# Risk Management and Assessment Policy and Procedure

| Version | 1 |
|---|---|
| Name of responsible (ratifying) committee | The Committee of Management:  Funtington and District Village Hall Trust |
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| Related Procedural Documents | H&S policy, Code of Conduct, Protecting Children and Vulnerable Adults Policy |
| In the case of hard copies of this policy the content can only be assured to be accurate on the date of issue marked on the document.<br><br>For assurance that the most up to date policy is being used, staff should refer to the version held on the Funtington District Community Centre website http://funtingtoncommunity.org/ | |

## 1. Introduction

Funtington and District Village Hall Trust (the Trust) is an unincorporated association and is a registered charity: number 305373. Identifying and managing the possible and probable risks that the Trust may face over time is a key part of effective governance. By managing risk effectively, the Trust can ensure that:

- Significant risks are known and monitored, enabling the Committee of Management (the Committee) to make informed decisions and take timely action;

- The Trust makes the most of opportunities and develops them with the confidence that any risks will be managed;

- Forward and strategic planning are improved; and

- The value and safety of the services it provides to the community are enhanced

## 2. Purpose

This policy explains the Trust's underlying approach to risk management and describes the key aspects of the risk management process.

## 3. Scope

This policy applies to all areas and activities of the Trust.

## 4. Responsibilities

**The Committee** has overall responsibility for:

- providing support and leadership for the risk management process;

- reviewing the effectiveness of internal controls, including financial and organisational; and

- reviewing the Trust risk register on a regular basis, to ensure that the Committee receives adequate and appropriate information and assurances relating to risks against the Trust's objectives.

**All staff and volunteers** have a duty as part of their involvement with the Trust to do everything they can to ensure that the policy works in practice.

## 5. Process

The management of risk is underpinned by the following key components:

- The Risk Management Cycle

  o Risk Identification
  o Risk Assessment
  o Risk Treatment
  o Risk Review/Risk Register

- Review of Effectiveness

**Risk Management Cycle**

Risk Identification: a risk can be identified through a variety of external and internal sources and can be proactive or reactive. For example,

- By simply walking around the building and looking afresh at what could reasonably be expected to cause harm e.g. new equipment

- Risk assessments
- Consultation with staff, volunteers and users
- Complaints
- Audit
- Progress against aims and objectives
- Any mandatory or statutory requirements

Risk Assessment

A risk assessment is no more than a careful examination of what could cause harm to visitors, contractors and others, or affect the Trust's reputation. This will enable the Committee to weigh up whether there are enough precautions (controls) in place, or more should be done to ensure that no one gets hurt and/or the Trust's reputation is not affected.

The purpose of a risk assessment is to provide a systematic and methodical tool for identifying risks associated with legal, moral and financial duties, removing them where possible, or otherwise adopting all the control measures and precautions that are reasonable in the circumstances.

Although the Trust has a standard risk assessment template, there are no fixed rules about how the assessment should be carried out: it will depend on the nature of the undertaking and the type and extent of the hazards and risks. However, the process should be practical, systematic and cover risks that can be reasonably foreseeable. For small undertakings with few or simple hazards, a suitable risk assessment can be a straightforward process based on personal judgment, experience and knowledge. In larger or more complex cases, specialist knowledge may be required. Whatever the type of risk assessment, it should be suitable and sufficiently detailed to determine whether adequate control has been achieved.

Consider who or what is at risk. Do not forget:

- Young workers, lone workers, new and expectant mothers etc;
- Cleaners, visitors, contractors, maintenance workers, volunteers; and
- The Trust's reputation or financial position.

Once a risk has been identified a risk assessment (Appendix A) should be completed and the following recorded:

- The consequence(s) on a scale of 1 – 5, should the risk become a reality
- The likelihood of the risk occurring, on a scale of 1 – 5
- The current control measures. This will determine what more will need to be done to reduce or eliminate the risk.

Once the risk assessment has been undertaken an action plan to address the identified problems must be completed.

Further guidance on assessing and recording risks is at:

Appendix B: Guidance for assessing risks
Appendix C: Guidance on terminology used in completion of risk assessment and action plan
Appendix D: Potential risks, their impact and possible controls: **NB: these are examples only and should not be considered as actual risks affecting the Trust**.

