# Risk Management Policy

| | |
|---|---|
| **Version:** | 11 |
| **Name & job title of policy owner** | Julia Ward, Quality Manager |
| **Date approved by Nathan Singleton, CEO** | 20th August 2024 |
| **Next review date:** | August 2026 |

Contents

# 1. Introduction

This policy outlines the risk management process for LifeLine Projects in accordance with legislation and relevant guidance.

The policy explains how the process of risk management is implemented across the organisation.

The aim of risk management is to help continually improve the quality of services provided to beneficiaries through the identification, prevention, control and containment of risks of all kinds. To do this, a systematic and consistent approach to risk management is required across the range of our activities. This document sets out that approach.

Risk management arrangements need to comply with:

- Charities (Accounts and Reports) Regulations (2008)
- Other legislation: for example, the Health & Safety at Work Act 1974, and related Regulations; and
- Charity Commission guidance.

The effective assessment and management of risk is core business and the responsibility of all staff. Risk management measures must be based on reliable, timely information and the judgement and involvement of managers, staff and beneficiaries. Risk management is not about the elimination or avoidance of all risks: considered risk taking is a necessary management activity.

Risk management has a role in all the activities and functions of the organisation, including the establishment of corporate structures; performance management; service provision (whether directly or through a subcontractor); and, the management of information, property, support services, human resources, finances and relationships with stakeholders.

The Risk Register is a key part of risk management. Effective risk management also encompasses:

- strategic planning
- quality of services
- stakeholder relationship management
- policy making and review
- performance management
- financial planning
- security of information assets
- reporting of incidents/adverse events
- disaster recovery planning.

LifeLine Projects promotes an 'open and fair' culture, to support staff to identify risks, take risks responsibly and learn from mistakes.

Reporting of risks, untoward incidents and near misses, or concerns about performance is encouraged to promote a culture of openness and continuous improvement where concerns are dealt with and recurrent problems are identified and dealt with systematically and fairly. Beneficiaries and staff will gain much from the promotion of an open and fair culture.

The sections that follow set out how we assess, document and manage risk; the responsible staff; what help is available; and, how all of this is implemented.

# 2. How risk is assessed

LifeLine Projects has adopted the risk management model set out by the Charity Commission (2010). This is a generic model for identifying, prioritising and dealing with risks. The model identifies five stages in the risk management process:

- Establish a risk policy
- Identify risks
- Assess risks
- Evaluate what action needs to be taken on risks
- Periodic monitoring and assessment.

### 2.1 Establish a risk policy

An effective charity regularly reviews and assesses the risks it faces and implements plans to manage those risks. Effective risk management helps ensure a charity is fit for purpose.

Risks arise through things that are not done, as well as ongoing and new activities. Different charities will have different exposures to risk, depending on the activities they carry out. For example, charities operating in areas of high political instability may tolerate greater levels of risk in their operations than when operating in areas which are considered politically stable; or charities with sound reserves could undertake projects with greater financial risk than a charity with financial problems.

SMT will consider the context of the organisation, taking into account financial resources, corporate objectives, strategic aims, legal requirements, the nature of business and the needs of beneficiaries when deciding the level of risk they are willing to tolerate.

Through the risk assessment and evaluation process, trustees will be made aware of LifeLine Project's overall risk profile and the action taken to manage the major risks identified.

### 2.2 Identify risks

The Charity Commission (2010) suggests a number of 'risk areas' to consider when identifying risks:

- Operational risk
- Governance risk
- Finance risk
- External and environmental risk (including reputation)
- Compliance risk (relating to contracts, the law and regulatory bodies).

The risk management statement in the charity's annual review focusses on major risks identified by the trustees.

Directors must ensure that risk assessments are carried out across their areas of responsibility. The process should be as inclusive as possible. All staff and volunteers should understand the part they play in risk management. It may be appropriate to involve external stakeholders (including funders and beneficiaries) where reputational risk or provision of service to beneficiaries is being considered.

When tendering for contracts or setting up a new service, risks and plans to mitigate them, will be assessed during the tender/contract implementation process and regularly thereafter.

LifeLine Projects should also consider risks which may arise when it carries out activities through sub-contractors, subsidiary companies or related charities. These risks may be direct or indirect: for example, events in a related charity may give rise to a reputational risk or affect operational objectives if the subsidiary is responsible for service delivery.

### 2.3 Assess risks

The level of each risk is assessed using two factors the:

- Severity of the **impact**; and
- **Likelihood** of that risk occurring.

