

# NETHER WALLOP PARISH COUNCIL – RISK MANAGEMENT SCHEME

## RISK MANAGEMENT SCHEME

NOTE THAT AMENDMENTS ARE HIGHLIGHTED IN PINK

It is acknowledged that there are different types of risk present which affect the council's ability to perform its objectives. In accordance with the Governance and Accountability for smaller authorities in England, and the Practitioners Guide dated March 2018 and revision of March 2019, the council have set out a scheme for the management of all risk.

**1. IDENTIFICATION.** - Risks that have been identified for the Council are:

Financial	Loss or theft of money or income
Security	Fraud, theft
Property	Damage to property
Legal	Breaking the law or being sued
IT	Failure of IT system or mis-use
Reputational	Any action that could be taken which would harm the authority's public reputation

**2. ASSESSING THE RISK.** - A matrix is used to identify assess the risk. All our risk assessment templates use the below methodology.

Hazard Severity (Impact)			Likelihood of Occurrence (Odds)		
1	Nil	Trivial or insignificant harm to persons, property or business activities	1	Not likely	There is no real likelihood of it occurring.
2	Slight	Causing minor harm allowing work / activities to continue	2	Possible	Possible occurrence, but potential is minimal.
3	Moderate	More Serious, capable of resulting in 3 or more days off work for one or more individuals , or property damage resulting in a temporary interruption to business activities with some financial loss.	3	Quite Possible	Incident will only happen if several factors are present.
4	High	Possible fatality or serious injury to an individual. Longer term interruption to business and/or high financial costs.	4	Likely	Regular incidents occur, but no injury. May result in injury with additional factors introduced.
5	Very High	Multiple fatality and/or destruction to work environment. Long term or permanent business interruption and/or very high financial costs.	5	Very Likely	Almost 100% certainty that an incident will occur or it is a common occurrence.

A risk factor can be found using the equation, ranging from 1 (no severity and unlikely to happen) to 25 (just waiting to happen with potentially disastrous results. However it is important to judge both the severity and the likelihood independently. Having identified the numerical risk factor, the 'risk matrix' will help determine the urgency of the action.

### RISK ASSESSMENT MATRIX.

Likelihood (ODDS)	Potential Severity (IMPACT)					1-5	Low Risk	Tolerable	Little or no action required
	1	2	3	4	5				
1	2	3	4	5	6-9	Medium Risk	Unacceptable	Some action required and monitor during event.	
2	4	6	8	10	10-25	High Risk	Unacceptable	Urgent action required. Stop process. Compensatory measures / new procedures must be put in place within 24hrs. Resolving the issue may take longer, but must be in hand. (People may need to be removed from the risk whilst it is assessed.)	
3	6	9	12	15					
4	8	12	16	20					
5	10	15	20	25					

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3. **ADDRESSING THE RISK.** Once a risk has been identified, there are four courses of action that can be followed:

<b>Tolerate</b> the risk	<ol style="list-style-type: none"><li>1. Where risk is low or can be contained by a simple contingency plans</li><li>2. Where controls are not proportional to the risk</li><li>3. Where risk is unavoidable. (Terrorism.)</li><li>4. Where the activity is important to the community and risk can be accepted</li></ol>
<b>Treat</b> the risk	<ol style="list-style-type: none"><li>1. Introduce controls or procedures</li><li>2. Delegate to staff</li><li>3. Implement councillor scrutiny</li><li>4. Setting up prevention techniques</li></ol>
<b>Transfer</b> the risk	<ol style="list-style-type: none"><li>1. Buying in service from a specialist</li><li>2. Sub contract</li><li>3. Take professional advice</li><li>4. <b>Taking insurance to cover the risk</b></li></ol>
<b>Terminate</b> the risk	<ol style="list-style-type: none"><li>1. Stopping the activity or not starting where the risk is intolerable.</li></ol>

4. **REPORTING THE RISK.** Once actions have been decided they must be documented, as this allows for future reviews.

Risks that have been identified as being applicable to NETHER WALLOP PARISH COUNCIL are listed below. Councillors and the public are asked to let the Clerk know if they become aware of any other situation that should be considered.

