

This document is in two parts, namely Section 1. Risk Strategy, which provides method and context for Section 2. Risk Assessment. The document analyses and assesses LCC's corporate responsibilities and the risks associated with the management of its own assets and finances.

## Section 1. Risk Strategy

### Introduction

*Risk management has been identified by the Welsh Government to be corporate responsibilities for which must be embedded in the processes of Llanbadoc Community Council. (Regulation 5-Guidance on Accounts and Audit Regulations - Responsibility for internal control and financial management)*

### What is risk management?

#### Definitions

- Risk is the threat that an event or action will adversely affect an organisations ability to achieve its objectives.
- Risk Management is the process of methodically addressing the risks associated with an authorities responsibilities, work carried out and services provided.
- Risk management should identify what can go wrong and to take appropriate steps to either avoid, mitigate or manage the consequences.

Risk management is not just about financial management but to provide Councillors and the community increased confidence in LCC's governance arrangements and its ability to deliver its priorities.

*"A local council's members are jointly and individually responsible for putting proper governance arrangements in place to safeguard public funds. The legal responsibility always remains with the council and its members." (OVW 2019)*

Failure to effectively manage risks can be expensive in terms of unforeseen additional expenditure, litigation and reputational damage.

*"... make sure that the council takes no unacceptable risks with public money" (Accounts and Audit (Wales) Regulations 2014).*

*“The words risk management should be engraved upon every councillor’s heart”...to protect you and your council from possible disaster. “ (Good Councillor’s Guide)*

Risk management is an ongoing activity that comprises:

- identifying risks (ie financial, security, asset damage, legal, IT, reputational)
- assessing risks (ie likelihood, impact), see Risk Assessment Matrix (Fig. 1)
- addressing risks (ie tolerate with appropriate contingency plan, control to prevent/mitigate, transfer ie insurance, terminate activity)
- reviewing and reporting (ie risk register)

**Risk Assessment matrix (Fig. 1)**

Likelihood	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

## Key Aspects of Risk Assessments:

- **Likelihood**

The probability that an unfavourable event would occur if there were no or limited internal controls

- **Significance or Impact**

A measure of the effect on the council if the unfavourable event were to occur.

- **Cause**

The reason why an unfavourable event may occur

- **Mitigation**

How the council mitigates the risk and manages the residual risk

## Risk Evaluation

- **Low Risk** - losses will be relatively small, negligible effect on service provision. However, without action then such risks may have more significant cumulative effect (ie incidental errors, absence, missed project deadlines)
- **Medium Risk** - have noticeable effect on service provided. Event will cause a degree of disruption to service provision and have budgetary implications. Likely to happen infrequently and generally difficult to predict. More than one medium loss per year could have substantial impact or severity on service provision. ie fire, large theft, major systems failure, incidents of pollution on land)
- **High Risks** - have catastrophic effect on the operation of the Council or its services. Event resulting in significant financial losses, major service disruption or significant impact to the public. Usually occur very infrequently and can be extremely difficult to predict. (ie total system failure, major accident/emergency ie storm damage to woodland, significant flood damage to land)

*“After identifying and evaluating risks, councils need to decide upon appropriate measures to take to avoid, reduce or control the risks or their consequences.” (OVW, 2019)*

## Managing Risk

### Internal controls and mitigation measures to include:

- An up to date register of assets
- Regular monitoring/maintenance of key assets, ie fraud, land management, health and safety, data security
- Annual review of risk, control measures and the adequacy of insurance cover
- Ensure the robustness of insurance providers
- Resilient systems
- Contingency planning

**External Risks (Event Driven) to include:**

- Resilient systems - Extreme weather events, ie high winds causing damage to woodlands, flooding of land/car park at Llanbadoc Island
- Contingency planning - Government lockdown due to Covid-19 pandemic

## Section 2 Risk Assessment

Ref	Item	Risk Identified	Likelihood (1-3)	Significance/Impact (1-3)	Risk Rating (1-9)	Management & Control of Risk/Mitigation	Review/Assess/Revise
1	<b>Business Continuity</b>	Council not being able to continue business due to non availability of clerk to organise meetings and oversee council business  COVID-19 Pandemic  Councillor vacancies	2	2	4 MED	Electronic documents accessible by named Councillors. Minutes would be taken by one of the councillors in attendance. For longer term absences cover arrangements would be considered from other local clerks.  Ensure all councillors are able to continue business remotely via internet/email/video conference facilities  Positive recruitment strategy to fill councillor vacancies	Consider a basic Business Continuity Plan (a requirement under the Civil Contingencies Act 2004). Ensure all council processes, standing orders & Financial Regulations are followed. Work remotely & council meetings via video conferencing
2	<b>Data Protection</b>	Policy provision Loss of data Damage to council reputation	2	3	6 HIGH	Review regularly with legislation.	LCC registered with Information Commissioner Office.

