

## ADVICE NOTE: Risk Management

Each Council should have in place a system to help it to manage risk. This system will be simple for the smallest parishes and more complex for larger parish and town councils. **A council's internal auditor may use this risk management system to help to identify what tests to carry out as part of the audit.**

Risk management is important. The failure to manage risks effectively can be expensive in financial terms and also in terms of service delivery. Most clerks will already be assessing and managing risks in some way or other but there may be room to improve and document existing practices.

Members are ultimately responsible for risk management because risks threaten a council's ability to achieve its objectives. The clerk should therefore ensure that members should:

- Identify the key risks facing the council
- Evaluate the potential to the council of one of these risks taking place; and
- Agree measures to avoid, reduce or control the risk or its consequence.

Every council is different and there is no such thing as a standard list of risks. There are however a number of common themes that are likely to emerge. These might include:

- **Physical assets** – buildings, equipment, IT hardware etc.
- **Finance** – banking, loss of income, petty cash etc.
- **Injury to the public** – in playgrounds and recreation grounds, in village halls, at burial grounds etc
- **Complying with legal requirements** – agendas and minutes, burial records, etc
- **Councillor propriety** – declarations of interest, gifts and hospitality etc

The clerk needs to consider each of the possible risks under each of the identified schemes. For example physicals assets could be lost as a result of fire or flood, damaged by vandals, stolen or simply deteriorate through lack of maintenance. All these risks can be minimised or transferred by various means such as taking out insurance, securing alarms or by regular inspection and maintenance. In addition to identifying risk, it is a good idea to make a judgement about likelihood of the risk occurring and its potential impact. Classification need be no more complicated than high, medium or low. There are three main ways of managing risk:

- Take out insurance
- Work with another party to reduce the risk; or
- Manage the risk yourself.

Further information on managing risk is given on pages 41 - 48 of 'Governance and Accountability for Local Councils (England) – A Practitioners' Guide' published by SLCC and NALC in 2010, and on pages 41 – 46 of 'Governance and Accountability for Local Councils in Wales – A Practitioners' Guide' published by SLCC and One Voice Wales in 2011.

Set out below is an example of a risk management system. You should consider how much is relevant to your council and add and delete as necessary.

On the website you will find a copy of a general risk assessment form, a display screen assessment form and a COSHH risk assessment form.

## Example Document

### XX PARISH/TOWN COUNCIL RISK ASSESSMENT AND MANAGEMENT 2022

Area	Risk	Level	Control ( <i>and agreed improvements</i> )
Assets	Protection of physical assets	M	Buildings insured. Value increased annually by RPI. <b>Carry out a cost of re-building exercise in 2013</b>
	Security of buildings, equipment etc	H	Alarms on Town Hall and Swimming Pool. New door entry system at Squash Court. Contents insured.
	Maintenance of buildings etc	M	Buildings currently maintained on an ad hoc basis. <b>Begin planned programme in 2013.</b> Planned programme of electrical and safety equipment in place
Finance	Banking	M	Bulk of investment is handled by District Council. Sums of less than about £20,000 with high street bank
	Risk of consequential loss of income	M	Insurance cover. Sum insured £60,000 (to cover loss of income and relocating office). Important documents backed-up and taken off premises.
	Loss of cash through theft or dishonesty	H	Receipts issued. Swimming pool staff handle substantial amounts of cash. Checked against till data daily by Supervisor and by Town Hall staff. Stock sheets checked daily.
	Financial controls and records	M	Monthly reconciliation prepared by Deputy Clerk and checked by Town Clerk and reported to Council. Two signatories on cheques. Internal and external audit.
	Comply with VAT Regulations	H	Use help line when necessary. VAT payments and claims calculated by Deputy Clerk and checked by Clerk. Internal and external auditor to provide double check.
	Sound budgeting to underlie annual precept	M	Admin Committee and Council receive detailed budgets in the late autumn. Precept derived directly from this. Expenditure against budget reported to Admin Cttee twice a year.

	Complying with borrowing restrictions	L	No new borrowing likely at present
Liability	Risk to third party, property or individuals	M	Insurance in place. Open spaces checked regularly. Trees investigated when damage reported. <b>Carry out risk assessment for Christmas Lights switch on.</b>
	Legal liability as consequence of asset ownership (especially burial ground, swimming pool, playgrounds and skateboard park)	H	Insurance in place. H&S checklist operated at swimming pool. Weekly checks of playgrounds and skatepark. Written records kept. 6 monthly checks by ROSPA of playgrounds and skateboard park.
Employer Liability	Comply with Employment Law	M	Membership of various national and regional bodies including Employees Organisation.
	Comply with HMRC requirements	M	Regular advice from HMRC and Sage. Internal and external auditor carry out annual checks.
	Safety of Staff and visitors	M	Alarm / camera fitted to restrict access to building. Regular H&S risk assessment checks of Town Hall particularly before public events.
Legal Liability	Ensuring activities are within legal powers	H	Clerk clarifies legal position on any new proposal. Legal advice to be sought where necessary.
	Proper and timely reporting via the Minutes	M	Council meets twice a month and receives and approves Minutes of meetings held in interim. Minutes made available to press and public at the Town Hall and via the web site.
	Proper document control	M	Leases and legal documents in Clerk's room. <b>Key documents, deeds etc to be copied and originals stored in bank. Reduce the need to keep paper documentation by registering ownership of land and buildings with the Land Registry.</b> Other data storage to comply with Data Protection Act. Changes needed.
Councillor	Registers of Interests and	H	Register of interest completed. Gifts and

propriety	gifts and hospitality in place		hospitality register is present at each Council meeting. <b><i>To be included as an agenda item in May and October.</i></b>
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This risk management paper was considered by the Council on ..... and will be reviewed again in [12 months].