

# FRAMEWORK FOR VOLUNTARY SECTOR – TO ASSIST IN COMPLETION OF A RISK ASSESSMENT STRATEGY

**(Organisation Name)**

## **Risk Management Strategy (insert date)**

The purpose of this Risk Management Strategy is to set out a Strategic plan for **(Organisation Name and period covered)**. It should be adopted as part of the strategic management to process across the **(Organisation Name)** to enhance **(Organisation Name)** values and vision and the achievement of **(Organisation Name)** objectives.

This Risk Management Strategy should deliver: -

- Clearly identified objectives, roles and responsibilities for managing risks
- Improved co-ordination of risk management throughout **(Organisation Name)**
- Improved respect for the diverse individuals, groups and organisations and businesses which comprise the **(Organisation Name)**
- Commitment to inclusivity, community policies and practices
- **Insert: Statement of organisation's outputs**

### **Insert: Mission Statement**

This section should comprise a summary of your recommendations/vision for the year ahead

### Back ground information

What is organisation all about?

Enter in here a couple of paragraphs outlining how organisation came about i.e

- Its culture
- Processes
- Structure

### Recommendations

The board of trustees are asked to approve organisation's Risk Management Strategy as outlined below:

**Organisation's Risk Management Policy Statement**  
Roles and Responsibilities

This framework was designed by Brighton & Hove City Council to assist Community & Voluntary organisations in Risk Management Analysis and Strategy Development. All comments and suggestions for improvements welcome. Please contact Jude Tyrie on 291112 or email [jude.tyrie@brighton-hove.gov.uk](mailto:jude.tyrie@brighton-hove.gov.uk)

## What is Risk Management?

It is most appropriately defined as:

“the culture, processes and structure which come together to optimise the management of potential opportunities and adverse effects”.

This definition recognises that risk is ever present and is not in itself a negative factor. The consideration of whether a hazard will present a substantive risk is the key. This process (risk management) can inform the decision making process and stimulate/generate development of new opportunities, avoiding a risk averse culture whilst maintaining efficiency and control.

It is an opportune moment to assess and re-focus how **organisation** manages hazards and risks to view new structures and changes to **organisation's** operating environment.

There are two terms, which need to be clarified:

**Hazard** - an event or situation which can cause harm (including ill-health and injury; damage to assets; loss of reputation; environmental pollution; financial losses; increased liabilities etc.)

**Risk** - the chance, great or small, that damage or an adverse outcome of some sort will occur as a result of a particular hazard

It is therefore evident that the existence of a hazard does not always constitute a risk.

The significant risks should be assessed in the context of the scale of risk associated with each hazard. This may be determined by considering:

- The **likelihood** of the risk event
- The **severity** of the consequences should it occur

By considering likelihood and severity and assessing hazards on a scale of 1-3, a scale of risk will be available for prioritising hazards/risks for attention. The scales of risk will be:

- **Low** - where the consequences will not be severe and any associated losses will be relatively low. As individual consequences they will have a negligible effect on **(Organisation Name)**, however a number of low losses may have a more significant cumulative effect and may require attention. Examples might be minor employee accidents, missed project deadlines.
- **Medium** - these have a noticeable effect on **(Organisation Name)**. Each one will cause a degree of disruption to service provision and impinge on funding. They are likely to happen infrequently and are difficult to predict. Examples might include a major fire, large-scale theft, and systems failures.
- **High** - Risks which have a catastrophic effect on the operation of **(Organisation Name)**. This may result in significant financial loss to **(Organisation Name)**. Examples might include funding lost or not granted.

## Who is involved in Risk Management?

There are probably many practices across **(Organisation Name)** currently delivering risk management. These may be more specifically referred to by a different name e.g. health and safety.

(You may wish to add any other people within your organisation, which would probably fulfil risk management duties (it normally means everyone), or consider rewording this entire section.

In summary, there are already processes and personnel who “optimise the management of potential opportunities and adverse effects - see the previous page for the definition of risk management.

It could be said that each and every person, whether Trustee of the Board, Employee, Consultant, Contractor or Volunteer connected with **(Organisation Name)** has a responsibility to consider how to manage hazards and risks. For instance all have a statutory duty to comply with health and safety legislation, all are subject to spectrum’s financial regulations when performing duties on behalf of **(Organisation Name)**.

