



# Insurance and Accounting for Councils - A guide for new clerks and councillors

## Summary

Developed by **BHIB Councils Insurance** and **Scribe Accounts**, this guide is designed as an introduction to the different types of insurance and accounting services available to local and parish councils.



**BHIB Councils Insurance** provide specialist insurance & risk management solutions for local councils.

<https://www.bhibcouncils.co.uk/>



**Scribe Accounts** is a budget-led accounts package, purpose-built for Town and Parish councils, designed to make it easy to produce compliant council accounts.

<https://www.scribeaccounts.com/>

If you have any queries about the information in this guide, please feel free to contact the team at [insurance@bhibcouncils.co.uk](mailto:insurance@bhibcouncils.co.uk).

*Any views or opinions expressed in this document are for guidance only and are not intended as a substitute for appropriate professional advice. We have taken all reasonable steps to ensure the information contained herein is accurate at the time of writing. In relation to any particular insurance related issues, readers are advised to seek specific professional advice.*

## Insurance for councils – what you need to know

This short guide is designed to help new local and parish council clerks and councillors understand some of the different types of insurance available to councils. It can also be used as a refresher for current clerks looking to better understand the basics of council insurance.

### Common types of insurance for councils

Below we will look at some of the most common forms of insurance that local and parish councils typically require, what is generally provided with each form of cover and what the typical cover limits are.

<p><b>Public Liability</b></p>	<p>Public liability insurance can provide cover for your council against accidental injury or damage caused to third parties or their property. Whilst this form of cover is not a legal requirement, it is recommended for all organisations that interact with members of the public.</p> <p>Depending on the size of your council and the activities carried out, the typical level of cover for public liability insurance tends to range from £2million to £10million – although higher limits are available if needed.</p>
<p><b>Property Damage</b></p>	<p>Most town and parish councils are responsible for some form of property that needs to be financially protected against the risk of damage or theft. This could include council buildings and village halls, playground equipment, street furniture, statues, war memorials and any other property belonging to your council.</p> <p>The cost of rebuilding, repairing or reinstating property following damage or an accident can often be very expensive, so it's important for a council's property to be protected against risks such as storm damage.</p>
<p><b>Employers' Liability</b></p>	<p>Although there are some rare exceptions, Employers' Liability insurance is a legal requirement for all councils in the UK that have employees.</p> <p>This type of insurance covers your council for compensation costs and legal fees that could result from an employee or ex-employee making a claim against the council for illness or injury caused in the course of their employment.</p> <p>The usual limit required is £10m, which is a standard limit provided by insurance policies although higher limits are available in some cases.</p>
<p><b>Cyber Insurance</b></p>	<p>With councils making more services available digitally, the need for risk management in providing digital services and handling data is increasing. Measures such as investing in secure IT systems and protecting data held on these computer and IT systems should now be a key priority for councils .</p> <p>A cyber-attack can be very disruptive to the running of your council's services, with severe consequences including operational downtime and even the potential for closure of the council. A cyber insurance policy can help protect against risks such as the loss of sensitive or personal data, reputational damage and/or financial repercussions arising from cyber-attacks or data loss.</p>

*As well as the above, councils should also consider other forms of insurance such as:*

- Business Interruption
- Officials Indemnity
- Fidelity
- Money
- Personal Accident
- Legal Expenses
- Data Security Breach
- Statutory Inspections (including Playground Inspections)
- Motor Insurance (including Agricultural and Special Types)
- Travel Insurance

**If you have any questions about insurance for local and parish councils, or would like a quote, please visit our website now: <https://www.bhibcouncils.co.uk/>**

## Further resources for councils

At BHIB Councils Insurance we regularly publish new and useful resources for local and parish councils, including informative guides, checklists and specialist risk assessment templates.

Visit our website below to access all of our useful guides and resources for local and parish councils:

**Useful resources for local and parish councils >>>**

## Risk management and the importance of risk assessments

As well as providing insurance solutions for local and parish councils, BHIB Councils Insurance also provides guidance on risk management to help clerks and councillors assess the potential risks faced by their council.

The purpose of risk management is not to eliminate all risks, but to manage and minimise the potential negative consequence of risks. To that end we have developed an exclusive Toolkit which will help you to identify potential risks that may arise in your council.

We have a series of risk assessment templates which are completely free to download and use, which cover everything from reopening council offices following COVID-19 restrictions and holding 'COVID-safe' meetings, to planning community events and protecting employees and volunteers from the health risks associated with working with Display Screen Equipment (DSE).

To download any of our risk assessment templates now, click below:

[FREE RISK ASSESSMENT  
TEMPLATES](#)

BHIB Insurance Brokers are amongst the UK's leading Independent Insurance Brokers. The team of dedicated council insurance specialists at BHIB Councils Insurance work in collaboration with our partners to provide a tailored service for you.

