

## **Insurance and Liability Information for Community Councils**

CURRENT SITUATION WITH REGARD TO COMMUNITY COUNCIL INSURANCE:  
May 2026

Community Councils are independent bodies. They are created under the Local Government (Scotland) Act 1973 and 1997 but this legislation does not create them as incorporated bodies. This means that Community Councillors are held individually responsible for the decisions that they take and why Community Councils are advised not to hold assets/property or enter into contracts which could introduce risk / liability.

Community Councils are responsible for their own insurance. This is set out in the Community Council Scheme. In 2018/19, changes in regulations meant that The Highland Council was no longer able to act as broker and organise insurance. At that time, the funding associated with insurance premiums transferred to each Community Council for them to arrange their own cover. Because Community Councils undertake different activities, it is essential each Community Council understands that they should have insurance to cover their particular activities.

The Scottish Council for Voluntary Organisations' guide to insurance has more details on the kinds of insurance you might need: <https://scvo.scot/support/running-your-organisation/finance-business-management/insurance>

These FAQs updated in May 2026 aim to provide answers and guidance on commonly raised issues relating to insurance and liability for Community Councils and Community Councillors. These FAQs and responses should not be treated as legal advice and if necessary, CCs should seek their own independent legal advice.

### **1. Is it worth being Community Councillor?**

Yes, absolutely. Representing your community is a rewarding experience, but it can also be challenging. The issues this document aims to help CCs address are very rare. Almost all Community Councils and Councillors may experience issues at times. If the CC ensures it has adequate insurance and procedures in place, sensibly and proportionately manages risk and acts in good faith, then in the unlikely event of there being an issue the CC and individual Community Councillors are likely to be adequately protected. This is important because CCs are unincorporated associations meaning they are not legally distinct from their members. This means that CCs cannot own property, enter into contracts in their own name, or be held liable for wrongful acts committed by their representatives.

## 2. Why do CCs need insurance?

Insurance provides protection to the CC and to Community Councillors. Generally, the basic CC insurance will cover public liability.

According to Zurich who are currently The Highland Council's insurers, *"Public Liability insurance helps protect your council if you're responsible for accidentally damaging someone's property or accidentally injuring someone such as a volunteer or member of the public. Cover also includes legal costs in defending the claim."*

<https://www.zurich.co.uk/news-and-insight/town-and-parish-council-insurance>

There have been instances – and one specific case in Highland in recent years – where equipment etc. belonging to a CC has been used for a local event and a member of the public has been injured, resulting in a claim against the CC. The CC had public liability insurance in place. The claim was referred to the CC's insurers and was handled by them. The claim was not straightforward, and it was several months before it was resolved.

## 3. Apart from Public Liability, what else is covered?

This will depend on the individual policy and whether the CC. has purchased any additional cover

CCs should check their policy – it may provide cover for some or all of the following (this is not an exhaustive list):

- events (e.g. turning on Christmas lights)
- "contents" e.g. benches, flower planters
- legal costs
- volunteer work parties
- engaging a contractor to work on your behalf. Whilst they may carry their own insurance, ultimately the CC as the instructing party could be held liable.

CCs should consider what they do during the year and check their policy. If you have any doubts, you should contact your insurer.

It is also important to understand:

- excesses – the first part of a claim which is not covered
- limits – the maximum payout
- exclusions – matters that are not covered
- conditions – for example, the requirements your insurers need to be in place for the insurance cover to be valid

#### 4. Who provides CC insurance?

CCs in Highland have been responsible for arranging their own insurance cover since 2018.

**It is essential that CCs have insurance in place.**

Many CCs may have continued with Zurich (which was the insurance provider used when The Highland Council arranged the insurance directly), but The Highland Council has no data on this. CCs do not have to use Zurich and are free to source other providers whose cover meets their needs.

#### 5. Why doesn't The Highland Council arrange CC insurance?

The Highland Council previously arranged insurance for CCs through Zurich. However, following a change in Financial Conduct Authority regulations in 2018, the Council is no longer able to provide this service as it is not a registered insurance broker.

#### 6. Who pays for CC insurance?

CCs pay for their own insurance. The grant from The Highland Council includes an amount to cover the basic CC insurance premium.

#### 7. Who can advise CCs on insurance?

The Highland Council is not able to provide advice to CCs regarding insurance, as outlined above.

***CCs should contact their insurer or an independent broker for advice*** e.g. whether their insurance cover is sufficient.

It is important that each CC does this themselves as the activities CCs are involved in are all different.

#### 8. How can CCs ensure that cover is up to date?

Firstly, the CC should understand what cover they have and satisfy themselves it meets their needs. The CC's insurer should be able to advise on this issue. Whenever the CC is planning to arrange a new event, a new project, or purchasing equipment etc. they should contact the insurer to make them aware of the proposal, confirm whether that the existing cover is sufficient and/or whether will be any additional premium to pay.