Ref	Item	Risk Identified	Likelihood (1-3)	Significance/Impact (1-3)	Risk Rating (1-9)	Management & Control of Risk/Mitigation	Review/Assess/Revise
3	<b>Cyber Security</b>	Loss of data Risk of computer hacking/malware etc Damage to council reputation	3	3	9 HIGH	Dedicated email addresses for councillors. Records held at clerks residents Utilising of anti virus software. Electronic backups, using external hard drive. Councillors to use strong passwords which are changed regularly	Implement recommendations from Cyber Security Guide Clerk - access needed to Google Drive to upload backups Keep anti virus subscription up to date. Clerk to email reminder to Councillors every 6 months.
4	<b>Precept</b>	Adequacy Timeliness of request to MCC Funds not received from MCC	1	2	2 LOW	Receipt of low income, which is carefully budgeted and monitored regularly by RFO and full council	Ensure legal responsibilities are prioritised in budget before other capital projects
5	<b>Rents/payments receivable - Wayleaves</b>	Inadequate records for Wayleave payments Payments not received	1	1	1 LOW	Payments through monthly budget & monitored through accounts.	Upload original agreements onto Google Drive.
6	<b>Banking</b>	Inadequate checks & balances Bank account discrepancies Loss through theft or dishonesty	1	1	1 LOW	Council's Financial Regulations set out the requirements for banking and cheque reconciliations. Councillors not to authorise payment to themselves in Pink paper	Monthly bank reconciliation. To be checked quarterly by F&P group and feedback to the next council meeting. Adequate procedure in place

7	Cash	Loss through theft or dishonesty	1	1	1 LOW	Council has no petty cash or float.	No actions
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8	Grant	Loss of grant information Failure to comply with funding requirements	2	2	4 MED	Keep records accessible. Records kept and regularly monitored in accordance with grant requirements.	National Lottery Award granted 2019 project ID0010351376 Upload documents onto Google Drive
9	Loan	Unable to repay	2	2	4 MED	Budgeted to pay regular instalments	Adequate procedure in place
10	Community Grants/support payable	Inadequate funds to pay Authorisation to pay	1	1	1 LOW	Full council approval of business/project proposal. Discussions and decisions minuted.	No payments made due to low income
11	Financial Control & records	Inadequate records  Financial irregularities	2	2	4 MED	Follow Financial Regulations. Monthly reconciliations.	Review Financial Regs annually
12	Best Value Accountability & compliance with Standing Orders	Inadequate tender process  Poor financial control	2	2	4 MED	Comply with Financial Regs.	Review Financial Regs annually
13	VAT	Reclaiming incorrectly	2	2	4 MED	Ensure legal entitlement/procedure followed	Follow financial procedures - full council to agree Claims to be completed annually.
14	Annual Return/Audit	Inadequate checks. Not submitted within strict time limit	2	2	4 MED	Annual return completed & signed by RFO & Chair	Adequate procedure in place

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15	<b>Insurance</b>	Adequacy of cover Cost Compliance	2	2	4 MED	Reviewed Mar 2021. Public Liability Cover Professional Liability Volunteers Personal Liability for councillors under council corporate cover	3 year cover, cost & compliance. Annual review is undertaken of all insurance arrangements which periodically includes quotations from several providers. Reviewed against revised Asset Register Mar 21
16	<b>Freedom of Information</b>	Policy Responding to requests	1	1	1 LOW	Monitor and report impact of requests made under FOI.	Fee can be requested for extra hours. Policy reviewed annually Policy Published on website Requests carried out in line with policy
17	<b>Website accessibility</b>	Members of the public unable to access website	2	2	4 MED	Endeavour to ensure compliance with website accessibility regulations	Regularly review compliance



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18	<b>Meeting Location</b>	Adequacy Health & Safety	1	1	1 LOW	Review in line with current Covid Government Regulations	Meetings held 1st Wednesday of the month. Meetings held remotely. COVID 19 lockdown prevents face to face meetings. Post COVID likely return to Monmouthshire County Council offices at Rhadyr, Usk which are appropriate facilities for council and members of the public.
19	<b>Salaries &amp; Associated costs</b>	Failure to pay Paid incorrectly Wrong rate paid Wrong hours paid False employee Incorrect accounting & NI	2	2	4 MED	Salary and hours set by national formula. Changes advised to council annually. Salaries and associated costs approved monthly at full council meeting via Pink Paper. Council registered as employer with HMRC & uses HMRC PAYE system to determine amounts payable.	Review annually 2 <sup>nd</sup> user on bank account to authorise salary payments.
20	<b>Councillors Allowances</b>	Inadequacy of budget Incorrect payment	2	2	4 MED	Allowances are set by IRPW	Review annually

						Approved annually	
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21	<b>Election Costs</b>	Incurring an election cost	2	2	4 MED	Higher in election year when scheduled election due. Clerk will obtain estimate of costs from county council for a full election and uncontested election.	Consideration within budget process
22	<b>Working conditions</b>	Non compliance with Employment law. Employee/Volunteers not suitably trained or risk assessed	2	2	4 MED	Clerk is LCC's only employee. Working practices are risk assessed annually and reviewed when necessary. Volunteers to adhere to formal working practices in line with H&S risk assessment/insurance.	H&S Risk assessment for clerk carried out April 2021. Volunteers risk assessed as required when work programme prepared prior to commencement of activities. Working area H&S assessed.

