

The benefits of managing risk

By managing the risks your village hall faces, you can make it a safer place for users and reduce your insurance costs. In this factsheet we'll give you some practical guidance on managing risks and suggest a simple risk assessment process for you to follow.

Why is it important to manage your risks?

Managing risk helps you to prevent and defend against:

- injuries to trustees, volunteers or members of the public
- insurance claims
- prosecutions for breaches of health and safety legislation
- financial loss
- increased insurance premiums
- loss of key staff
- closure of the hall.

Assessing your risks

A variety of health and safety legislation requires you to carry out risk assessments to formalise your risk management processes and show how you plan to control risks.

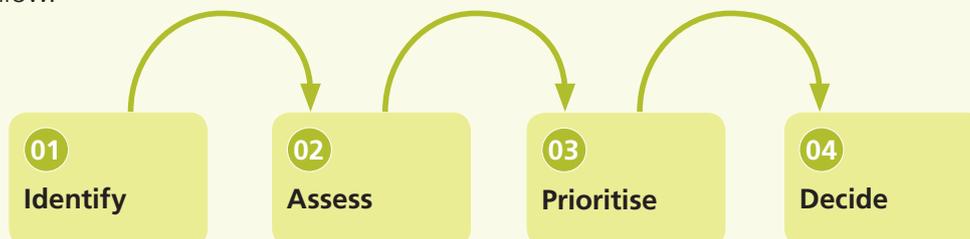
While you will probably choose one or two specific people to be responsible for health and safety and related risks, it's important for all committee members to understand and agree the risk management process and adopt a common view of risk.

Put simply, managing risk means developing a practical plan to identify, deal with and minimise the effects of the bad things that could happen to your village hall.

Call the
Village Halls Plus
Group on
0845 478 6386

Four-step process

To help you assess the risks to your village hall here's a simple four-step process that you can follow.



1. Identify all the different types of risk you face

It is a good idea to think about the whole variety of risks your village hall may face. Examine every risk, no matter how small, because it could develop into something with serious consequences over time.

Here are some categories to get you started:

1. Governance risks

These include inappropriate organisational structures, difficulties in recruiting suitably qualified trustees and potential conflicts of interest. If governance related risks aren't managed appropriately it may well result in the village hall simply not being able to operate at any level which may well have knock-on effect to all the other local organisations who use the hall.

2. Operational risks

These include service quality, employment and health and safety issues and misappropriation. Failure to manage operational risks will often result in damage to the hall itself or injury to staff or members of the public which could involve serious injury (or even death) with the associated scrutiny of the legal profession, or perhaps even worse, the enforcement bodies such as the Health & Safety Executive.

3. Financial risks

These include inaccuracy and (non)timeliness of financial information, inadequacy of reserves and cash flow, (uncertainty of funding of income sources and poor investment management). Financial management of village halls is not just the operating of an annual profit and loss account. Funds have to be continually raised and the running of local events have to be budgeted for to avoid unexpected calls on either revenue or reserves.

4. External risks

These include adverse public perception and publicity. Any hall perceived as not being run for the benefit of the village may well suffer a lack of use (and associated income) as well as being seen as only for the benefit of a limited number of individuals, clubs or organisations.

5. Compliance risks

These include potential breach of trust law, employment law and regulatory requirements of fundraising. The tasks of complying with all areas of legislation are ever increasing, (for example the Disability Discrimination Act), and a failure could result in fines, orders to comply, tribunals or even with the withdrawal of status.

