

HEDGELEY PARISH COUNCIL RISK MANAGEMENT

The Council must have in place a system to help it to manage risk. As a small parish this system is quite simple. The 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. Failure to manage risks effectively can be expensive in financial terms and also in terms of service delivery. The clerk already assesses and manages risks but there is a need to improve and document existing practices.

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

- 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.

There is no such thing as a standard list of risks. For Hedgeley Parish Council risks include:

- Physical assets – parish noticeboards, play equipment, A3 laminator, village furniture, defibrillators
- Finance – banking, financial regulations, fraudulent activity and theft
- Injury to the public – in the play area, in the village hall when meetings take place
- Complying with legal requirements – agendas and minutes etc
- Councillor conduct – Code of Conduct compliance, declarations of interest, gifts and hospitality etc

The clerk needs to consider each of the possible risks. For example physical assets could be lost as a result of fire or flood, damaged by vandals, stolen or simply deteriorate through time or 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 the 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

**HEDGELEY PARISH COUNCIL
RISK ASSESSMENT AND MANAGEMENT 2018/19**

Area	Risk	Level	Control (and agreed improvements)
Assets	Protection of physical assets	L	Two parish notice boards. Play equipment. Laminator. Village seats and tables. Defibrillators. All covered by Allianz insurance policy
	Security of buildings, equipment etc	L	No buildings owned by the Council. Capital value of play equipment and the council laminator covered by insurance
	Maintenance of buildings, equipment etc	M	No buildings owned by the Parish Council. Play equipment annually inspected by RoSPA. The Clerk keeps a record of regular maintenance inspections. A sum is budgeted annually for necessary maintenance.
Finance	Banking	M	Normally less than £5,000 held at any one time. No bank charges and no interest earned
	Risk of consequential loss of income	L	No income apart from precept except when grants achieved which are ring-fenced for specific purposes
	Loss of cash through theft or dishonesty	M	Normally no cash handled. All petty cash purchases made by clerk and reclaimed in arrears, backed by relevant receipts. Fidelity guarantee cover up to £5,000
	Financial controls and records	M	Financial Regulations in place. All financial transactions reported by clerk to relevant quarterly meeting and agreement obtained for payments. Two signatures from three signatories on cheques. Internal and external audit.
	Comply with Customs and Excise Regulations	M	VAT payments and claims calculated by Clerk. Open to inspection by members. Internal and external auditor to provide double check.
	Sound budgeting to underlie annual precept	M	Council receives detailed budget analysis in December with next year prediction. Precept determined directly from this.
	Complying with borrowing restrictions	L	No new borrowing likely at present

Liability	Risk to third party, property or individuals	M	Public Liability Insurance in place. Existing cover up to £5m
	Legal liability as consequence of asset ownership	M	Public Liability Insurance in place. Existing cover up to £5m
	Libel and Slander	M	Members and clerk – cover up to £250,000
	Officials Indemnity	M	Cover for members and clerk for any negligent act, accidental error or omission committed – standard cover up to £250,000
Employer Liability	Comply with Employment law	M	Advice sought from National Association of Local Councils (NALC) when required
	Comply with Inland Revenue requirements	M	PAYE system run, Clerk being paid quarterly with BR tax code
	Safety of staff and visitors	M	Parish Council ‘office’ at Clerk’s home, including council laminator. No member of the public has visited this facility
Legal Liability	Ensuring activities are within legal power	H	Clerk clarifies legal position on any new proposal. Legal advice sought when necessary from Northumberland County Council or NALC
	Proper and timely reporting via the Minutes	M	Council meets quarterly and receives and approves Minutes of meetings held in interim. Minutes made available
	Proper document control	M	Leases and legal documents in Clerk’s home. Key documents should be stored at bank or solicitors . Compliance with the Data Protection Act, Freedom of Information Act
Members Conduct	Register of Interests and gifts and hospitality in place	M	Register of interest completed. Members to declare any gifts or hospitality (over £25 in value) as and when received