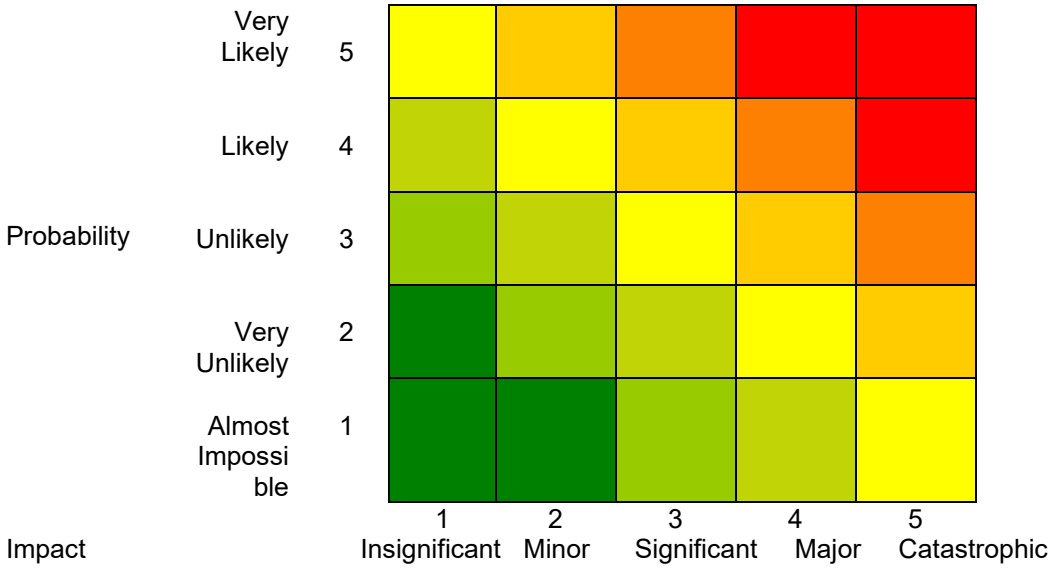
Loughton and Great Holm Parish Council Corporate Risk Management Scheme

Introduction - Classification of Risk

A risk can be either strategic or operational. A strategic risk is one which is not confined to a particular area or service and which may prevent the council meeting one or more of its key objectives. An operational risk is limited in its effect to only one service, although at its most serious it could still affect the ability of the council to meet some of its key objectives.

All risk area classified according to their probability of occurrence and their impact should they occur. This gives them a probability impact score (P/I) score according to their position on the following matrix:

Risk Assessment



Part 2 Approved and Adopted May 2018, May 2019, June 2020, April 2021, April 2022, April 2023, January 2025, February 2026 (FC27/26)

Impact

In the case shown above, Risk A is deemed unlikely to occur but, if it did, it would have a major impact. Once a risk has been identified and evaluated it has to be decided how the Council will react. There are four options – the four T's:

- **Tolerate** – Decide to live with the risk, the possibility that it might occur and its consequences.
- **Terminate** - Eliminate the risk, usually by deciding to avoid a course of action or stop the particular activity.
- **Transfer** – Some of the financial risk may be transferred through insurance and it may be possible to transfer liability through contractual arrangements.
- **Treat** – This contains two elements. Containment is the application of measures to reduce either the probability or impact; contingency is the action to take if the event does occur

This register gives the residual risk once the control has been applied.

The risk owner is that officer who is responsible for putting in place the arrangements as set out under the column 'Treat, Tolerate, Terminate or Transfer'. The 'owner' is specified either for all the risks in a section, of for specific risks in a section where different.

Strategic risks

The strategic risks for Loughton and Parish Council have been identified as lying in the following categories: Part 1 includes:

I) property
II) employees
III) activity

Part 2 is the financial risk assessment which forms part of the whole strategic risk management scheme.

Part 1 Corporate Risk Management Scheme

Property

Description	Probability/Impact		Treat, Tolerate, Terminate, Transfer
1 Sports Pavilion	Building may be rendered wholly or partially unusable as a result of fire, flood explosion, infestation collapse or other catastrophic event	1/4	**Tolerate/transfer** through business continuity emergency plans. The building and all the Council premises are insured (see Part 2 of the risk management scheme).
2 Sports Pavilion tenant	We may not find a tenant in this financial year and would lose income and be liable for the utilities during this time.	3/3	**Treat** Put out the tender document and look for a new tenant as soon as practical.
3 ICT system	ICT system fails preventing officers from accessing data or carrying out processing for an extended period	3/4	**Treat** Internal ICT practices limit the probability. External backup through cloud (onedrive). Use gov.uk email addresses only, no personal email addresses to be used.
4 Community Centre	Tenants and hall hirers may cease, rendering the property vacant and not creating income	5/3	**Treat** through communication with hall hirers and regularly updating the spreadsheet. Pre-School becoming insolvent. Annual checks on their pupil numbers to confirm they are in a strong financial position by the Clerk prior to rent-review every autumn. The building and contents are insured. This insurance is reviewed annually but is on a five year contract.
5 Litter Bins	May be damaged or stolen	4/2	**Treat** through replacement of bins, and careful monitoring and repair by the caretaker of existing bins
6 Allotments	May be damaged by fire or vandalism	3/1	**Tolerate –** public part is insured. Private plots are the responsibility of plotholders as is made clear in their tenancy agreement.
IT 3 Data Loss	Irrecoverable loss of more than two days data	3/4	**Tolerate** – storage in cloud via KnowHow. Access not limited to devices (accounts backed up on onedrive). Minutes and agendas are on website.
IT4 Hacking	Someone hacks into our system and make illegal use of data	3/4	**Tolerate –** review security software to make sure is effective
IT 5 System Failure	Computer system fails for more than one day	3/3	**Tolerate** cloud access. Budget reserve for replacement equipment provision in financial risk assessment