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23	<b>Employer Liability</b>	Non compliance with employment law and other statutory obligations Employment status Fraud by staff Actions undertaken by staff	2	2	4 MED	Clerk/RFO contract of employment and job description Requirements of Fidelity Guarantee Insurance to be adhered to. Clerk/RFO to be provided with relevant training, reference books, access to assistance to undertake the role. Comply with Pensions Regulations Insurance cover see 15	Undertake training where necessary.  Submit pension redeclaration every 3 years.
24	<b>Legal Powers</b>	Illegal activity or payments	2	2	4 MED	All activities & payments made in line with Financial Regulations/Legal Powers to Spend. Decisions by Full Council, except for Emergency expenditure (predominantly H&S reasons) - authorised by Chair & RFO/Clerk	Existing procedure adequate. To be reviewed annually. Appraisal targets of Clerk

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25	<b>Minutes, Agendas, Notices and statutory documents</b>	Accuracy & legality  Non compliance with Statutory requirements	1	2	2 LOW	Minutes and agendas are produced in the prescribed method & adhere to legal requirements. Minutes are approved by council and signed off at the next meeting. Minutes & agenda are displayed on website according to legal requirements. Business conducted at the meeting is managed by the Chair.	Existing procedure is adequate. Draft minutes emailed to all council for agreement, prior to publishing on website. Ensure all councillors to comply with Code of Conduct. All activities & payments made in line with Standing Orders & Financial Regulations. Decisions by Full Council, except for Emergency expenditure – see 24
26	<b>Councillor conduct</b>	Misconduct, illegal activities, bullying etc	2	2	4 MED	Councillors to comply with Code of Conduct	All councillors to read, understand & comply with the Code
27	<b>Public Liability</b>	Risk to third party individuals or property.  Non compliance with Occupiers Liability Act & other Statutory obligations on LCC land	3	3	9 HIGH	Written Risk assessments of land and woodlands scheduled carried out regularly in line with legal responsibilities. Insurance cover see 15	Prepare and implement strategy for managing land & woodland. Undertake training where necessary.

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28	<b>Members Interests</b>	Conflict of Interest	2	2	4 MED	Councillors have a duty to declare any interest at the start of the meeting & minuted. Register of interest forms should be reviewed annually	Members to let clerk know of any changes. Register published on website
29	<b>ASSETS (SEE 29A &amp; B BELOW)</b>	Protection of assets Encroachment Lack of management Lack of councillor knowledge of management/legal responsibilities Reputational damage	3	3	9 HIGH	Insurance cover (see 15) Instruct specific professional risk assessments in line with legal liabilities Regular inspections to be carried out by councillors Manage in line with legal responsibilities Education on up to date management practices	Asset register reviewed & fully updated 2021. Ongoing training Implement Strategic Management Plan of assets
29A	<b>Llanbadoc Island</b>	Flood risk Damage to fixtures Lack of maintenance of amenity Criminal damage Trees (see woodland below) Reputation damage	3	3	9 HIGH	Regular inspections to be carried out by councillors & experts where appropriate in line with statutory obligations	Inspection & photo schedule carried out April 21. Implement action plan  Adequate insurance cover.

29B	<b>Woodlands</b>	Storm Damage Loss/damage to third parties or to property Inadequate management Lack of councillor knowledge to manage effectively Loss of amenity due to woodland maturity and lack of renewing of tree stock Damage to council reputation	3	3	9 HIGH	Implement recommendations from professional surveys/expert advice. Carry out regular management of woodland, including encouraging natural regeneration, tree planting.	Cyclical Professional tree surveys. Pergoed Woods, Common y Fal, Llanbadoc Island due 2021. Twyn y Cryn, Lower Common, Jenny's Bushes, Pantau Bushes/Trostra Common next due 2023. Annual inspection or after severe weather event (storm/flood) by councillor/volunteer. Recommendations to be carried out within stipulated timescale. To put disclaimers on website Adequate insurance cover
30	<b>Councillor knowledge</b>	Lack of knowledge to carry out council duties & complex projects	2	3	6 HIGH	Attend appropriate training sessions. Consult experts on work/projects where appropriate	Keep up to date training record and encourage councillors to take part in ongoing training
31	<b>Reputational Damage</b>	Damage to good reputation of council through poor decision making/ poor management of assets	2	2	4 MED	Embed good management practices Transparent decision making Community engagement	Ensure compliance with council core value. Mitigate risks as far as possible