## 9. How does liability work with CCs?

CCs were created by the Local Government (Scotland) Act 1973. They are unincorporated associations and are not legally distinct from their members. This means they cannot own property, enter into contracts in their own name, or be held liable for wrongful acts committed by their representatives. Although they are described as “statutory” they do not have any rights or protections as an organisation.

In contrast bodies such as Community Development Trusts or Community Companies which have been constituted properly will enjoy a separate legal personality which may be held liable. A CC is seen in legal terms as a collection of individuals, elected Community Councillors. CC owned property is formally held by Officer Bearers (Chair, Secretary and Treasurer) on behalf of the CC. If the CC incurs any liability, this could fall personally or collectively on each individual Community Councillor, although in the 2018 case below a Court of Session judge was satisfied that CCs were ‘hybrid’ bodies who might be sued in their own name.

***The treatment of liability is the key difference between CCs and Community Development Trusts, and the reason why many communities have both: a CC to represent the community; and a Development Trust to apply for grants, deliver projects, run events, own and run community halls etc.***

CC insurance should offer protection for core CC activities (representing the community), so it is important that if the CC engages in other activities (running events, projects owning equipment etc.) Community Councillors are fully aware of their potential individual liabilities and satisfy themselves that the CC is adequately insured.

There are a few cases where CC liability has been contested in the courts, and the case history can be confusing and ambiguous. The case of Connel CC is a prominent example: <https://www.scottishlegal.com/articles/community-councils-can-be-sued-for-damages-judge-rules-in-personal-injury-claim>

## 10. How can a CC manage liability?

There are three important steps that Community Councillors can take to manage liability:

- Ensure that the CC has the insurance cover it needs – depending upon the activities the CC is involved in.
- Act in good faith in accordance with CC Scheme of Establishment, and even when acting as a Community Councillor understand that you may be personally responsible for the things you say and do, ***just as if you were acting as a private citizen.***

- Establish, or work in partnership with, properly constituted community trusts (or similar) that have an established legal personality. Once established allow the Community Trust to own property, run projects and events. In this way the limited liability corporate body or organisation (rather than individuals) is liable. A word of caution: this structure is unlikely to protect individuals from liability for criminal or negligent acts.

## 11. Our CC is concerned about insurance and liability. What practical steps can we take?

### 1. Check existing insurance policy

- Review the CC insurance policy to ensure it covers:
  - public liability – injuries to the public and other people's property
  - employer's liability – if the CC has staff or volunteers
  - property and equipment – if the CC own property (not recommended) or equipment
  - events and activities – if the CC run events or activities
  - consider whether your Community Council need to insure for office bearer indemnity
- Check that the insured limits are sufficient.
- Make sure that you comply with the policy requirements.

### 2. Identify risks

To determine what level of cover is needed:

- make a list of activities and assets (e.g. events or equipment).
- assess potential risks (injury, damage, financial loss).

### 3. Consider additional insurance

If your CC runs events or owns property, you may need:

- public liability insurance – essential for events, so check existing PL cover
- event insurance – covers cancellation etc
- employee insurance – for staff or volunteers
- property insurance – for buildings or equipment

### 4. Risk Management

- consider whether the CC is best organisation to own the property / run the event etc. a community development trust or similar may be better.
- risk assessments – for all events and activities including work undertaken by staff and/ or volunteers.
- check if a licence is required and, if so, that it is secured in advance of the event
- policies – health and safety, safeguarding, volunteer agreements.
- training – to ensure volunteers understand responsibilities.

#### 5. Discuss requirements with insurer

- be honest – if the CC is underinsured or you fail to disclose a material fact cover may be limited or refused altogether
- consider whether the event/ activity/ project justifies the cost of the additional premium
- all consents, permissions and licences are in place
- consider whether that event/ activity/ project could be delivered differently, on a different scale, or by another organisation.
- discuss and review any exclusions for events (alcohol, fireworks etc)
- are volunteers adequately covered under Employer's Liability?
- are the premiums calculated via a flat rate or activity based?
- are event cancellations covered? (Scottish weather can intervene)

#### **12. Are CCs susceptible to Judicial Review proceedings?**

There has been a lot of media coverage about the current situation in Highland which has seen a Judicial Review proceeding being initiated against a CC.

Community Councils have been in existence for approximately 50 years, and this is the first instance of such proceedings being raised and their competence considered.

#### **13. Can we be insured against Judicial Review?**

That is ultimately a question for each CC to ask their insurer. The Highland Council has asked an 'in principle' question of one insurance company but has yet to receive confirmation.

Deciding on whether or not to insure for something is a decision for each individual CC. As noted above, it is important to consider what the CC is involved in, the issues that might give rise to judicial review proceedings, the risks of something happening and the anticipated costs of insuring against this risk.