



Rockbourne Parish Council Risk Management

Legal context

Rockbourne Parish Council has adopted this risk management policy in accordance with guidance set out in Governance and Accountability for Local Councils – a Practitioners’ Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) and also to give effect to the Health and Safety at Work Act 1974.

The purpose of this policy

Compliance with this policy ensures that the Council assesses and addresses the risks associated with its activities. This policy aims to identify the steps needed to avoid or address risks and to provide increased confidence in the Council’s corporate governance arrangements.

1. Background

1.1. Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of Rockbourne Parish Council’s objectives. Risk management is the process whereby the Council methodically address the risks associated with what it does and the services it provides. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority’s corporate governance arrangements and its ability to deliver its priorities.

1.2. Risk management is not just about financial management; it is about protecting the achievement of objectives set by the Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.

1.3. Risk management is an ongoing activity that comprises four elements:

- a) identifying risks;
- b) assessing risks;
- c) addressing risks; and

d) reviewing and reporting.

2. Identifying risks

2.1. In order to manage risk, the Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

2.2. The Council will identify the key risks to achieving successfully its priorities and service objectives, in the following categories:

- a) financial – loss of money;
- b) security – fraud, theft, embezzlement;
- c) property – damage to property;
- d) legal – breaking the law or being sued;
- e) IT – failure of IT systems or misuse; and
- f) reputational – actions taken could harm the authority’s public reputation.

3. Risk Assessment Matrix

3.1. Having identified potential risks, the Council assesses the likelihood of it happening and the impact it would have, using JPAG’s recommended assessment process. This allows the Council to identify low, medium and high risks when considering measures it should take.

3.2. Rockbourne Parish Council’s risk assessment matrix:

Likelihood	Highly likely (3)	Medium (3)	High (6)	Very high (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Very low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact on the Council		

4. Assessing risks

4.1. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The response to risk, which is initiated within the Council, is called ‘internal control’ and may involve one or more of the following standard responses:

- **Tolerate:** For risks that are containable; where the possible controls cannot be justified (e.g., they would be disproportionate) and where risks are unavoidable e.g., terrorism.
- **Treat:** Imposing controls so that the organisation can continue to operate; or introducing measures to deal with the risk.
- **Transfer:** Buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate:** Avoiding or cancelling activities where no response can bring the risk to an acceptable level.

4.2. The Council will use insurance to help manage risk include the following:

- a) The protection of physical assets owned by the authority – buildings, furniture, equipment, etc., (loss or damage).
- b) The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability).
- c) The risk of consequential loss of income or the need to provide essential services following critical damage, loss, or non-performance by a third party (consequential loss).
- d) Loss of cash through theft or dishonesty (fidelity guarantee).
- e) Legal liability as a consequence of asset ownership (public liability).

4.3. The limited staff resources available to the Council means that it works with specialist external bodies to help manage risk include the following:

- a) Security and maintenance for vulnerable buildings, amenities or equipment.
- b) The provision of services being carried out under agency/partnership agreements with principal authorities.
- c) Banking arrangements, including borrowing or lending.
- d) Ad hoc provision of amenities/ facilities for events to local community groups.
- e) Markets management.
- f) Vehicle or equipment lease or hire.
- g) Trading units (leisure centres, playing fields, burial grounds, etc.).
- h) Professional services (planning, architects, accountancy, design, etc.).

5. Reviewing and reporting

5.1. Having identified likely risks, the Council records this in the Rockbourne Parish Council Risk Register (Appendix 1). This register is kept under review by the Responsible Financial Officer and is reported to the Councillors.

5.2. The Council seeks advice and guidance on risk management from its insurers Came & Co., the National Association of Local Councils, the Society of Local Council Clerks and other training providers. The Council provides training for its staff through the CiLCA qualifications and additional specialist training where appropriate.

Risk Management

Risk no.	Description (The risk is)	Impact (The impact on the Parish Council would be)	Risk	Response (What actions have been taken)	Residual risk
1	Loss or theft of assets	Financial loss	M	Appropriate security Assets insured and value checked every three years	L
2	Wilful damage to fixed assets	Assets unusable Financial loss	M	Appropriate security Assets insured and value checked every three years	M
3	Equipment not maintained	Financial loss due to equipment failing Personal injury from faulty equipment Litigation	M	All necessary repairs or replacements carried out. Annual ROSPA inspection of play equipment All portable electrical equipment owned by the Parish Council to be PAT tested at the appropriate intervals Public liability insurance	L
4	Liability for loss or damage to third party, property or individuals, as a consequence of asset ownership	Financial loss Litigation Reputational damage	M	Public liability insurance in place. Open spaces regularly checked. Risk assessments carried out for all new activities.	M
5	Loss of interest if financial reserves kept in an account with uncompetitive interest rate	Financial loss	L	Check interest rates and banking arrangements on an annual basis or more frequently as needed.	L
6	Loss of cash through theft or dishonesty	Financial loss	L	No petty cash. small amount of cheques handled payments approved by at least two authorised signatories Income and expenditure monitored by Council at each Council meeting Fidelity insurance in place	L