Risk Treatment

An action plan is agreed and implemented to manage and control the risk, using the following approaches.

- **Avoidance**: undertaking the activity in a different way to prevent the risk occurring;
- **Reduction**: taking action to reduce the risk;
- **Transfer**: movement of the risk to another individual / organisation; and
- **Acceptanc**e: all of the above options are not possible and a contingency plan is developed.

When creating the action plan, first ask whether all the things the law requires have been done. Then, whether generally accepted standards are in place. However, don't stop there, because the law also states that whatever is reasonably practicable should be done. The real aim is to eliminate risks altogether. However, it is recognised that in some instances this is not possible and in such situations it is essential that risks are reduced to the lowest level by adding to your controls as necessary.

In drawing up the action plan, it must be realistic. So

1) Can the risk/hazard be removed altogether?
2) If not, what controls need to be in place so that the consequence (outcome), should the risk be realised and the likelihood (chance) of the risk occurring can be eliminated or reduced as far as is reasonably practicable?
3) When are the additional controls likely to become effective (target date)?
4) What assurance will be available as to whether the controls are working?
5) What is the predicted (residual) risk rating likely to be, once all the controls are in place?
6) Who will monitor implementation of the action plan?

Risk Review/Risk Register

Whilst some risks, or aspects of risks, can be addressed immediately, there are occasions when time is required to implement solutions. A Trust risk register has been developed to provide an ongoing log of those risks which require further action and to monitor implementation of the action plans necessary for mitigation.

All risks on the risk register are monitored by the Committee. As a minimum, the Committee reviews the register and the associated action plans on a quarterly basis.

6. **Acceptable Risk**

The Trust acknowledges that some of its activities may, unless properly controlled, create organisational risks and/or risks to visitors, workers and others. The Trust will, therefore, make all efforts to eliminate risk or ensure that risks are contained and controlled so that they are as low as possible.

However, it is not always possible to reduce an identified risk completely and it may be necessary to make judgments about achieving the correct balance between benefit and risk. A balance needs to be struck between the practicalities and/or cost of managing the risk and the benefits to be gained.

A decision must therefore be made regarding the level at which a risk would be deemed acceptable to tolerate. A risk is considered acceptable when there are adequate measures in place and the risk has been managed as far as considered to be reasonably practicable.

Where a risk has been reduced to the point where the practicalities and/or cost of further controls to reduce the risk outweigh the benefit they may provide, it may not be considered reasonably practicable to implement further controls. However, where risk controls are available it is the duty of the Trust to demonstrate that the cost of implementation outweighs the benefit or, that alternative corrective measures have been implemented, Risks requiring a cost benefit analysis will be discussed by the Committee for a decision on 'acceptability' and recording of that decision making process.

**7. Organisational Learning**
   a) The Committee will monitor the risks on the risk register: as a minimum the risk register and associated action plans will be reviewed quarterly.

   b) Any required actions will be fed into the planning and management of services, as part of the Trust's self-evaluation.

# RISK ASSESSMENT AND ACTION PLAN

(This information will be transferred to the Trust Risk Register to ensure a comprehensive log of risks and associated action plans is maintained)

| FUNTINGTON AND DISTRICT VILLAGE HALL TRUST | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TYPE (may be more than one type) | | | | E – Environmental / External factors | Financial | | Governance | | Health and Safety | | Operational | | Other | |
| Risk scores are calculated by | | | | **Consequence (C) x Likelihood (L) using the 5 x 5 matrix** | | | | | | | | | | |
| ID | TYPE / SOURCE | DATE OPENED | RISK DESCRIPTION | IMPACT | ACTIVE CONTROLS ALREADY IN PLACE | INITIAL RISK RATING (C x L) | CURRENT RISK RATING (C x L) | PREDICTED RESIDUAL RISK RATING (C x L) | ACTION PLAN TO ACHIEVE PREDICTED (RESIDUAL) RISK RATING | ASSURANCE MECHANISM / MONITORING | Review Date / Final target date for mitigation of risk — RAG rated for progress: On target / Minor obstacle to achieving target / Inability to achieve predicted target | | | RESPONSIBLE LEAD |
| | | | | | | | | | | | Review Date | | Target Date | |
| | | • | | | | | | | • | • | | | | |

## GUIDANCE FOR ASSESSING THE RISKS

The risk matrix below is simple to use and designed to assist you in assessing risk in a consistent and systematic way: just follow each step of the process

**Step 1:** If the risk occurred what are the likely consequences (C) to person(s) or the Trust? Use the table below to grade the consequence.

