



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 physical 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.



TARSET & GREYSTEAD PARISH COUNCIL
RISK ASSESSMENT AND MANAGEMENT 2014

Area	Risk	Level	Control (<i>and agreed improvements</i>)
Assets	Protection of physical assets	M	Bus Shelter and Orchard on asset register and insured £10k. Value increased and depreciated annually accordingly. <i>Precept to include repair/replacement of bus shelter.</i>
	Maintenance of physical assets	M	Bus Shelter currently maintained on an ad hoc basis. Orchard maintained quarterly.
Finance	Banking	M	Currently no large investments. Sums of less than about £20,000 with high street bank
	Financial controls and records	M	Monthly reconciliation and cash flow budget forecast prepared by Parish Clerk and reported to Council. Two signatories on cheques. Online banking access for view only. Internal and external audit.
	Comply with VAT Regulations	H	VAT claims calculated by Parish Clerk. Internal and external auditor to provide double check.
	Sound budgeting to underlie annual precept	M	Parish Council receive detailed budgets in the late autumn. Precept derived directly from this.
	Complying with borrowing restrictions	L	No borrowing likely at present
	Liability	Risk to third party, property or individuals	M
Employer Liability	Comply with Employment Law	M	Membership of various national and regional bodies SLCC & NALC. Regular advice from HMRC. Insurance covers Employers Liability £10 million.
	Comply with HMRC requirements	M	Regular advice from HMRC.
	Safety of Staff and visitors	M	Village Hall has compiled own H&S risk assessment where Parish Council meetings are held. Insured for public liability £10 million.
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	M	Council meets once a month and receives and

	the Minutes		approves Minutes of meetings held in previous month. Minutes made available to press and public via the web site and Parish Clerk.
	Proper document control	M	Key documents, plans, minute books etc stored at Clerk's home office. Other data storage to comply with Data Protection Act. Archived material annually sent to Woodhorn.
Councillor propriety	Registers of Interests and gifts and hospitality in place	H	Register of interest completed. Gifts and hospitality register can be completed if required at any Council meeting. <i>To be included as an agenda item in May.</i>

This risk management paper was considered by the Council on October 15th 2014 and will be reviewed again in 12 months.