Calculate the risk score by multiplying the impact and likelihood then add a weighting again for impact. This gives extra emphasis to impact when assessing the risk.

**Risk score = (impact x likelihood) + impact**

The risk score is used to rank the risk. This enables the identification of risks that fall into the major risk category identified by the risk management statement. It helps staff to prioritise areas for action and/or management focus.

Care needs to be taken when applying this methodology because:

- Some risks may be rare but with the potential for very high impact. For example, the long-term loss of a building may threaten operations and so whilst the overall score may be low it may be appropriate to consider putting control arrangements (such as insurance) in place to mitigate this risk.
- The cumulative impact of a series of low impact risks may result in a very high impact risk. For example, a series of failings in governance and management controls may lead to a serious incident.

At this stage, the effectiveness of existing controls for each risk should also be considered.

### 2.4 Evaluate what action needs to be taken on risks

Risk management aims to reduce the 'gross level' of risk to a 'net level' of risk. The net level of risk is that which remains after appropriate action is taken.

For major risks, LifeLine will need to make sure that appropriate action is being taken to manage them. This review should include assessing how effective existing controls are. The action plan (and its implementation) allows SMT to make a risk management statement in line with regulatory requirements.

The various options for treating the risk should be subject to cost benefit analysis. In general, the costs of risk control should be less than the benefits obtained. However, this can be problematic as not all costs and benefits can be assigned a monetary value.

The type of actions will depend on the risk. Some examples are given below:

| **Risk Action** | **Control Measures to be Considered** |
|---|---|
| Avoid risk | This means deciding not to proceed with the activity likely to generate the risk and is the most obvious and effective means of dealing with a risk. However, a risk averse approach can lead to missed opportunities, increased risks in other areas and inefficient use of resources; |
| Transfer risk | This involves another party bearing or sharing the risk, e.g. through a partnership or outsourcing agreement. Where risks are transferred in whole or in part the organisation acquires a new risk in that the organisation to which the risk has been transferred may not manage the risk appropriately. Partnership or outsourcing agreements are often used in situations of rapid change or where greater negotiating strength is required. |
| Limit exposure | Phased commitment to projects. |
| Improve control procedures | Document procedures, review how well they are working and make improvements. |
| Insure | This often happens for residual risk such as fire, third party liability. |
| Tolerate | If the risk is unlikely to occur and/or of low impact then a certain level of risk can be accepted. |

All staff are responsible for ensuring suitable and sufficient actions are taken to mitigate risks and that these actions are appropriately documented.

Good risk management is about enabling organisations to take opportunities and achieve objectives as well as preventing untoward events. For example, by ensuring adequate funds to invest in new ventures that will take time to deliver a sustainable income stream (if at all).

### 2.5 Periodic monitoring and assessment

Risk management is an ongoing process that requires monitoring and assessment. Staff at all levels need to be involved and take responsibility for implementation of action plans. The Charity Commission (2010) describes the following attributes of a successful risk management process:

- new risks are reported and evaluated;
- risks relating to new projects are identified, assessed and action evaluated;
- significant failures of controls systems are appropriately reported and dealt with;
- individual responsibilities for implementation and monitoring of controls are clear;
- actions required are identified;
- SMT consider and review the annual process
- SMT receive regular, timely reports.

The risk assessment scoring process helps prioritise action and monitoring/assessment.  Risk scores are banded by colour to illustrate the level of risk.

Where risks are reviewed, and by whom, will depend on the score they receive, as shown in the table below:

Action to be taken following identification of risk score:

| **Insignificant: 0 - 5** | **Minor: 6 - 12** | **Major 12 - 19** | **Extreme: 20- 30** |
|---|---|---|---|
| Risks subject to aggregate review.<br><br>Use for trend analysis. | Reduce as part of directorate long term goals. | A prioritised action plan to monitor and review practice aiming to reduce the identified risk, include timescales agreed by the Contract Management Team | Risks rated 20 or more are reported to the Senior Management Team who will raise to trustees where appropriate.<br><br>Monitor and review quarterly. |

Risk assessments should be reviewed where a failure of control measures has led to the risk materialising (including after an accident) or where there are significant changes in work activities.

# 3. How risk assessments are documented

Risk assessments are used to determine:

- The level of acceptable risk to the organisation, to provide information to SMT so that they can make informed decisions and justify the net level of risk
- The controls that are in place and/or the action that needs to be taken
- The need to purchase insurance cover for transferable risk.  Queries about insurance cover should be directed to the Chief Executive Officer.

