Risk Management Policy

This policy has been adopted by Highfield Park Trust

Date Ratified: July 2019

Review Date: May 2020

Signed: T Abbott

Position: Chair of Trustees

Risk Management Policy

Risk is an everyday part of charitable activity and managing it effectively is essential if the Trust is to achieve its key objectives and safeguard its funds and assets. Risk management is a dynamic process and risks faced by the Trust should regularly reviewed and assessed in all areas of its work and plans for the management of those risks drawn up. A risk register will be kept for this purpose. There is a legal requirement to make a risk management statement in the trustee's annual report confirming consideration has been given to the major risks facing the Trust and procedures for managing them.

1 The major risks under each of the following headings will be identified

   Governance risks
   Operational risks
   Financial risks
   External risks
   Compliance with law and regulation

2 The identified risks will be assessed in terms of the potential severity of their impact and likelihood of their occurrence.

3 The risks will be evaluated and decisions made about how to manage and respond to them.

4 New risks will be identified and addressed as they arise. Reviews will include assessing how effective the existing controls are.

5 The potential residual risk remaining after any mitigation action should be considered.

6 An appropriate statement, reflecting current legal obligations regarding risk management will be made in the trustee's annual report.

Risk Management Procedure

Risk Identification

The following classification will be used to identify risks

Risk category	Examples
Governance risks	inappropriate organisational structure trustee body lacks relevant skills or commitment conflicts of interest
Operational risks	lack of beneficiary welfare or safety poor maintenance of park facilities poor staff recruitment and training doubt about security of assets
Financial risks	inaccurate and/or insufficient financial information inadequate reserves and cash flow dependency on limited income sources inadequate investment management policies insufficient insurance cover
External risks	poor public perception and reputation turbulent economic or political environment changing central & local government policy
Compliance with law and regulation	acting in breach of trust poor knowledge of the legal responsibilities of an employer poor knowledge of regulatory requirements of particular activities (e.g. employment law, health & safety law, fund-raising, operating vehicles)

Assessing the Risk

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	no impact on service no impact on reputation complaint unlikely litigation risk remote
Minor	2	slight impact on service slight impact on reputation complaint possible litigation possible
Moderate	3	some service disruption potential for adverse publicity - avoidable with careful handling complaint probable litigation probable
Major	4	service disrupted adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme/ Catastrophic	5	service interrupted for significant time major adverse publicity not avoidable (national media) major litigation expected resignation of senior management and board loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

Evaluating the Risk

The following methodology give extra emphasis to impact when assessing risk. This works on a scoring of xy+y where x is likelihood and y is impact.

Interpretation:

Major or **Extreme/Catastrophic** risks score	15 or more
Moderate or **Major** risks score	between 8 and 14
Minor or **Insignificant** risks score	7 or less

	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
Impact	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
			1 Remote	2 Unlikely	3 Possible	4 Probable	5 Highly Probable
					Likelihood		

Managing Risk

Where catastrophic or major risks are identified appropriate action should be taken to manage them either by lessening the likelihood of the event occurring, or lessening its impact if it does.

There are four basic strategies that can be applied to manage an identified risk:

1. transferring the financial consequences to third parties or sharing it, usually through insurance or outsourcing
2. avoiding the activity giving rise to the risk completely, for example by stopping a particular activity or service
3. management or mitigation of risk
4. accepting or assessing it as a risk that cannot be avoided if the activity is to continue.

Monitoring and assessment

The process will ensure that:

- new risks are properly reported and evaluated
- risk aspects of significant new projects are considered
- any significant failures of control systems are properly reported and actioned
- there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
- any further actions required are identified
- the annual process is considered and reviewed
- relevant and timely interim reports are produced