



Registered Charity No 1072924

BUCKINGHAM CANAL SOCIETY

RISK MANAGEMENT POLICY AND PROCEDURE

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buckinghamcanal.org.uk

1 Definitions

BCS: Buckingham Canal Society

Trustees: The Committee of Buckingham Canal Society

Risk: The uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting, on BCS':

- performance in carrying out its activities
- achievement of its aims and objectives
- meeting the expectations of members and the wider public.

Risk Categories	Examples
Governance	Organisational structure, recruiting trustees with relevant skills, conflict of interest
Operational	Service quality and development, contract pricing, employment, health and safety
Financial	Accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, fiscal management
External	Public relations, local authority and government policy, environmental
Compliance, law and regulation	Charity Commission regulations and regulative requirements of activities including fund-raising or construction projects

2 BCS Risk Management Policy

- 2.1 The Trustees recognise risk is an inherent feature of all activity, may arise from inaction as well as new initiatives and is not solely focused on the prevention of disaster. This policy will enable Trustees to focus on the mitigation of risks that would prevent BCS achieving its strategic objectives. BCS will be able to carry out its activities and projects with an understanding of the risks faced, and with confidence that reasonable steps have been taken to mitigate them. The Trustees accept that good risk management is also having procedures in place that enable the charity to respond quickly to unexpected opportunities and to meet urgent need, as well as identifying, minimising and mitigating risk.
- 2.2 The Trustees have a duty to ensure that the charity is financially sound, legislatively compliant and operates to a high standard in all areas. The Trustees have agreed that this policy will balance the need to take risks in pursuance of charitable purposes, and the duty to ensure that the charity's financial and legal standing and the quality of its operations are not compromised.

- 2.3 The Chairman, the Health and Safety Officer and one other Trustee will carry out a risk analysis annually which identifies and evaluates the nature of the risks facing BCS. The risk analysis will be informed by the views of all key stakeholders. The Chairman will report the results of the analysis to the Trustees who will agree any actions necessary to mitigate identified risks. The actions will contribute to strategic planning and be carried out by the relevant working groups.
- 2.4 A risk analysis of any proposed new project or development will be undertaken by BCS. The Trustees will decide in each case whether the risk associated with the project or development is acceptable in the light of the charity's overall risk profile. Where the Trustees agree to go ahead with the new project or development the Chairman will be required with nominated trustees to carry out a detailed risk assessment and put in place strategies to address and minimise any identified risk.

3 BCS Risk Management Procedure

3.1 Identification of risks

The same process will be followed for the annual risk analysis, which forms part of the charity's strategic planning process, and the individual risk assessments of proposed new projects or developments.

The process involves the consideration of:

- 3.1.1 the charity's objectives, philosophy and strategy;
- 3.1.2 the nature and scale of the planned activity/activities;
- 3.1.3 the outcomes to be achieved;
- 3.1.4 external factors that might affect the charity such as legislation and regulation, and the charity's reputation with its major funders, supporters and the public;
- 3.1.5 the organisational structure and its continuing suitability
- 3.1.6 specific risk factors identified by stakeholders

The risk assessment of new projects or developments will involve as wide a range of stakeholders as possible. These will always include the BCS projects team and the Trustees but may also include key members with specialist responsibilities &/or knowledge, or members and key external stakeholders with an interest in the project or development. Generally the risk analysis will consider the aforementioned five categories of risk.

3.2 Assessing risk

For each identified risk the likelihood of occurrence and the severity of its impact on the charity will be assessed. For more complex risks it may be helpful to chart the risks to assist identifying severity and enable prioritising to take place.

Assessment of risk	Chance of occurrence	Severity of impact
Less significant	Low likelihood	Low severity of impact
Major	Low likelihood	High severity of impact
Less significant	High likelihood	Low severity of impact
Major	High likelihood	High severity of impact

Major risks are those which, if they occur, would have a severe impact on operational performance, the achievement of objectives or the reputation of the charity and which have a high likelihood of occurring.

Judging the severity of impact may require some subjective judgement. BCS operates in the context of public confidence and future income streams may be heavily dependent on the perception and reputation of the charity with the public and funders.

3.3 Evaluating actions to address risks

- 3.3.1 Where major risks are identified the trustees will ensure that appropriate action is being taken to ensure that these are mitigated.
- 3.3.2 The trustees will begin by assessing the adequacy of controls already in place. For each of the major risks identified, trustees will consider any additional action that needs to be taken to mitigate the risk, either by lessening the likelihood of the event occurring, or lessening its impact if it does occur.
- 3.3.3 Once each risk has been evaluated, the trustees will agree a plan for any action that needs to be taken to mitigate the risk. They will identify any risk remaining after action has been taken and will make a judgment about whether this remaining risk is acceptable. This will be recorded in a risk register:
- 3.3.4 Trustees may decide to take further action to mitigate the remaining risk should they judge that this is unacceptable. The resources needed to implement this action will be balanced against the likelihood of the risk occurring and the level of its impact should it occur.
- 3.3.5 Risks with high potential severity of impact but low likelihood of occurrence during be kept under review annually and trustees will ensure arrangements are in place during each annual period to ensure that they can be addressed where appropriate.

- 3.3.6 Risks with low severity but with a high likelihood of occurrence can have low level but cumulative effects (eg on BCS finances or reputation) and Trustees will agree actions to mitigate them.

3.4 Periodic monitoring and assessment

- 3.4.1 The risk management process is designed to ensure that new risks are addressed as they arise and also to establish how previously identified risks may have changed. The process therefore requires periodic monitoring and the Trustees will monitor risk by:
- ensuring that the identification, assessment and mitigation of risk is linked to the achievement of BCS' operational objectives;
 - ensuring that the assessment process reflects the Trustees' view of acceptable risk;
 - reviewing and considering the principal results of risk identification, evaluation and management;
 - reviewing and considering update reports where the need for further action is identified;
 - considering any significant new activities or opportunities as they arise to ensure any risks are identified and managed; and
 - considering periodically external factors eg new legislation or new requirements from funders.
- 3.4.2 Monitoring will take place annually and will be supplemented by reports to Committee on any changes taking place and assessment of new activities or proposed projects.