Annex

A: Financial Risk Register Annex

B: Strategic Risk Register Annex

C: Operational Risk Register

A. Financial Risk Register 2026–2027

Area	Risk	Level	Notes / Control Issues
Assets	Protection of physical assets	2	Asset register maintained. Assets insured and insurance reviewed annually. Significant purchases notified to insurers in-year.
Finance	Banking	1	Little or no cash handled. Majority of income paid direct to bank by BACS. Cheques paid into bank within 3 days of receipt. No loan or utilities paid.
Finance	Online Banking	3-4	Payments by administrator only. The account is not set up for two authorised signatories.
Finance	Corporate Card	0	Not applicable
Finance	Cash Flow / Bank Balance	2	Deposit accounts used to maximise interest while ensuring no more than £85,000 is held in each account. Sufficient current account balance maintained to pay monthly outgoings. 30+ day accounts monitored.
Finance	Risk of consequential loss of income	2	Reserves Policy has been adopted.
Finance	Loss of cash through theft or dishonesty	1	No petty cash. Regular audit to identify anomalies; employee indemnity covered by insurers.
Finance	Financial controls and records	1	Monthly bank reconciliation prepared. Trustees carry out internal control procedures. RFO monitors budget monthly. Two signatories required for cheques. Accounting system contains cross-checks to identify anomalies. Internal and external audit in place.
Finance	Comply with Customs & Excise regulations	2	Payroll handled in-house using Sage Payroll software and payments sent to HMRC by due date. Year-end, leavers, starters and P60 information completed within software. VAT claims calculated by software and checked by RFO. VAT claims comply with sector guidelines.

Finance	Sound budgeting to underline annual precept	1	Reports provided monthly. Expenditure against budget reported quarterly to Full Trustees with financial statement. Cost of living and other adjustments made. MTC-funded projects considered and draft prepared by November to derive precept for the January meeting.
Finance	Complying with borrowing restrictions	1	No borrowings.
Liability	Risk to third party, property or individuals	2	Insurance in place.
Employer liability	Comply with Employment Law	3	No external HR advice has been procured. Clerk is member of SLCC. Reference guidance and updates available. Policies reviewed and updated regularly.
Employer liability	Comply with HMRC requirements	2	Salaries calculated on 25th of each month and BACS raised. Sage Payroll software aids compliance and includes online notifications. Data must be entered into system at correct points in time.
Employer liability	Safety of staff and visitors	2	New members of staff receive an induction. Risk assessments to be completed for both staff and visitors.
Legal Liability	Ensuring activities are within legal powers	2	Clerk clarifies legal position on new proposals. Legal advice sought where necessary. FTC has adopted the General Power of Competence.
Legal Liability	Proper and timely reporting via the Minutes	1	Trustees meet bi-monthly and receive and approve minutes from previous meeting. Approved minutes available on website or from the Clerk. Committee minutes sent to members.
Legal Liability	Proper document control	2	Paper documents kept in lockable filing cabinet. Computer data password protected in compliance with data protection requirements. FOI Publication Scheme and Information Guide are on website. Public domain information available to view on website.

Trustees' Propriety	Register of DPI's and OSI's, and gifts and hospitality in place	2	Register of DPI's and OSI's completed. KALC and Monitoring Officer contacted for advice or clarification where required.
Training	Adequate training of Officers and Trustees	2	Ensure regular training is attended. Update the training register.

B. Strategic Risk Register

Area	Risk	Level	Notes / Control Issues
Economic	The Trustees' ability to meet its financial commitments	2	Ensure adequate financial planning for a minimum of 3 to 5 years in liaison with the Strategic Plan.
Social	The effects of changes in demographic, residential or socio-economic trends on the Trustees' ability to deliver its objectives	2	Monitor local demographic, housing and socio-economic data at least annually, supported by community engagement, and review the Trustees' objectives, service priorities and resource allocation where material changes in local needs are identified.
Environmental	The environmental consequences of service delivery, including energy efficiency, pollution, recycling, landfill needs and emissions	2	Monitor planning applications relating to recycling, landfill and energy that may have an adverse effect on the town.
Technological	The Trustees' ability and capacity to deal with technological changes or changing demands	1	The Trustees is operating a hybrid facility for meetings. Continue to monitor technological advances.
Legislative	Current or potential changes in law	2	Implementation of the Procurement Act 2023 noted. Adequate training of Officers to ensure knowledge is up to date. Continue membership of advice services such as KALC.
Competitiveness	The competitiveness of the service and the ability to deliver best value	2	A criteria for devolved services and assets being agreed.
Customer	Failure to recognise the changing needs and expectations of the community	3	Regular surveys need to be undertaken.
Events	Failure to recognise the changing needs and expectations of the community	3	Regular surveys need to be undertaken.

C. Operational Risk Register

Area	Risk	Level	Control
Financial Planning	Financial planning and control and adequacy of insurance cover	1	Regular monitoring of income and expenditure.
Legal	Possible breaches of legislation	2	The Clerk is the Data Protection Officer.
Physical	Security of buildings and equipment, accident prevention, health and safety, and fire risk	3	No H&S control in place.
Contractual	Failure of contractors to deliver services or products to the agreed cost and specification	2	Check references and ensure adequate insurance cover.
Technological	Reliance on operational equipment, such as IT systems	2	Staff have switched to using Office 365 so documents are available from a secure cloud source. Ensure computers are backed up.
Environmental	Pollution and energy efficiency of ongoing operations	2	Not applicable
Professional	Professional competence of staff and lack of training	1	Additional budget for staff training allocated. Ensure adequate training and keep accurate records.