**Step 2:** Look at what is being assessed and ask the question: What is the likelihood (L) of harm to persons or the Trust, given the current controls/precautions in place? Use the table below to grade the likelihood.

| LIKELIHOOD | DESCRIPTOR | DESCRIPTION |
|---|---|---|
| 1 | Rare | Not expected to happen again except only in exceptional circumstances e.g. once a decade, or a probability of <1% |
| 2 | Unlikely | May re occur infrequently, but it is a possibility e.g. once a year or a probability of 1-5% |
| 3 | Possible | May re occur e.g. once a month, or a probability of 6-20% |
| 4 | Likely | Will probably re occur e.g. weekly or a probability of 21- 50% |
| 5 | Highly likely | Likely to re occur on many occasions, is a constant threat e.g. at least once a day or probability of >50%. More likely to occur than not. |

**Step 3:** To obtain the risk rating, multiply the consequence x the likelihood

| | CONSEQUENCE | | | | |
|---|---|---|---|---|---|
| **LIKELIHOOD** | **1**<br>**Insignificant** | **2**<br>**Minor** | **3**<br>**Moderate** | **4**<br>**Major** | **5**<br>**Extreme** |
| **1 – Rare**<br>Not expected to occur | 1<br>LOW | 2<br>LOW | 3<br>LOW | 4<br>MODERATE | 5<br>MODERATE |
| **2 – Unlikely**<br>Occurs infrequently | 2<br>LOW | 4<br>MODERATE | 6<br>MODERATE | 8<br>SIGNIFICANT | 10<br>HIGH |
| **3 – Possible**<br>Once or twice a year | 3<br>LOW | 6<br>MODERATE | 9<br>HIGH | 12<br>HIGH | 15<br>EXTREME |
| **4 – Likely**<br>Hazard will occur but is not persistent.<br>There are no issues of custom and practice. | 4<br>MODERATE | 8<br>HIGH | 12<br>HIGH | 16<br>EXTREME | 20<br>EXTREME |
| **5 –Certain**<br>Constant threat is custom and practice | 5<br>MODERATE | 10<br>HIGH | 15<br>EXTREME | 20<br>EXTREME | 25<br>EXTREME |

Low (1 – 3)    High Risk (8 – 12)

Moderate Risk (4 – 6)    Extreme Risk (15 – 25)

**Step 4: Risk Level and Action Required.**

| Score | Risk Preventative Measures to be Taken or Planned |
|-------|---------------------------------------------------|
| **1-3** | Low Risk – manage by routine procedure. Implement any action that will eliminate or control the risk. |
| **4-6** | Moderate Risk – An action plan must be devised, agreed and implemented to reduce or eliminate the risk. |
| **8-12** | High Risk – An action plan must be devised, agreed and implemented to reduce, control or eliminate the risk |
| **15-25** | Extreme Risk – Immediate action required. An action plan must be commenced immediately to reduce, control or eliminate the risk |