2. Assess the likelihood and impact of your risks

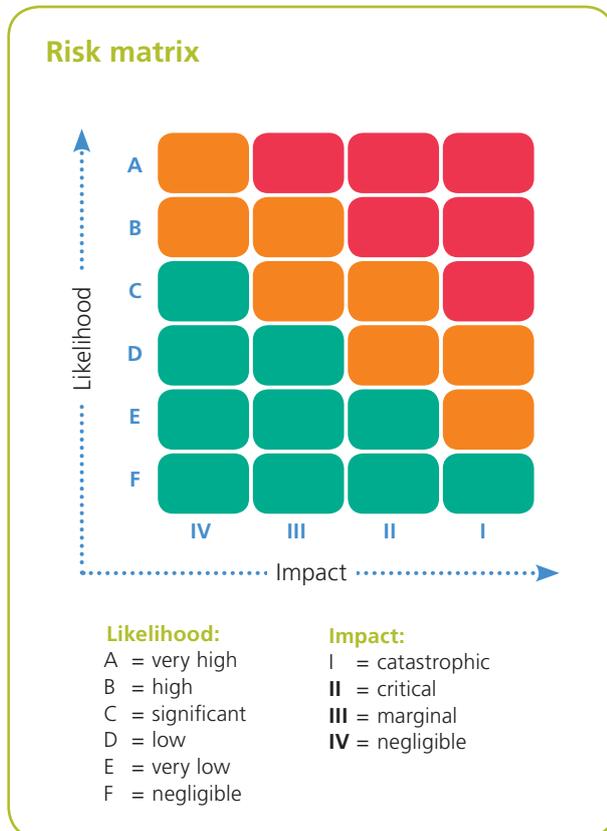
Having identified each risk, measure its size by considering:

- how often might the event realistically happen? (For example, is it likely to occur four times a year? Once every ten years? Probably never?)
- what would be the result or impact if it did? (For example would it cause injury to people? Financial loss? And how major or minor would these be?)

3. Prioritise your risks according to the findings of your assessment

At this point you can prioritise your risks, using a combination of the answers to the two questions above. Some may warrant immediate action – for instance, a risk that's likely to occur and which would have a major impact. Others may need you to take very simple steps to reduce risk significantly. You may also have some risks where you consider there are sufficient safeguards in place and no further action is needed.

You may find it helpful to use a risk prioritisation matrix. This is a simple way to show the relative likelihoods and results of your risks visually, by plotting them on a chart. It can be used for all categories of risk, but health and safety risk assessments will need to be recorded separately as they are a legal requirement.



Using the risk matrix

Once you've identified your risks and decided on their likelihood of occurring and their impact, you can plot them onto the risk matrix. The risks that appear in the red boxes are the ones most likely to be a barrier to your success and you should try to deal with these first.

4. Decide what steps you will take to improve the situation

When looking at managing your risks you could decide to:

- **control the risk** – for example by ensuring that anyone using electrical equipment is properly trained
- **transfer the risk** – for example, if you need to get the village hall floor polished and cleaned, it may make sense to get a professional to do it
- **live with the risk** – for example, if you rely heavily on irregular voluntary donations, you'll need to accept that you can't make regular spending plans
- use a combination of the above options.

It's essential to record in writing the risks and your consideration of them, and to ensure that all appropriate people are aware of them and the controls required.

Reviewing your risks

You should review your risks regularly, and whenever a new activity or process begins (for example when you have a new group of users that's very different to existing groups, or you adopt different cleaning arrangements). To do this it's important to keep all of your risk assessments on record, and use them as a check that appropriate actions have been taken.

We recommended that you review your health & safety risk assessments annually – often there will be no change in activities or controls, so the date of assessment and next review will simply be updated. The arrangements for other risk should also be reviewed.

Risk assessments should be reviewed if a new activity is introduced or new equipment is brought into use, etc. and it may be necessary to carry out a new assessment from scratch, depending on the circumstances. The assessment will identify the necessary inspection frequency – we recommend monthly inspections in the case of facilities used by the public (quarterly for offices) but there is no set requirement.

Find out more

If you'd like to find out more about village hall insurance, please:

- read the rest of the factsheets available in this series – 'Making sure your village hall has the right insurance', 'Organising a safe event' and 'Protecting village hall trustees'.
- call the Village Halls Plus Group on **0845 478 6386** to discuss your insurance needs and request a copy of our 'Making insurance simple' and 'Making risk management simple' guides.



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