

---

## Clipstone Parish Council

### Financial Risk Assessment – Community Hub

---

Responsible Committee	Community Hub
Version	1
Committee Meeting	14 September 2022

#### 1. Scope of Assessment

This document has been prepared to assess and appropriately manage risk as part of the evaluation of a project proposal to create a Community Hub in the derelict section of the Miners Welfare. This project has been resurrected following a period of dormancy primarily because of Covid.

Reports which have been circulated to the Community Hub Committee:

- Feasibility Study – November 2018
- Building Services Engineering Report – Stage 2 Brief Confirmation, Options, Appraisal and Concept Design – July 2020
- Asbestos Management Survey – July 2020
- VAT Advice – August 2020
- Valuation Report for Rental Purposes – February 2021

It is anticipated that there will be several versions of this risk assessment during the corresponding period of project evolution and scrutiny. This version's focus captures the preliminary high-level financial aspects.

Ultimately, the Community Hub Committee will be responsible for making a recommendation to Full Council on whether to proceed with the project proposal.

This assessment will assist in bringing ownership and accountability for corporate success as well as documenting the appropriate treatment/management of the associated risks.

#### 2. Definition of Risk

An uncertainty of outcome of actions or events which impacts upon the Council achieving its objectives.

#### 3. Assessment

The Council is committed to good risk management, allowing it to:

- a) have increased confidence in achieving its objectives
- b) constrain threats to acceptable levels (ie. within its risk appetite)
- c) take informed decisions about opportunities
- d) assist the Parish Clerk in completing the annual governance statement

The Council recognises that to achieve its objectives it must manage risk within its risk appetite. Where risks lie beyond the risk appetite, Councillors and the Parish Clerk will try to take appropriate action to reduce those risks but it may be that the risk proves too high and the project may have to change scope, be postponed or even abandoned.

#### 4. Internal Controls

The Council has previously resolved 2 internal controls that will shape the future of this potential project.

- a) It will not raise the precept to fund this project
- b) It will not borrow to fund this project including an application to the Public Works Loan Board

#### 5. Macro-Economic Indicators

There are also global indicators to bear in mind, all of which bring financial uncertainty. Not only to the Council's budgeting process but the resulting impact to residents and local businesses in our community from:

- a) The rise of gas and electricity prices  
Which is creating
- b) Inflationary pressures  
Which is
- c) Increasing the cost of living  
Which is
- d) Reducing the amount of disposable income

#### 6. Other Factors

The Committee is reminded to consider and be mindful of where it is in the 4 yearly cycle of Parish Council elections. Local Parish Council elections are set for May 2023.

7. Risk Assessment Rating Criteria

<b>LIKELIHOOD</b>	Highly probable 76-99%	<b>4</b>				
	Probable 51-75%	<b>3</b>				
	Possible 26-50%	<b>2</b>				
	Unlikely 1-25%	<b>1</b>				
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
			Minor	Moderate	Serious	Major
			<b>IMPACT</b>			
<b>FINANCIAL IMPACT and/or</b>			Loss of up to £1,000	Loss of up to £10,000	Loss of up to £50,000	Loss of over £50,000
<b>REPUTATIONAL IMPACT and/or</b>			Minimal / localised damage to reputation	Damage to reputation within the parish	Damage to reputation within the borough and/or county	National damage to reputation; intervention from a local government agency
<b>HEALTH &amp; SAFETY IMPACT</b>			No health and safety impact	Minor injury, possibly requiring treatment by health care professional	Serious injuries	Fatality or life-changing injuries

## 8. Risk Appetite and Approaches to Managing Risk

Risk Rating	Risk Appetite and Action
Green	Risks rated as <b>GREEN</b> are within the risk appetite of the Council. It is unlikely that further additional measures are required to control these risks. These risks may be <i>tolerated</i> by the Parish Council.
Amber	<p>Risks rated as <b>AMBER</b> are within the risk appetite of the Parish Council, however further additional measures may be needed to <i>treat</i> (i.e. control) the risks and so reduce exposure OR to consider risk <i>transfer</i> e.g. via insurance, franchising or other contractual arrangement.</p> <p>The Parish Council must be periodically advised of amber risks and the action planned and/or taken to control them.</p>
Red	Risks rated as <b>RED</b> go beyond the risk appetite of the Parish Council. Immediate action is required to bring the risk within the Council's risk appetite or, if this is not possible or desired, to <i>terminate</i> the activity that creates the risk. The Parish Council must be immediately advised of red risks and regularly updated on the action planned and taken to control them until they are within the risk appetite of the Council. <i>Any action taken must be in accordance with the Council's Standing Orders and Financial Regulations.</i>

## 9. Risk Assessment Register

Risks Identified	Impact	Likelihood	Risk	Situation and controls required	Additional controls required	Timeframe	Task Progression: Officer or Committee or Council
<b>FEASIBILITY</b>							
Original Feasibility Report out of date	3	3	High	Awaiting cost of updating report.  An updated brief will need to be prepared by the Clerk to reflect the changes. With sign off from the Committee.			Clerk
Schedule of Dilapidation is more advanced than expected	3	2	Medium	Required following site visit. Consider timing by awaiting updated Feasibility Report?			Clerk
<b>PLANNING PERMISSION</b>							
Hall and room hire	3	4	High	The configuration of the halls doesn't meet the needs of the Parish Council current hall hirers. The upstairs rooms cannot be commercially leased	Potential safeguarding concerns with layout		Clerk + Committee
Café	2	3	Medium	The original proposal was that community volunteers would run the café.  With cafés closing in the area. Any volunteer café must avoid undermining local businesses.			Clerk + Committee
<b>CAPACITY</b>							
Room Hire	2	3	Medium	Unaware of any unmet demand from within or outside the community			Clerk + Committee

Risks Identified	Impact	Likelihood	Risk Rating	Situation and controls required	Additional controls required	Timeframe	Task Progression: Officer or Committee or Council
Refurbishment Costs	4	4		<p>Original refurbishment cost of £1.5m has been re-estimated with a 20% uplift.</p> <p>The Parish Council has circa £300,000 to contribute and there is the potential to draw upon S106 monies in the region of £300,000 from NSDC.</p> <p>Following advice from SLCC National Finance Advisor, the Parish Council can contribute toward a community building it does not own. A document to protect any investment is recommended.</p> <p>Would the Miners Welfare Trust take on the refurbishment of their own building?</p> <p>Where will the shortfall in funding come from?</p>	<p>Parish Council must comply with its Financial Regulations and Standing Orders.</p> <p>In line with the Public Contracts Regulations 2015 (SI No. 102).</p> <p>Would the Parish Council consider selling a land asset or the current village hall?</p>		Clerk + Committee

Risks Identified	Impact	Likelihood	Risk Rating	Situation and controls required	Additional controls required	Timeframe	Task Progression: Officer or Committee or Council
Running Costs	4	4		<p>The Community Hub would need to be self-financing. It is unclear how this will be achieved given demand, room layout, utility costs and the increased staff required to run and manage the venue.</p> <p>The refurbishment plans include making the building as energy efficient and carbon neutral as possible within the limits of the budget</p> <p>Identified potential income streams to mitigate increased costs: rental income from leasing out the village hall; rental income from house</p>			Clerk + Committee

## 10. Recommendation

In consideration of this initial financial risk assessment, as well as the internal controls, macro-economic indicators and other factors referred to in this report. It is difficult to see how this project can proceed in its current format as it falls outside the Council's risk appetite.

The committee is asked to identify any instrumental factors that may have been overlooked and which would help to mitigate the risks.