**Local Council**

**Risk Assessment Toolkit**

**Review log**

Last reviewed Reviewed by Next review date

# Clear Councils Insurance –

**Helping You to Manage Your Risks**

As a **manager of risk for your Council** you are required to **identify all relevant risks to your Council** and members of the public and have **control measures in place to protect them**.

This Risk Assessment Toolkit has been designed to provide you with helpful information and guidance on the risks that require assessing and managing. It works as a **best practice, self-audit tool** to help you **identify key risk areas** and **control measures** to mitigate the risks helping you to **protect your Council.**

We have provided some guidance under current control measures. If you see a \* - this means that insurance cover is available under the sections of your Clear Councils Insurance policy along with additional covers and services available through Clear Councils Insurance. Please do not hesitate to contact us to discuss your existing covers or insurance needs – and how this protects you along with any additional cover requirements you identify as a result of completing the toolkit.

Our ‘Risk Management Support for Local Councils’ guide also provides lots of helpful risk management information and may help you with completion of the toolkit – so please see our website for a copy – [www.clearcouncils.co.uk](http://www.clearcouncils.co.uk/) or email us at councils@thecleargroup.com.

**Financial Control**

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| **Likelihood** | **Severity** |
| **Low** | Unlikely to occur within the next ten years | **Low** | Limited inconvenience, no impact on reserves, no legal challenge |
| **Medium** | Likely to occur within the next ten years | **Medium** | Some public censure or small impact on reserves (<10%), no legal challenge |
| **High** | Likely to occur within the next two years | **High** | Impact on reserves of > 10% or legal challenge or severe public censure |

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|  | Low | Medium | High |  |
| **Severity** |  |  |  | High |
|  |  |  | Medium |
|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Risk of Incorrect invoicing | Financial loss due to settlement of double or false invoices | Payments |  | L | S | RAG |  |  |  |
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| 2 | Risk of incorrect payments | Financial loss due to payment made for incorrect amount or payee | Payments |  |  |  |  |  |  |  |
| 3 | Risk of late payments | Late payment could incur a financial penalty | Payments |  |  |  |  |  |  |  |
| 4 | Incorrect salaries paid | Staff over or underpaid | Payments |  |  |  |  |  |  |  |
| 5 | Incorrect National insurance and PAYE | HMRC over or underpaid | Payments |  |  |  |  |  |  |  |
| 6 | Expenses incorrectly claimed | Members over or underpaid, financial loss to Council | Payments |  |  |  |  |  |  |  |
| 7 | Theft or Dishonesty, including cash and cheques | Financial loss | Payments | \*Section 5 Fidelity Guarantee Cover |  |  |  |  |  |  |
| 8 | VAT return is incorrect | Loss of income, HMRC Challenge | Receipts |  |  |  |  |  |  |  |
| 9 | Untimely receipt of precept/ Grants | Lack of cash flow | Receipts |  |  |  |  |  |  |  |
| 10 | Loss of Cheques | Financial loss | Receipts | \* Part A Property damage and Business Interruption. Section 1A Money Cover |  |  |  |  |  |  |
| 11 | Loss of income from unpaid invoices | Financial loss | Receipts |  |  |  |  |  |  |  |
| 12 | Risk of inaccurate or incomplete financial records | Potential financial loss, Internal Auditor would give ‘requires improvement’ report | Reconciliation |  |  |  |  |  |  |  |
| 13 | Risk of Bank making errors, not identified | Monthly financial report would not reconcile | Reconciliation |  |  |  |  |  |  |  |
| 14 | Annual return is not submitted within time limits | Could end up with qualified accounts | Year end processing |  |  |  |  |  |  |  |
| 15 | Annual return is not submitted within time limits | Could end up with qualified accounts | Year end processing |  |  |  |  |  |  |  |