**APPENDIX C**

# GUIDANCE ON TERMINOLOGY USED IN COMPLETION OF RISK ASSESSMENT AND ACTION PLAN

| SECTION | COMMENTS |
|---|---|
| ID | • An ID which allows the risk to be uniquely identified: this will inserted once the risk is placed on the register. |
| Type | • This is outlined on the top of the risk assessment form. |
| Date | • The date the risk was first placed onto the Register. |
| Risk Description | • A statement that provides a brief, unambiguous and workable description, which enables the risk to be clearly understood, analysed and controlled. |
| Consequence | • This is the consequence should the risk be realized. |
| Likelihood | • This is the chance of the risk being realized. |
| Active Controls | • Details of any actual controls already in place i.e. factors that are exerting material influence over the risk's likelihood and impact: the risk rating.<br>• An effective control is one that is properly designed and delivers the intended objective / mitigates the risk. |
| Initial Risk Rating | • The rating determined by likelihood x consequence using the 5 x 5 matrix.<br> o Consequence: the impact should the risk occur - this score should take into account the existing controls.<br> o Likelihood: the likelihood of the risk happening - this score should take into account the existing controls. |
| Current Risk Rating | • This will initially be the same as the initial risk rating.<br>• As time progresses, the current risk rating should decrease (if your controls are appropriate and effective) and move closer to the predicted residual risk rating. |
| Action Plan | • Further action(s) required to be taken in order to eliminate, mitigate or control the risk. |
| Monitoring/ Assurance | • How the controls in place will be monitored to ensure they are effective in managing the risk.<br>Plus<br>• Evidence that shows risks are being reasonably managed. |
| Predicted Residual Risk | • The risk rating after the further actions have been implemented: expressed as the product of the likelihood x the consequence. |
| Target Date | • Realistic date by which you consider the proposed actions will be completed. |
| Responsible Lead | • The title of the person who:<br> o Understands the risk and monitors it through its lifetime<br> o Ensures the appropriate controls are enacted<br> o Reports on the risk whenever required to do so |

**APPENDIX D**

| EXAMPLES OF POTENTIAL RISKS, THEIR IMPACT AND POSSIBLE CONTROLS | | |
|---|---|---|
| **POTENTIAL RISK DESCRIPTION** | **POTENTIAL IMPACT** | **CONTROLS** |
| **Environmental / External Factors** | | |
| Public perception | • Impact on voluntary income<br>• Ability to access grants | • Communicate with supporters<br>• Ensure good quality reporting on Trust activities<br>• Implement public relations procedures |
| Adverse Publicity | • Loss of reputation<br>• Loss of users<br>• Impact on morale | • Implement complaints procedures<br>• Agree a crisis management strategy – including consistency of key messages<br>• Agree a nominated spokesperson |
| Government Policy | • Impact of general legislation or regulation of activities undertaken | • Monitor proposed legal and regulatory changes |
| **Financial Risks** | | |
| Cash flow sensitivities | • Inability to meet commitments<br>• Impact on operational activities | • Identify major sensitivities<br>• Ensure adequate cash flow projections |
| Fraud or error | • Financial loss<br>• Reputational risk<br>• Regulatory action<br>• Impact on funding | • Review financial controls<br>• Set authorisation limits<br>• Agree whistleblowing and fraud policy<br>• Review security of assets |
| **GOVERNANCE RISKS** | | |
| The Trust lacks direction, strategy and forward planning | • The Trust drifts with no clear objectives<br>• Issues are addressed piecemeal with no strategic reference<br>• Financial management difficulties<br>• Loss of reputation | • Create a strategic plan, which sets out key aims, objectives and policies<br>• Monitor financial and operational performance |
| Management Committee lacks relevant skills or commitment | • Poor decision making<br>• Committee cannot operate effectively as a strategic body | • Review and agree skills required<br>• Review and agree 'recruitment' process |
| Conflict of interests | • Trust unable to pursue its own interests and agenda<br>• Decisions may not be based on relevant considerations<br>• Impact on reputation | • Agree protocol for disclosure of potential conflicts of interest<br>• Implement procedures for standing down on certain decisions |
| **HEALTH AND SAFETY RISKS** | | |
| Poor cleaning of facility | • Slips, trips falls<br>• Impact on reputation | • Review current cleaning practices and frequency<br>• Review cleaning competencies |
| | | |
| **OPERATIONAL RISKS** | | |
| User dissatisfaction | • Complaints<br>• Loss of reputation | • Implement robust complaints procedure<br>• Benchmark services<br>• Implement complaints review procedures |
| Capacity and use of resources | • Under-utilised building<br>• Equipment obsolescence | • Agree repair and maintenance<br>• Implement public relations procedures<br>• Communicate with supporters |
| Security of assets | • Loss or damage<br>• Theft of assets | • Review security arrangements<br>• Create asset register and inspection programme |
| **OTHER RISKS** | | |
| Anything that does not fit into above categories!! | | |