Employees

Description	Probability/Impact		Treat, Tolerate, Terminate, Transfer
1 Clerk falls ill	An outbreak of illness or disease reduces the availability of the Clerk for an extended period.	3/3	**Treat** consider communicating with the SLCC or BandMKALC to find a locum clerk.
2 Available employees fall below 50% through industrial action	Industrial action (internal or external) reduces the number of people available at work for an extended period by more than 50%	2/3	**Treat** Consider action if industrial action is signalled. Review employment conditions and policies for fair treatment of staff and performance management linked to salary reviews.
3 Employees attacked	An employee is attacked and injured while on Council business	3/3	**Treat** Lone working rules/policy. Review process regularly
4 Litigation	An employee takes legal action against Council under employment law and wins' damages greater than £50k	2/2	**Tolerate** Implementation and audit of HR processes
5 Staff unable to meet the Parish's needs	Insufficient trained staff to meet targets	2/2	**Tolerate –** recruit experienced consultants when appropriate, continue to train existing staff, conduct annual appraisal meetings of existing staff to assess their capabilities and performance

Activity

1 Public Confidence	Council's reputation is damaged by serious breach of Members' Code of Conduct	2/3	**Treat** Declaration of Interests procedure and Member training.
2 properties become run-down	Council's reputation damaged by effects of commercial tenants	4/4	**Treat** If this happens the Parish Council will have to react to public opinion accordingly – by posting on public media sites and the noticeboards and by resolving the cause of the problem
3 Investigation	A major investigation results in paralysis while people are suspended	1/3	**Tolerate**
4 Public image	Council services alleged as poor, resulting in our reputation suffering eg through a newspaper campaign	3/2	**Treat** thorough training of staff should prevent. Impact could be contained by ensuring good response to public enquiries, tackling specific complaints and by effective handling of services and contracts
5 dog litter bin services	The service deteriorates and the bins become unhygienic	2/3	**Tolerate** this is a risk associated with a contractor. If the contractor fails to deliver a good service, the contract should be terminated and other company sought to replace.
6 finances – overspend in a year above 10%	The Parish overspends significantly in a year	4/2	**Treat –** implement a reserves policy
7 loss of partner organisation	Contractor unable to deliver service to standard	2/2	**Treat** Advertise opportunity, contract management and reporting, replace using tender process. The main risk here is the dog-litter bin emptying service.
8 Loss of tenants	Take up of allotments falls below 75%	2/2	**Tolerate** Publicity to alleviate
9 Illegal Decision	Decisions successfully challenged on grounds of procedural legality	1/3	**Treat** adherence to Standing Orders, Financial Regulations and members' Code of Conduct

Part 2 Loughton and Great Holm Parish Council – Financial Risk Assessment 2020/21

Item	Service area	Risk	Recommendation
1	Insurance	Public liability £12,000,000.00 limit	Review insurance provision annually in January
2		Employers liability £10,000,000 limit	
3		Fidelity guarantee £250,000 limit	
4		Property – LSSC value £590,892.13, bins, noticeboards, outside property value £5,150.00	
5		Legal expenses £100,000.00 limit	
6		Loss of revenue	
7		Officials indemnity £50,000.00 limit	
8		Libel and slander £100,000.00 limit	
9		Personal accident £500,000.00 limit	
10	Payroll	Independent payroll service provided by Connolly accountants (third party)	• Access payroll information on website. • Identify new provider if the accountants cease trading.
11		Loss of data on PC due to system fault.	• Update and backup payroll with all information each month to Know How Cloud storage provision.
12		Loss of services of employee. There are one full time and 2 part-time employees. The Parish Clerk/RFO is an essential post for the administration of the Parish Council.	• Immediately decide whether to recruit for any part time vacancy (if permanent loss). • For the Parish Clerk, immediately source a locum to cover sickness and absence through the Parish Clerk network
13	Administration	Payment arrangements	Refer to the Financial Regulations
14		Reconciliation	Refer to the Financial Regulations
15		Employment law and legal advice	Continue with memberships of NALC, B&MKALC and SLCC. Obtain further legal advice where required
16	Allotments	Public liability Increase in net expenditure.	• Maintain Public Liability insurance • Review allotment rents annually. • Re-allocate vacant plots immediately

17	Cemetery	Loss of income Public liability	• Review cemetery fees and provision annually via the Jubilee Graveyard committee • Ensure Public Liability insurance is maintained by All Saints church
18	Precept	Annual precept not the result of proper detailed consideration.	Continue to use the Finance and Staff Committee to prepare, review and propose the business plan, and draft budget then present the draft budget to full council meeting for amendment/approval with the income and expenditure from the previous and current years
19		Illegal expenditure	Continue to ensure any expenditure is within legal powers
20		Inadequate monitoring of performance	• Monthly review of expenditure at full council. • Detailed consideration of issues at Finance and Staffing committee
21	Accounting	Non-standard and/or non-compliant records kept.	• Continue to require adequate, complete and statutory financial records and accounts. • Provide training. • Use accounting software provider with specialism for small councils and support services.
22		Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns.	• Continue to ensure that all accounts and returns are completed and submitted by the deadlines. • Provide training.
23		Non-compliance with internal and external audit requirements	• Continue to ensure that an internal auditor is appointed. • Provide training and support for book-keeping, financial controls and end of year work • Ensure deadlines are met
24	Contracts	Ensure continued value for money coupled with continuity and quality of work.	Approve the practice of seeking tenders and quotes for services according to the Financial Regulations