**1. FINANCIAL**

**5. LEGAL / LIABILITY**

**2. SECURITY**

**6. IT**

**3. MANAGEMENT**

**7. REPUTATIONAL**

**4. PROPERTY**

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## FINANCIAL

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Theft of cash income (football / tennis)	Council do not receive expected income	2	2	4	✓	✓			Encourage Bank Transfers instead of cash receipts. Require hard copy records of games booked.	Monthly	RFO Booking managers	Low
Theft of cash from bank	Council may not have enough funds to operate	4-5	2	10		✓	✓		<b>Insurance – officer / member theft. (Fidelity Guarantee)</b> Ensure banking strategy requires dual signature of councillors	Constant	RFO & Councillors	Low
Other financial fraud		4	2	10		✓			Compliance with the council's Financial Risk Assessment.	Constant review of compliance Annual review of RA.	RFO & Councillors	Low
Precept / Budget miscalculation	Inadequacy of precept for council to carry out their Statutory Duties or contracts/projects due to overspending.	5	2	10		✓			Monthly budget reviews and draft budgeting for possible projects in the coming financial year. Precept amount is requested in writing and visible on all budget reports. Contracts are checked before payments are made.	Monthly.	RFO & Councillors	Low
Contracts are entered into unfairly.	Risk of penalties or litigation.	3	2	6		✓			Ensure 3 quotations are received for most expenditure. Consideration of contract tendering procedures and legal requirements.	As necessary	RFO	Low
Salary paid incorrectly, Funds owed to HMRC.	Employee overpaid and difficult to recover tax.	2	2	4		✓	✓		Auditor to check the payslips twice a year. Salary calculated by Basic Tools package from HMRC.	Monthly	RFO / Auditor	Low
Fraud by staff.	Financial loss.	2	2	4		✓			Chairman to verify receipts against entries in the accounting system.	As necessary	RFO / Chairman	Low
Election costs	Unexpected expenditure	3	1	3	✓				Tolerate this year, and in future set up an Ear Marked Reserves account for Election costs and add to with each budget.	Dec 2020	RFO	Low
VAT Claimed over the threshold amount	Risk of having to pay back to HMRC	3	3	9		✓			VAT status on all purchases is logged in the accounting software and prior to VAT being reclaimed is checked against legislation	Ongoing	RFO	Low
VAT not claimed/paid correctly	Loss of reserves and overspend for year	3	2	6		✓			Add to Clerk's "to do list" so this is not forgotten. Councillors to check after every quarter that return is submitted.	Every Quarter	RFO and Councillors	Low
Insurance pay-out insufficient	Loss of reserves or bankrupting of council.	5	2	10		✓			<b>Insurance schedule to be reviewed and summarised annually for the May meeting and minuted as such.</b>	Annual meeting as per Standing Orders.	Clerk and Full council.	Low
Loss of Financial records	Inability to comply with legal requirements.	4	2	8		✓			See actions for data backups under financial Risk Assessment.	Monthly	RFO	Low
Any losses associated with administration of WPH accounts	External Auditor / HMRC / ICO issues	3	3	9			✓		Formally advise OWPC that any financial impact from the handling of the WPH accounts rests solely with OWPC and their auditor and insurance. NWPC have no oversight and cannot be held responsible for OWPC processes and procedures. (this is advice from SLCC)	ASAP	WPH Committee	LOW

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## SECURITY

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Loss of keys for Amenities	Loss of hire income. Cost for replacement locks	2	2	4		✓			Ensure that Clerk and at least one councillor have a copy of each key.	As necessary	Clerk and Chairman	Low
Assets loss or damage	Unexpected expenditure for replacement / repair	2	2	4			✓		<b>Insure against accident damage or theft.</b>	Annual	RFO	Low

## MANAGEMENT

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Loss of Clerk (resignation, illness or death)	Business continuity compromised	4	3	12		✓	✓		<b>Insure for temporary cover by locum</b> Ensure Clerk's terms are favourable to guard against a reason for leaving. Carry out an appraisal and pay review and support training.	Annual	RFO HR Committee	Low
Loss of Financial records	Inability to comply with legal requirements.	4	2	8		✓			Ensure back ups are taken regularly. Consider a separate storage device	Monthly	RFO	Low
Bank errors	Loss of funds	2	1	2		✓			Monthly (minimum) bank reconciliation	Monthly	RFO	Low
Insufficient banking signatories	Unable to approve payments	4	2	8		✓			Encourage councillors to become signatories in order to review the bank account and authorise payments.	When new councillors are co-opted	RFO	Low
Audit not completed	Non-compliance with statutory dates	2	2	4		✓	✓		Add to Clerk's "to do list" so this is not forgotten. Schedule Audit dates with Auditor WAY in advance.	Ongoing	RFO / Auditor	Low
Annual return issues	Incorrect or late submission	4	2	8		✓	✓		RBS Account package provides a printout of data. Auditor reviews and checks data Auditor reminds Clerk of submission deadlines	Early April annually	RFO and Auditor	Low
Councillor Loss (resignation)	In quorate and unable to meet.	4	2	8		✓			Ensure Councillors feel valued and satisfaction in projects Maintain community engagement to ensure new councillors can be co-opted.	Constant	Full Council and Clerk.	Low

## PROPERTY

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Theft or damage to IT equipment or other assets	Complete loss of data and records.	5	2	10			✓		<b>Ensure that items are insured by Council insurance policy</b> <b>Asset register compared with insurance cover</b> Back up of data	Annually	Clerk	Low
	Cost of replacement	3	2	6		✓	✓			Annually Monthly		Low
Meeting location – adequacy	Inability to hold lawful meetings if exceptionally large numbers of the public arrive.	3	1	3	✓				It is very unlikely that the capacity of the hall will be exceeded. In this case the meeting would be adjourned and perhaps rescheduled for an outdoor meeting on the playing fields.	Monthly	Clerk	Low