## Categories of Risk, Roles and Responsibilities

The importance of identifying how, by whom and when hazards and risks which could threaten the successful achievements of **(Organisation Name)**, is pivotal to successfully delivering risk management at **(Organisation Name)**.

The focus must be on establishing roles and responsibility for the delivery of risk management and ensuring that consideration of hazards and risks is embedded into the strategic and operational business of running **(Organisation Name)**. It is therefore recommended that hazards and risks are categorised as either Strategic or Operational and the roles and responsibilities divided accordingly.

Forms providing an illustration of how both strategic and operational risks may be assessed in order that they are prioritised or "ranked" for action are attached at **Appendix 3**(Strategic hazards/risks) and **Appendix 4** (Operational hazards/risks).

The suggested roles and responsibilities for managing these hazards and risks are outlined in the table below:

Group	Role
Trustee Board Members	To ensure that <b>(Organisation Name)</b> manages risk effectively through the development of a comprehensive corporate strategy and to monitor delivery by receiving regular reports. In addition, to consider strategic risks affecting <b>(Organisation Name)</b> .
Co-ordinator	To support <b>(Organisation Name)</b> Trustee Board and its members in the effective development, implementation and review of the risk management strategy and to share experiences on risk across <b>(Organisation Name)</b> .
Volunteers	To manage risk effectively in their role and report hazards/risks to the co-ordinator. To undertake their role within risk management guidelines.

(the above is an example, you may wish to review roles)

If both strategic and operational risks are ranked across **(Organisation Name)**, it will enable the Trustee board and operational staff to take into account the hazards and risks connected to **(Organisation Name)** business in a consistent and uniform manner.

## The Benefits of an integrated approach to Risk Management

Include:

- Maximisation of revenue streams and/or minimisation of expenditure
- Enhanced membership value which accords with the goals of **(Organisation Name)** and \_\_\_\_\_ community
- Accurate risk reporting - an improved system will aid reviews in establishing the cost of running **(Organisation Name)**
- Enhanced Staff morale and behaviour - by identifying, assessing and acting upon hazards, risks and new legislation affecting staff, volunteers and members and their working environment in a timely and structured fashion
- Targeted risk reduction effort - operational risk management action to be agreed and managed by staff and volunteers, strategic risks to be managed by the Co-ordinator and the Trustee Board - all to generate savings and better utilisation of available resources
- Better assessment of business opportunities. With a clear understanding of the levels of risks acceptable to **(Organisation Name)** and it's framework to support assessment, **(Organisation Name)** will be better placed to consider joint projects with other organisations, using the risk management framework
- Reduced operating costs
- Improved performance - this links to reviews, improved strategic planning, and resource identification
- Better protection of resources and assets, including human resources
- Increased knowledge and understanding of the exposure to risk
- Less chance of receiving unwelcome surprises as hazards and risks are managed

Good risk management has the potential to re-orientate the whole organisation around performance improvement and to reinforce, on an on-going basis, what **(Organisation Name)** and its member's are seeking to achieve.

(this is intended to be signed by the Trustees/or someone relevant)

**(Organisation Name) Policy Statement**

**(Organisation Name)** is aware that some risks will always exist and will never be eliminated.

**(Organisation Name)** recognises that it has a responsibility to manage hazards and risks and supports a structured and focused approach to managing them by approval of the risk management strategy.

In this way **(Organisation Name)** will better achieve its corporate objectives and enhance the value of the services it provides to the \_\_\_\_\_ community.

**(Organisation Name)** risk management strategy's objectives are to:

- Integrate risk management into the culture of **(Organisation Name)**
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce related costs
- Raise awareness of the need for risk management by all those connected **(Organisation Name)** and the delivery of it's services

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within **(Organisation Name)** for risk management
- Providing opportunities for shared learning on risk management across **(Organisation Name)**
- Offering a framework for allocating resources to identified priority risk areas
- Reinforcing the importance of effective risk management as part of the everyday work of employees/volunteers by offering training
- Incorporating risk management considerations into future reviews of **(Organisation Name)**
- Monitoring arrangements on an on-going basis

Signed: ----- Date: -----

(Organisation Name) Risk Management Strategy



You may wish to add, move or delete some areas dependent on the nature of your organisation/services provided.

The table below explains further issues related to the main topics as set out in the diagram as (Appendix 1 (page 1)).