The Scorecard Management Tool includes a risk register.

### 3.1 Risk assessment as part of non-contract activities

Not all risks will be aligned to a contract and will therefore sit outside the Scorecard Management Tool process.

Where a detailed risk assessment is required for health and safety purposes, a specialist area or new risk, a separate risk assessment form may need to be completed and summary information entered onto the relevant scorecard or directorate Risk Register.

The generic Risk Assessment Form is shown at Appendix B and is available on SharePoint on this link.

# 4. Responsibilities

An overview of board and committee duties are given below followed by individual job holder's responsibilities.

### 4.1 Board of trustees

Trustees have a duty of prudence and a duty of care (Charity Commission, March 2012).  As such, they are responsible for strategy and management control, including risk management.  Trustees:

- support the creation of a culture which allows anticipation and response to adverse events / trends as well as opportunities
- ensure an effective risk management system is in place
- focus on those risks and events which might compromise the achievement of strategic objectives
- review the effectiveness of internal controls
- decide the level of risk they are willing to tolerate and communicate this to staff
- approve the risk management statement in the Annual Review, in line with Charities (Accounts and Reports) Regulations (2008).

### 4.2 Senior Management Team meetings (SMT)

Review all "high" risks (scored 20 and above) and satisfy themselves as to the suitability and sufficiency of the control measures and action plans to further reduce the risks identified. The SMT considers the adequacy of the risk register overall and in particular ask 'does it include all the key risks faced by LifeLine Projects and are the risks scored appropriately'?

### 4.3 Scorecard meetings

Review performance against each contract held between a funder and LifeLine Projects for services to beneficiaries. The duties of the group is to review the risks associated with each contract, consider the current control measures and proposed actions and make recommendations about any further control measures/actions which should be considered.

### 4.4 Safeguarding Review Group

Is responsible for oversight of safeguarding arrangements. The group will:

- review safeguarding alerts/incident trends, lessons learnt and actions for improvement
- consider risks relevant to its terms of reference.

### 4.5 Chief Executive Officer

The Chief Executive has overall responsibility to implement the risk management policy throughout the organisation, including risks associated with financial performance, ensuring a sound system of internal control, anti-fraud, data protection, ICT and facilities management. The CEO also oversees disaster recovery planning.

### 4.6 Directors

Directors are responsible for ensuring that:

- risks are identified, assessed and treated across their area of responsibility
- staff are clear about their responsibilities for risk management and the implementation of this policy, including within job descriptions and by attending training
- assurance over controls in place is sought as necessary and the results of internal and external reviews are reflected in the risk register
- their directorate's risk register is regularly reviewed
- staff are performance managed, including objective setting, appraisal, training, development and reward. The performance management process must reflect the LifeLine Project's values, mission, objectives and targets and how the risks to achieving them will be mitigated
- they comply with legal duties, e.g. health & safety, data protection
- when applicable, prepare for external assessments from regulatory bodies, such as the Charity Commission and the Health & Safety Executive (HSE).

### 4.7 Head of Support Services

Has overall responsibility for quality processes within the organisation and as such checks that the risk scoring is consistent across the portfolio of risks, that actions are 'SMART', where risks are added the source of the risk is reported and where risks are removed or scores are changed the reason(s) for this are reported.

Has oversight of health and safety processes within the organisation and as such checks that the risk scoring is consistent across the portfolio of risks, that actions are 'SMART' where risks are added the source of the risk is reported and where risks are removed or scores are changed the reason(s) for this are reported.

### 4.8 Managers

Managers are responsible for:

- directing and monitoring risk management processes, taking expert or competent person advice as appropriate
- ensuring staff work to continually improve quality
- ensuring that risks are entered on the Risk Register for their areas of responsibility

Managers have a duty to ensure action is taken to put in place suitable and sufficient controls (see section 3.1). If a significant risk is identified and local control measures are considered inadequate, managers must escalate this up the management line.

### 4.8 All Staff

All staff must help identify and take action to identify, report, reduce or eliminate risk (including dealing with hazards and/or warning others).

Staff must comply with LifeLine Project's policies and legislation for the reporting of incidents and near misses as detailed in the Health and Safety policy and data security, as detailed in the General Data Protection Regulation policy.

# 5. Specialist and competent person advice

LifeLine will provide access to specialist or expert advice when required. This may be achieved through directly employing such individuals or entering into a contract for services, according to what is most appropriate and cost effective.

