

BIRTLEY PARISH COUNCIL 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.

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Area	Risk	Level	Control (<i>and agreed improvements</i>)
Assets	Protection of physical assets	L	The parish notice board and three seats – insured with Zurich Municipal.
	Security of buildings, equipment etc	L	No buildings are owned but the Parish Council owns a motor lawn mower. Insured with Aon – any person with permission. Playground equipment.
	Maintenance of buildings, equipment etc	M	No buildings are owned but the Parish Council owns a motor lawn mower. Playground equipment.
Finance	Banking	M	Less than £25,000 held at any one time to date. No bank charges some interest earned on deposit account.
	Risk of consequential loss of income	M	Main income is precept, bank interest, vat returned and grants.
	Loss of cash through theft or dishonesty	H	Normally no cash handled. Fidelity guarantee cover up to £25,000.
	Financial controls and records	M	Financial Regulations in place. Quarterly bank reconciliation and budgetary control reports prepared by Clerk and reported to Council. All Councillors are signatories. Each cheque requires two signatures plus that of the clerk. Internal and external audit.
	Comply with Customs and Excise Regulations	M	VAT payments and claims calculated by Clerk. Open to inspection by members and the public. Internal and external auditor to provide double check.
	Sound budgeting to underlie annual precept	M	Council receives detailed budgets in December. Precept derived directly from this. Income & Expenditure against budget reported to Council every quarter.
	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 of no less than £5m .
	Legal liability as consequence of asset ownership	M	Assets owned are the parish notice board and three seats. Lawn motor insured any driver with permission.

	Libel and Slander	M	Members and clerk – no cover
	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 when required. Existing Employers Liability insurance cover up to £10m . Personal Accident Insurance £50,000 Council have adopted Model Code of Contract for Clerk.
	Comply with Inland Revenue requirements	M	Clerk declares income to Inland Revenue. Internal Registered as PAYE Employer and external auditors carry out annual checks.
	Safety of Staff and visitors	M	Very few visitors to Parish Council meetings or to the office at Clerk's home.
Legal Liability	Ensuring activities are within legal powers	H	Clerk clarifies legal position on any new proposal. Legal advice to be sought when necessary.
	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 (none at present) in Clerk's home. Key documents to be stored at bank or at solicitors. Compliance with the Data Protection Act, Equality Act and Freedom of Information Act.
Councillor Propriety	Registers 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. Compliance with Code of Conduct and Locality Act 2011.

This risk management paper was reviewed by the Council on 4th December 2012 and will be reviewed annually.

Robert Macfarlane
Clerk to the Council