We are proud to be partnered with the National Association of Local Councils (NALC)



Our partnership with NALC enables us to work directly with the Clerks, Councillors, Officers and those who make the running of a council possible. Working closely together allows us to fully understand how a council operates, which enhances our ability to support you whilst you are supporting the community

For more information and to get a quote, email us on [insurance@bhibcouncils.co.uk](mailto:insurance@bhibcouncils.co.uk) or get in touch to request a quote: <https://www.bhibcouncils.co.uk/get-a-quote/>

## Accounting for councils – what you need to know

With local councils providing an ever-growing range of services, it is extremely important to have a good understanding of the financial and accounting requirements of your council.

Our accountancy partner, Scribe Accounts, provide web-based accounts software built for local councils, designed to make it easy to produce compliant council accounts.

This short guide is designed to help new local and parish council clerks understand the benefits of using web-based accountancy software and some of the areas Scribe Accounts can assist your council with. It can also be used as a refresher for current clerks looking to better understand the basics of accountancy.

### Year End Accounts for councils

At the end of each financial year, parish and town councils prepare an Annual Governance & Accountability Return (AGAR) which includes an Annual Governance Statement and Accounting Statements. The AGAR is subject to both an internal audit and an external audit.

This can be a particularly stressful and confusing time of year for councils, especially for clerks or councillors who are new to their roles or without a financial background.

Preparing all the documentation for Year End using manual processes and multiple spreadsheets can be time consuming and many clerks and councillors find themselves working overtime to get it complete.

Scribe Accounts make accounts preparation easy with their logical and straightforward platform, helping councils to save a significant amount of time. Because the work has already been done for you, the platform can remove the stress and confusion of Year End, allowing you to generate your Year End Statement efficiently.

### Making Tax Digital and VAT

VAT can be daunting to many Parish and Town councils. If your council has a complicated VAT position, then it is best to take advice from HMRC or a VAT specialist but generally your council will either be VAT registered and therefore required to submit VAT returns, or not VAT registered but still able to claim VAT back using Form 126.

Councils who are VAT registered usually have other sources of income such as hiring out a hall or a car park. VAT returns are required to be submitted quarterly but sometimes can be required on a monthly basis. If your council is over the VAT threshold then it will be necessary to submit your returns using Making Tax Digital (MTD), meaning they must be submitted via accounts software. This is intended to increase the accuracy of returns and streamline the process. Even if you are under the threshold, you can still choose to use MTD.

Councils that are not registered for VAT tend to be smaller councils or councils that do not have significant income other than the precept. In this instance, VAT can be reclaimed using Form 126 on the HMRC website. Again, you will need a Government Gateway ID to log on and then you can simply enter the figure you wish to claim and upload a report showing the details of the relevant transactions. There is no specific timing for claims in the same way there is for VAT returns, but you

must claim for complete calendar months. If the claim is for less than £100 then it must be for an entire year and claims can be made going back three years. If you have taken over as clerk at a council where claims are not up to date, then this may be worth looking into. It is recommended to complete a claim annually up to the 31st March.

Whatever your VAT position it is really important to ensure you are recording the VAT elements of invoices separately to allow you to calculate your VAT claims or returns. You can only claim VAT back if the invoice shows the VAT amount or percentage charged and the VAT number of the supplier, so make sure your paperwork ties up with this.

Inheriting a system or a spreadsheet and not having handover is where claiming VAT back can get complicated. It is not unusual for new clerks to approach Scribe Accounts with 2-3 years' worth of VAT to claim back. The Form 126 schedule that Scribe Accounts generate is an acceptable format for HMRC and you'll be able to simply print or download it directly from the software ready to be submitted.

### [Income & expenditure vs receipts & payments for council accounts](#)

It can be important for new clerks and councillors to know some of the basic accounting requirements and monthly reports that a council should be running.

Scribe have created a very useful video on this subject to help new clerks and councillors understand the difference between income and expenditure versus receipts and payments. The video also explains when income and expenditure accounts should be used.

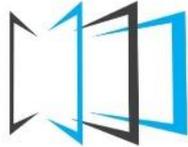
**Watch the video here:** <https://www.scribeaccounts.com/blog/income-expenditure-vs-receipts-payments-for-council-accounts>

**For more information and to request a free demo, email us at [insurance@bhibcouncils.co.uk](mailto:insurance@bhibcouncils.co.uk) and we will put you in touch with the Scribe team.**



**BHIB Councils Insurance** provide specialist insurance & risk management solutions for local councils.

<https://www.bhibcouncils.co.uk/>



**Scribe Accounts** is a budget-led accounts package, purpose-built for Town and Parish councils, designed to make it easy to produce compliant council accounts.

<https://www.scribeaccounts.com/>

BHIB Councils Insurance is a trading name of BHIB Limited. Registered office is AGM House, 3 Barton Close, Grove Park, Enderby, Leicester, LE19 1SJ. BHIB Limited is registered in England and Wales number: 829660 Authorised and regulated by the Financial Conduct Authority. We are covered by the Financial Ombudsman Service. You can find out more at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

BHIB Limited also provide risk management services and guidance which is not regulated by the Financial Conduct Authority. Any protection provided by the Financial Ombudsman Service or the Financial Services Compensation Scheme does not apply to this specific business activity and we will inform you of this before undertaking the business activity