# 6. Implementation and monitoring

### 6.1 Implementation

Once approved, this policy will be made available to LifeLine staff on SharePoint. The policy will also be published on LifeLine's website and a link sent to subcontractors. The previous versions of the policy and associated documents will be removed. Lifeline maintains an electronic archive of all policy documents.

### 6.2 Process for monitoring implementation and effectiveness

For this policy, the following monitoring processes are in place:

| Standard | Monitoring process |
|---|---|
| All risks reviewed monthly | Risks reviewed at monthly scorecard meetings to ensure actions taken to mitigate risks are effective |
| Risks rated 20 and above reported to SMT | Scorecard report submitted monthly to SMT.<br>Risks identified at 20 and above are identified for discussion where required |
| Risk rated 20 and above reported to the Board of Trustees | CEO reports verified risks quarterly to the Board of Trustees |

# 7. References


Charity Commission (2010) Charities and risk management (CC26). Available at: http://www.charitycommission.gov.uk/media/94007/cc26text.pdf

Charity Commission (March 2012) The essential trustee: what you need to know. Available at: http://www.charitycommission.gov.uk/detailed-guidance/trustees-staff-and-volunteers/the-essential-trustee-what-you-need-to-know-cc3/

Charity Commission (December 2013) Reporting Serious Incidents – guidance for trustees. Available at: http://www.charitycommission.gov.uk/media/90438/rsinotes.pdf
Charity Commission [no date] alerts & warnings. Available at: http://www.charitycommission.gov.uk/our-regulatory-work/how-we-regulate-charities/alerts-and-warnings/

Health & Safety Executive [no date] Cost Benefit Analysis checklist. Available at: http://www.hse.gov.uk/risk/theory/alarpcheck.htm
Health & Safety Executive [no date] Risk assessment. Available at: http://www.hse.gov.uk/risk/risk-assessment.htm

HMSO (1974) *Health & Safety at Work Act*

HMSO (1998) *Data Protection Act*

HMSO (1999) *The Management of Health and Safety at Work Regulations*
HMSO (2008) *Charities Accounts and Reports Regulations*

Health & Safety Executive [no date] *Young people and work experience – a brief guide to health & safety for employers.* Available at:
http://www.hse.gov.uk/pubns/indg364.pdf

Information Commissioner's Office [no date] Sector guides – charity. Available at:
http://ico.org.uk/for_organisations/sector_guides/charity

# 8. Related documents

- Complaints Policy
- Health and Safety Policy
- General Data Protection Regulation Policy
- Whistleblowing Policy.

# 9. Definitions

The following are a list and description of the meaning of key terms used in this policy.

| Term | Definition/description |
|---|---|
| Charity Commission | The regulator for charities in England and Wales. |
| Cost benefit analysis | An assessment of whether further risk reduction measures are reasonably practicable. |
| LifeLine Projects | LifeLine Community Projects |
| Risk management | A management approach incorporating incident investigation and reporting, health & safety, risk assessment, claims and complaints management, disaster recovery planning and security of assets. |
| Risk register | A document which identifies the principal risks to achieving the organisation's corporate objectives and what action is being taken to mitigate these risks. |
| Stakeholder | A person, group or organisation that has an interest or concern in an organisation. They may be internal to your organisation, e.g. staff, trustees or external to your organisation, e.g. beneficiaries, funders, the Charity Commission. |
| Sub-contractors | Other organisations providing services to beneficiaries under contract to LifeLine Projects, where LifeLine Projects is the prime contractor. |

# 10. Version Control Sheet

| Version | Date | Author(s) | Status | Comment |
|---|---|---|---|---|
| Issue 6 | April 2013 | Not stated | Redundant | Previous policy |
| Issue 7 | May 2014 | Victoria Morgan | Approved | The following have reviewed the policy and not required changes:<br>• Director of Employability & Skills<br>• Director of Finance<br>Changes suggested by the following have been incorporated: Chief Executive Officer, National Executive Director, FaithAction, Quality Assurance Officer, Quality Manager |
| Issue 7 | May 2014 | Victoria Morgan | Approved | Approved by the SMT meeting on 3 July 2014. |
| 8 | May 2015 | Julia Ward | Approved | Review and update |
| 9 | December 2015 | Julia Ward | Approved | Review and update |
| 10 | July 2021 | Julia Ward | Approved | Review and update |
| 11 | August 2024 | Julia Ward | Approved | General review and update |

# Appendix A – Risk Assessment Scoring Process

The following tables should be used to guide the risk scoring process. The tables are based on the Charity Commission's (2010) guidance.

