

# PRUDHOE TOWN COUNCIL

## FINANCIAL AND MANAGEMENT RISK ASSESSMENT

This risk assessment systematically examines the risks associated with taking over Prudhoe East Centre via a Community Asset Transfer from Northumberland County Council. Based upon this completed assessment, the Council is able to demonstrate to NCC that the risks have been identified and that the Town Council are aware of the practical and necessary steps required to control, reduce or eliminate them.

The risk rating balances the likelihood of a given risk with impact of the risk in question and results in an overall risk rating, as well as a RED (not acceptable), AMBER (reasonably acceptable/action may be required), GREEN (reasonable acceptable/no action required, review) colour indication.

18<sup>th</sup> July 2018

20<sup>th</sup> December 2018 (updated)

		Likelihood			
		1 Unlikely	2 Possible	3 Probable	4 Highly Probable
Impact	1 Minor				
	2 Moderate				
	3 Serious				
	4 Major				



Prudhoe

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TOWN COUNCIL

SUBJECT	Impact	Likelihood	Risk Rating	Controls Discussed	Additional Controls required
<b>FINANCIAL</b>					
The costs to renovate the East Centre are more than anticipated +£50,000	2	3	6	The Council has £30,000 in an Asset Reserve Fund this year (2018-19) and can add to this figure in 2019-20.	<p>If the costs of renovation were so large that the Town Council could not justify increasing the precept in one year, work could be scheduled over 2-3 years.</p> <p>The Town Council could also consider applying for a Public Works Loan to mitigate against any sharp rise in the precept.</p>
Running costs for the office space (Adult Learning Building) exceed those currently paid out for space at The Spetchells Centre.	1	2	2	<p>The Town Council would have to increase the budget for management costs to cover all costs associated with the Adult Learning Building.</p> <p>The space could be configured to allow more than one organisation to use the building and the Town Council would then have an income. Northumberland Citizens Advice is keen to share the space.</p>	The RFO would be responsible for ensuring value for money on all utilities and for energy efficiency.
Running costs for the East Centre exceed income received for community use.	3	2	6	A survey as well local knowledge indicates an evidence of need.	<p>Community Groups, etc. required to book in advance.</p> <p>The Town Council employ someone to market the space available so that it is fully utilised at all times by and for the community.</p>
Maintenance and repair costs are high	3	3	9	<p>The East Centre Building will be covered under the Town Council insurance.</p> <p>Building renovations designed with maintenance costs in mind.</p>	<p>Users required to sign a contract with standards of use detailed.</p> <p>The Town Council employ a caretaker/ maintenance person.</p>
Debtors (users of the building) do not pay in a timely manner	2	2	4	Invoices issued quarterly and system of credit control in place to ensure that debtor's outstanding balance is never excessive.	Users required to sign a contract with standards of use detailed, which could include payment expectations.

<b>SUBJECT</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Rating</b>	<b>Controls Discussed</b>	<b>Additional Controls required</b>
<b>HEALTH &amp; SAFETY</b>					
Accident within the grounds or buildings of the East Centre	3	2	6	<p>Everyone on-site working within the parameters of the Health and Safety at Work Act 1974. Risk Assessments kept up-to-date.</p> <p>Town Council to ensure that the required number of First Aid and Fire Warden trained personnel are on-site when the building is in use.</p> <p>Public liability insurance in place.</p>	<p>All users to have induction which would include Health and Safety, Fire Safety and First Aid measures in place.</p> <p>The Town Council employ caretaker/maintenance person who would be responsible for carrying out regular inspections.</p>
Loan Working	3	2	6	Loan Worker policy in place.	Additional training in the area of lone working.
<b>TIME/SCHEDULE</b>					
Following the agreement to transfer the building, plans do not commence in a timely manner	4	2	8	Seek professional advice at the earliest opportunity. A solicitor for all building regulations and survey. An architect for plans for both the Adult Learning Building and the East Centre.	Commence procurement exercise to engage contractors in refurbishment.
Following a plan being agreed, the schedule is not kept	3	3	9	The plan for refurbishment will need to be flexible in view of the age of the building.	The East centre space should be prioritised as this is currently being used and its completion and use is fundamental to the success of the transfer.
<b>SITE SPECIFICS</b>					
Neighbours	3	1	3	<p>Residents to the rear of the property will experience some disruption but the Town Council will communicate at the earliest opportunity their plans.</p> <p>The buildings have been in a state of disrepair for a long time and neighbours are expected to be positive about changes.</p>	<p>Include neighbours and the community at all stages of the development.</p> <p>Ensure transparency in decision making process.</p> <p>Celebrate changes and include a programme of PR exposure.</p>

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<b>REPUTATION</b>					
Negative reaction to Town Council office moving	3	3	9	Work with Prudhoe Community Partnership, Northumberland County Council, Karbon Homes, Library Services and others to ensure that links with The Spetchells Centre are maintained as this is the service centre for Prudhoe.	<p>Draw up a list of benefits to moving the town council office and communicate with members of the public in advance of the move.</p> <p>Draw up a list of drawbacks of moving the town council office and discuss ways to overcome these.</p>
Finished building does not meet the expectations of the community	3	2	6	Set up users group at the earliest opportunity to find out the needs in respect of community space.	Find ways to engage with members of the public to manage expectations and create community ownership of the project.
Contractors fail to meet agreed standards of working	3	1	3	Procurement exercise will be very tightly operated.	Appoint a project manager.
Precept has to be increased substantially to cover professional, building and maintenance costs – potential negative response from the community	2	4	8	An increase in the precept is a given, the controls available are due diligence to keep spending under control and on-going dialogue with the community.	<p>Work with another to allow greater access to funding for the project.</p> <p>Seek support from the community from the outset, create a vested interest in the project.</p>

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<b>GOVERNANCE</b>					
Freehold Asset Transfer not achieved	4	2	8	<p>The Town Council is best placed to take on a freehold asset transfer of this community building. It should then be leased to a charity/community group.</p> <p>If a Freehold Transfer is not possible the council should reconsider involvement and allow another to take this forward.</p>	<p>Agree only Freehold or allow another group to take forward Leasehold. Agree early on the model to be used, prior to commencing work, this will give those expected to manage the building a seat at the table when decisions are being made.</p> <p>Maintaining ownership of the building allows the reclaim of VAT. This will offer a significant financial advantage, especially during building works.</p>
The Town Council cannot trade or compete with other businesses or community groups in the town	4	2	8	<p>Town Council should be the facilitator but not responsible for running the East Centre as restrictions on trade would diminish income generation.</p> <p>Hiring out rooms could be seen as trading as could any café.</p>	<p>Trade and the implications for the recovery of VAT are very tricky for a council and where possible the council should seek to be separate.</p>