7	Inadequate financial control	Financial loss Reputational damage	M	Check bank accounts online frequently to recognise and action any fraudulent activity. Bank account reconciliation to be carried out each month and reported to each Council meeting. Bank reconciliation to be inspected six monthly by Councillor/Internal and External audits	L
8	Failure to observe Financial Regulations leading to inappropriate financial activities	Financial loss Reputational damage	M	Financial Regulations in place and reviewed regularly Parish Clerk/RFO keeps abreast of regulatory changes	L
9	Failure to comply with Customs and Excise Regulations	Financial loss	L	Parish Clerk to reclaim VAT when appropriate.	L
10	Failure to carry out sound budgeting to underlie precept	Financial loss Reputational damage	M	Detailed estimates of the following year's budget prepared no later than December each year for approval by the Council	
11	Failure to comply with borrowing restrictions	Breaking the law	L	Restrictions observed	L
12	Failure to comply with Employment Law	Employment Law Breaking the law Possible employment tribunal	M	Legal advice sought where needed	L
13	Failure to comply with Inland Revenue requirements regarding income tax of employees	Fines	M	Regular advice from Inland Revenue. Salary reported using HMRC/RTI Internal Auditor carries out annual checks	
14	Failure to ensure that the Parish Council is acting within its powers	Possible judicial review	M	Parish Clerk clarifies the legal position on any new proposal. Legal advice sought where necessary	L

15	Lack of transparency in proceedings	Reputational damage	M	Parish Council meets 10 times per year with additional meetings as necessary Minutes and all documents required by Transparency	L
16	Loss of legal documents and Parish records	Inability to demonstrate ownership of assets Financial loss to recover documents Inability to recall historic data if needed	M	Leases and legal documents to be copied and originals transferred to the Hampshire Record Office. All electronic documents to be stored on Dropbox or another cloud based storage system.	L
17	Failure to comply with Data Protection Act 2018	Breaking the law	M	Relevant data stored to comply with the Data Protection Act 2018 and under the retention of documents requirements.	L
18	Failure to undertake responsibilities for devolved services in accordance with agreement with Hampshire County Council	Relevant services not delivered	M	All duties under Devolved Services Agreement to be provided for in the annual budget Appropriate contractors to be employed	L
19	Failure of Councillors to observe the Code of Conduct	Reputational damage	M	All Councillors to receive a hard copy of the Code of Conduct. All Councillors to be familiar with the Code of Conduct and to sign up to acting within its rules. Declarations of interest made at each Council meeting	L
20	Inappropriate receipt of hospitality and gifts by Councillor	Reputational damage to Parish Council Parish Council open to allegations of corruption	M	Register of Interest and Gifts and hospitality in place and completed by Councillors when necessary	L
21	Potential for Clerk to not have up to date information	Clerk would be unable to advise Parish Council appropriately	M	Ensure attendance of Clerk on relevant courses and seminars offered for Clerk's continuing professional development, and provide full financial support for this purpose. Membership of HALC gives access to authoritative advice on matters relating to Council business.	L

22	Potential for Councillors to not have up to date information	Decisions made based on wrong assumptions Reputational damage	M	All new Members to attend a Councillors Induction Course as soon as practicable after accepting Office. Encourage attendance by Councillors on appropriate courses, seminars and workshops provided by HALCHCCNFDC Other relevant bodies Encourage attendance at meetings where new policies and potential best practice are being discussed. These include: HALC Parishes Liaison Meeting Parish Clerk to maintain a register of attendances, by member/officer, at any of the above. To be reviewed annually	L
23	Insufficient staff resource , as a result of absence or sickness, or unfilled vacancies	The running of the Parish Council would be severely restricted	H	Provision to be made to cover staff absence or Sickness with an allocation of funds earmarked in the reserves. Encourage an adequate number of candidates for councillor vacancies to ensure that the Parish Council can continue to operate	M
24	Working environment of Parish Clerk does not meet DSE Regulations	Damage to health of Clerk	M	Risk Assessment to be carried out by the Parish Clerk to ensure that their working environment fulfils the requirements of the Display Screen Equipment Regulations . Checks for enough space, suitable lighting and power, not too noisy, the temperature and humidity is at an acceptable level and the display screen is at an acceptable height and the correct distance away from the user.	L
25	Use of chemicals under the COSHH regulations by Councillors or volunteers	Physical harm to users of chemicals and to third parties	H	COSHH Regulations adhered to if chemicals etc used Risk Assessment carried out before use	M

26	Physical harm to Councillors, employees and volunteers when carrying out activities for the Parish	Personal injury of participants Parish Council sued for negligence	H	Risk Assessments to be carried out for all new activities Personal liability insurance Personal Protection equipment should be used/work if indicated by the risk assessment	M
27	Damage to property or personal injury inflicted by contractors working on behalf of the Parish Council	Parish Council being sued for damages	M	All contractors to carry liability insurance and to have documented risk assessments COSHH Regulations to be adhered to where appropriate The above to be contractual requirements.	L