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Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Meeting location – Health & Safety	Inaccessible for mobility impaired attendees. Non-compliance with legislation.	2	2	4		✓	✓		Disabled access and facilities are available. Risk Assessments for use of the hall have been produced and circulated to councillors. Fire Safety checks are performed by a contractor.	Annually	Clerk and Full Council.	Low
Village Hall financial loss due to fire / damage	Loss of earnings Cost of rebuild or repair	5	2	10		✓	✓		Fire extinguishers are checked. Premises is cleaned weekly and damage reported. <b>Insured for loss of income and/or repairs.</b>	Annually Weekly Annually.	Clerk	Low
Assets failing due to lack of maintenance, leading to loss or injury.	Litigation Premature replacement costs.	4	2	8		✓	✓		Regular review of playground equipment by councillors Professional review of playground equipment Yearly PAT test of electrical equipment Maintenance costs to be budgeted	Weekly Annually Annually Annually	Clerk and Councillors	Low

### LEGAL / LIABILITY

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Unlawful decisions or payments	Reporting to Monitoring officer, or being sued.	5	1	5	✓	✓			Clerk prepares agenda bearing in mind decisions to be taken and ensuring no decision would be ultra vires. No decisions are taken at meetings without being on the agenda. Councillors training and Clerk training	Monthly Annually	Clerk Clerk and Councillors	Low
Minutes – inaccuracy	Decisions not recorded. Interests not recorded. Resolutions not actioned	4	2	8		✓			Clerk's training and considered agenda drafting.	Monthly	Clerk	Low
Agendas – legality	Legal challenge of decisions Accusations of non-transparency	4	2	8		✓			Clerk's training and considered agenda drafting.	Monthly	Clerk	Low
Notices – timely publication	Legal challenge of decisions	4	2	8		✓			Clerk's training and considered agenda drafting.	Monthly	Clerk	Low
Statutory documents – review and publication	Non-compliance with legislation. Loss of public confidence	4	2	8		✓	✓		Use slcc and nalc templates Trained clerk	As necessary	Clerk	Low
GDPR / FOI – non compliance	Penalties / Prosecution	5	2	10		✓	✓		Have a policy Publication scheme Procedure for requests <b>Insurance for negligence.</b>	Annually	Clerk + RFO	Low
Public liability claims	Serious financial losses and possible bankrupting of council. Prosecution under Health and Safety laws.	5	2	10		✓	✓		Document Risk Assessments for all activities / events. <b>SAFETY INSPECTIONS AT PLAYING FIELDS.</b> <b>Insurance for negligence.</b> Clerk and councillor training. Prohibit use of Bouncy Castles and other inflatables.	As necessary Weekly & Annually Annually Annually	Council RFO Clerk + council.	Low
Employers liability claims	Failure to protect staff and comply with employment legislation.	4	2	8		✓	✓		<b>Insurance policy to cover for negligence</b> Clerk and Councillor training	Annually As necessary	RFO Clerk + council.	Low
Councillor and volunteer liability claims	Litigation and financial settlements for defamation / accident / injury to the public.	4	2	8		✓	✓		Trained clerk Advice from SLCC membership HALC legal advice	As necessary	Clerk	Low

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## IT

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Loss of data	Council finds it difficult to operate or pay for services	5	2	10		✓			Back up data regularly. Ensure Councillors have lists of current contracts and obligations	Monthly back up. Annual contract reiew	Clerk	Low
Loss of accounts records	Unable to complete audit or annual return	5	2	10		✓	✓		Back up data regularly. Save data to Hard drive. Send data to auditor.	Monthly	Clerk.	Low
Inappropriate comments on Social media / websites	Litigation FOI requests Code of conduct complaints	3	2	6		✓			Only Clerk and Chairman to post on social media on behalf of council after consultation / agreement. Councillor and Clerk Training.	Constant	Clerk and Chairman	Low

## REPUTATIONAL

Risk	Result	Impact score	Odds	Risk Score	Action required				Mitigation of Risk / control measures	Target date	By whom	Risk after action
					Tolerate	Treat	Transfer	Terminate				
Inappropriate councillor speeches or actions	Council reputation is damaged	3	2	6		✓			Councillors are given the opportunity for training. Good councillor guide is made available	As necessary	Clerk	Low
Inappropriate staff actions	Council reputation is damaged	2	2	4		✓			Ensure interview process requires request for references. Ensure training is given to staff.	On hiring Yearly	HR Committee SLCC or HALC	Low
Councillors Interests are not declared	Illegal decisions taken. Loss of public trust in PC. Code of conduct breach	4	2	8		✓			Ensure RPI forms are completed, displayed on the website and sent to the BC. Agenda item for declarations of interest at meetings	Monthly	Clerk	Low
Failure to comply with legal duties	Loss of public trust in council. Financial Penalties Prosecution of Clerk	5	2	10		✓			Ensure NWPC Clerk is trained and aware of all obligations and regularly  Obtain full <i>copies</i> of records for WPH to be held by NWPC for last 6 yrs accounts. (Cashbook, VAT Claims, PAYE records)	Annually	Council  WPH Committee	Low
												Medium
Breaches of code of conduct	Possible prosecution. Loss of public trust.	4	2	8		✓			Ensure Councillors regularly review the Code of Conduct.	Annually (at a minimum)	Clerk	Low