### 1. Impact of the risk: score descriptors

| Descriptor | Score | Impact on service and reputation |
|---|---|---|
| **Insignificant** | 1 | No impact on service<br>No impact on reputation<br>Complaint unlikely<br>Litigation risk remote |
| **Minor** | 2 | Slight impact on service<br>Slight impact on reputation<br>Complaint possible<br>Litigation possible |
| **Moderate** | 3 | Some service disruption<br>Potential for adverse publicity – avoidable with careful handling<br>Complaint probable<br>Litigation probable |
| **Major** | 4 | Service disrupted<br>Adverse publicity not avoidable (local media)<br>Complaint probable<br>Litigation probable |
| **Extreme** | 5 | Service interrupted for significant time<br>Major adverse publicity not avoidable (national media)<br>Major litigation expected<br>Resignation of senior management and board<br>Loss of beneficiary confidence |

### 2. Likelihood of the risk occurring

| 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 |

### 3. Risk score

Use the Risk Scoring matrix below to calculate the risk score and level of risk.

**Risk Score = (impact x likelihood) + impact**

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

### (d) Action to be taken following identification of risk score

<table>
<tr><th>Insignificant: 2 - 5</th><th>Minor: 6 - 10</th><th>Major 12 - 18</th><th>Extreme: 20- 30</th></tr>
<tr><td>Risks subject to aggregate review.<br><br>Use for trend analysis.</td><td>Reduce as part of directorate long term goals.</td><td rowspan="2">A prioritised action plan to monitor and review practice aiming to reduce the identified risk, include timescales agreed by the Management Team</td><td rowspan="2">Risks rated 20 or more are reported to the Senior Management Team who will raise to trustees where appropriate.<br><br>Monitor and review quarterly.</td></tr>
<tr><td colspan="2">Risks monitored and managed at Directorate level and relevant team/project meetings</td></tr>
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# Appendix B - Risk Assessment Document

| | |
|---|---|
| **Risk Assessment Title** | |
| **Date of Risk Assessment** | |
| **Risk Assessment Completed by** | |
| **Assessment Review Date: (annually, or sooner if required)** | |

**Introduction to the risk assessment…**

Detail here about what the risk assessment covers i.e. the situation being risk assessed.

| Situation being assessed | | Location(s) covered | | Date | |
|---|---|---|---|---|---|
| Risk assessor | | Persons covered | | | |

| List the hazards below<br><br>Remember to talk to those actually involved in the situation | (a) Uncontrolled Risk | | | | **Existing**<br><br>Measures being taken to control the risk | **Additional** control measures<br><br>• Ideally eliminate or if not possible reduce and control the risk<br>• Is Personal Protective Equipment required as a last resort? | (b) Controlled Risk | | | | By who? By when? |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | √ Category | | | | | | √ Category | | | | |
| | E | M | M/M | I | | | E | M | M/M | I | |
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Add more lines if required

# Appendix C – Risk Register Template

The format of the Risk Register is shown below.

| Ref | Risk description | Risk category | Linked strategic goal | Risk owner | Controls in place | Gross risk | | | Action plan | By when | Net risk | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | I | L | score | | | I | L | score |
| | | Governance | Childcare | | | 1 | 1 | | | | 1 | 1 | |
| | | Contract | Alt education | | | 2 | 2 | | | | 2 | 2 | |
| | | Financial | Youth mentoring | | | 3 | 3 | | | | 3 | 3 | |
| | | External env | Parenting | | | 4 | 4 | | | | 4 | 4 | |
| | | Compliance | FaithAction | | | 5 | 5 | | | | 5 | 5 | |
| | | | Emp & training | | | | | | | | | | |

**What do the headings on the Risk Registers mean?**

1. Enter reference number for the risk.
2. Risk description: enter a concise description of the risk including the cause of the risk and the impact upon the objective.
3. Risk Category. Select category risk from the drop-down menu i.e. governance; operational; financial; external; compliance. Pick the category that best describes the risk, even if it is not an exact fit.
4. Linked strategic goal: select the goal from the drop-down menu which most closely links to the risk described. All risks must have this field completed.
5. Risk owner: enter the manager who has overall responsibility for managing this risk.
6. Controls in place: what has been put in place to control the risk.
7. I = impact
8. L = likelihood.
9. Gross risk score: the risk score with the existing controls in place. Once you have filled in the gross impact and likelihood scores, this field will complete automatically.
10. Action plan: summarise the further actions that are planned (but not yet taken) to control the risk. Be clear who will take them.
11. Net risk score: the risk score once the action plan is complete.