**Financial Management**

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| **Likelihood** | **Severity** |
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|  | Low | Medium | High |  |
| **Severity** |  |  |  | High |
|  |  |  | Medium |
|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Inadequate Budget | Budget does not balance at year end | Budgeting |  | L | S | RAG |  |  |  |
|  |  |  |
| 2 | Precept does not deliver budget | Budget does not balance at year end | Budgeting |  |  |  |  |  |  |  |
| 3 | Precept rules change, e.g. capped, restricting delivery of required services | Either services reduced or impact on reserves | Budgeting |  |  |  |  |  |  |  |
| 4 | Cemetery income does not achieve budget | Impact on reserves, run out of burial space ahead of plan | Budgeting |  |  |  |  |  |  |  |
| 5 | Necessary expenditure on allotments exceeds budget | Budget does not balance at year end. Council reserves depleted below recommended level recommended level |  |  |  |  |  |  |  |  |
| 6 | Financial Regulations are not aligned with current legislation or do not deliver best value | Financial Loss | Improvement |  |  |  |  |  |  |  |
| 7 | Council takes on more services with no supporting funding | Financial Loss | Community Engagement |  |  |  |  |  |  |  |
| 8 | Unable to recover costs from 3rd party insurers for damaged assets | Financial Loss | Receipts | \*Section 10 Legal Expenses Cover |  |  |  |  |  |  |
| 9 | Lack of regular review of fees and services | Financial Loss | Budgeting |  |  |  |  |  |  |  |
| 10 | Bank Insolvency | Financial Loss | Budgeting |  |  |  |  |  |  |  |
| 11 | Investments | Financial Loss | Investments |  |  |  |  |  |  |  |

**Governance**

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| **Severity** |  |  |  | High |
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|  |  |  | Low |
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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | The Council acts illegally / does not comply with current regulations | The Council suffers loss or reputation or legal challenge | Decision Making |  | L | S | RAG |  |  |  |
|  |  |  |
| 2 | The Council does not comply with Standing Orders | The Council suffers loss or reputation or legal challenge | Decision Making |  |  |  |  |  |  |  |
| 3 | The Council does not make decisions in the best interests of its residents. | The Council suffers loss or reputation | Decision Making |  |  |  |  |  |  |  |
| 4 | Members act illegally or do not comply with current regulations | The Council and member(s) concerned suffer(s) loss of reputation | Decision Making |  |  |  |  |  |  |  |
| 5 | The Council does not act in a professional manner | The Council suffers loss or reputation or legal challenge | Decision Making | \*Section 8 Officials Indemnity Cover |  |  |  |  |  |  |
| 6 | Changes to legislation affect Council decision making or operations | Council not able to deliver services | Decision Making |  |  |  |  |  |  |  |

**Assets and Liabilities**

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| **Severity** |  |  |  | High |
|  |  |  | Medium |
|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Assets are not adequately covered by insurance | Financial loss | Asset management | \*Rebuild Cost Assessment Service Available | L | S | RAG |  |  |  |
|  |  |  |
| 2 | Liabilities are not adequately covered by insurance | Financial loss | Liability management | \*Trustees Indemnity a nd Professional indemnity Cover |  |  |  |  |  |  |
| 3 | The Council does not meet insurance or legal buildings requirements | Financial loss, legal challenge | Asset management |  |  |  |  |  |  |  |
| 4 | Civic regalia is lost, damaged or stolen | Financial loss | Asset management | \*Section 1 Property Damage Cover |  |  |  |  |  |  |
| 5 | Damage injury to third parties due to lack of maintenance of council assets | Financial loss, loss of reputation | Asset management | \*Section 4 Public and Products Liability Cover |  |  |  |  |  |  |
| 6 | Damage injury to third parties due to health and safety risks | Financial loss, Injury to Staff or members of public | Building management | \*Section 3 Employers Liability & Section 4 Public and Products Liability Cover |  |  |  |  |  |  |
| 7 | Damage to or loss of Council assets due to poor housekeeping | Financial loss, Injury to Staff or members of public | Building management | \*Section 3 Employers Liability & Section 4 Public and Products Liability Cover |  |  |  |  |  |  |
| 8 | Inappropriate meeting venue causes risk to members of Council and or public | Injury to People Loss of reputation | Meeting management | \*Section 3 Employers Liability & Section 4 Public and Products Liability Cover |  |  |  |  |  |  |
| 9 | Assets are devalued due to lack of regular inspection / monitoring | Financial loss, not able to realise value of asset | Building management |  |  |  |  |  |  |  |

# People

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| **Severity** |  |  |  | High |
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|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Loss of Executive Officer | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) | L | S | RAG |  |  |  |
|  |  |  |
| 2 | Loss of Assistant to EO | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) |  |  |  |  |  |  |
| 3 | Loss of registrar | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) |  |  |  |  |  |  |
| 4 | Executive Officer is long term sick | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) |  |  |  |  |  |  |
| 5 | Damage injury to third parties due to lack of maintenance of council assets | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) |  |  |  |  |  |  |
| 6 | Registrar is long term sick | The Council is unable to fulfil its legal obligations, Financial loss | Contingency Planning | \*Section 2 Business Interruption. Key Person Cover (optional cover) |  |  |  |  |  |  |
| 7 | Actions of Staff bring council into disrepute | Financial loss, loss of reputation, legal challenge | People management | \*Section 8 Officials Indemnity Cover |  |  |  |  |  |  |
| 8 | Current or ex employee brings claim against Council | Financial loss due to upheld unfair or constructive dismissal claim | People management |  |  |  |  |  |  |  |
| 9 | Temporary staff, or contracted resources do not fulfil obligations | Financial loss, loss of services | People management |  |  |  |  |  |  |  |

**Systems and Processes**

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|  |  |  | Medium |
|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Council not being able to continue its business due to an unexpected or tragic circumstance | Suppliers not paid, services not delivered, debts not recovered | Record keeping |  | L | S | RAG |  |  |  |
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| 2 | Loss of paper records through theft, fire or damage | Suppliers not paid, services not delivered, debts not recovered | Record keeping | \*Section 1 Property Damage Cover |  |  |  |  |  |  |
| 3 | Loss of electronic records through damage, fire or corruption of computer | Suppliers not paid, services not delivered, debts not recovered | Record keeping | \*Section 1 Property Damage Cover & Clear Cyber For Councils Insurance Policy |  |  |  |  |  |  |
| 4 | Loss of data held by the council, in any format, that could identify individuals to a third party | Loss of reputation, legal challenge | Record keeping | \*Clear Cyber For Councils Insurance Policy |  |  |  |  |  |  |
| 5 | Financial or resource requirements of responding to FOI requests has material impact assets | Financial cost (overtime) or lack of delivery of other services | People management |  |  |  |  |  |  |  |
| 6 | Financial or resource requirements of responding to DSAR requests has material impact | Financial cost (overtime) or lack of delivery of other services | People management |  |  |  |  |  |  |  |
| 7 | Data protection breach | Financial loss | Record keeping | \*Clear Cyber For Councils Insurance Policy |  |  |  |  |  |  |
| 8 | Loss of access to premises | Suppliers not paid, services not delivered, debts not recovered | Contingency planning | \*Section 2 Business Interruption Cover |  |  |  |  |  |  |

**Procurement**

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| **Severity** |  |  |  | High |
|  |  |  | Medium |
|  |  |  | Low |
|  | **Likelihood** |  |

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| **Ref** | **Risk** | **Hazard/Consequence** | **Process** | **Current Control Measures** | **Current Risk Rating** | **Revised/further actions** | **Resp.** | **Date completed** |
| 1 | Poor procurement decisions | Council makes poor financial decisions that result in financial loss or unmet requirements | Procurement | \*Section 8 Officials Indemnity Cover | L | S | RAG |  |  |  |
|  |  |  |
| 2 | Contractors are not insured | Third Party liability | Procurement |  |  |  |  |  |  |  |
| 3 | Supplier / Contractor failure | Lack of services | Procurement |  |  |  |  |  |  |  |