<p><b>Control &amp; Use of Technology</b>  IT Security  Business Continuity, manage dependency on IT facilities</p>
<p><b>Legislation</b>  Health and Safety Legislation  Human Rights Act  Employment Regulations  <a href="#">Any other legislation/acts which are relevant to your group?</a></p>
<p><b>Integration with main stream Services</b>  Training Issues  Working Together Project  Open meetings</p>
<p><b>Profile of Organisation</b>  Campaigning and Lobbying opportunities?  A quarterly newsletter and regular emailouts with pertinent information to the “XYZ” Community/your client group</p>
<p><b>Human Resources Issues</b>  Trustee Board/Representation?  Staffing/Recruitment issues  Volunteers  Training  Facilities  Membership Base?</p>
<p><b>Inclusion of “XYZ” Community/your client group</b>  Open Events to facilitate networking  A conference for “XYZ” individuals or groups?  Workshops?</p>
<p><b>Financial Pressures</b>  Lack of Core Funding?  Lack of Charitable Status?  Funding Issues  Risk of failure of Partnership Projects?</p>
<p><b>Implementation of the “XYZ” Strategy/Strategies</b>  Investment of time needed  Staff/volunteer issues/involvement needed</p>

**STRATEGIC**

<p>Strategic Hazards/Risks - <b>Those which have been identified by Trustees Board as potentially damaging to the achievement of (Organisation Name) objectives</b></p> <p><i>These are examples of hazards under each category of risk</i></p>	<p>Operational Hazards/Risks - <b>Should be managed by the staff or volunteers who will be responsible for operating and maintaining organisation</b></p> <p><i>These are examples of hazards under each category of risk</i></p>
<p><u>Political</u></p> <p>Impact of Government policy Image management</p>	<p><u>Professional</u></p> <p>Recruitment/Retention of qualified staff Investing in Training Over reliance on individual staff members Inefficient/ineffective management processes Inability to implement change Management of partnership working</p>
<p><u>Economic</u></p> <p>General Economic problems Regional Economic problems Misuse of financial resources Occurrence of fraud Breakdown of accounting system Unrecorded liabilities Unreliable accounting records</p>	<p><u>Financial</u></p> <p>Missed business and service opportunities Failure to prioritise, allocate appropriate budgets and monitor Inefficient/ineffective processing of documents</p>
<p><u>Social</u></p> <p>Meeting the needs of “XYZ” community or client group Partnership working</p>	<p><u>Legal</u></p> <p>Implementation of legislative change</p>



**OPERATIONAL**

<p>Strategic Hazards/Risks - <b>Those which have been identified by Trustees Board as potentially damaging to the achievement of organisations objectives</b></p> <p><i>These are examples of hazards under each category of risk</i></p>	<p>Operational Hazards/Risks - <b>Should be managed by the staff or volunteers who will be responsible for operating and maintaining organisations</b></p> <p><i>These are examples of hazards under each category of risk</i></p>
<p><u>Technological</u></p> <p>Obsolescence of technology Technology strategy Penetration and attack of IT systems by hackers</p>	<p><u>Physical</u></p> <p>Human Resources issues Loss of intangible assets Health and Safety Loss of physical assets Business Continuity</p>
<p><u>Legislative</u></p> <p>Penalties/Fines Timely preparation/response to forthcoming legislation</p>	<p><u>Contractual</u></p> <p>Over reliance on key suppliers/contractors Quality issues</p>
<p><u>Environmental</u></p> <p>Waste Disposal/Recycling Strategies</p>	<p><u>Technological</u></p> <p>Inability to implement change</p>
<p><u>Competitive</u></p> <p>Bids for Government/other Funds</p>	<p><u>Environmental</u></p> <p>Crime &amp; Disorder Act implications</p>
<p><u>Customer/Citizen</u></p> <p>Appropriate consultation Engaging “XYZ” communities/sections of client group e.g. BME/LGBT</p>	

## MANAGEMENT ACTION PLANS (MAPS)

(The following are given as examples. The Trustees will need to define their own organisational risks, prioritise and record as High, Medium and Low risks)

## Insert: Mission Statement

Vulnerability (a situation or circumstance that exists)	Trigger ( an event or change which cause the Vulnerability to become “live”)	Potential consequences	Risk Score	Suggested Action to Counter this Risk
<b>Political Risks</b>				
There are currently no BME, younger, older or disabled trustees; and there is an under-representation of women.	Unrepresentative trustee board	<b>(Organisation Name)</b> not seen as a diverse and inclusive group		To recruit three more women to the Trustee Board. To recruit or co-opt BME, disabled, older and younger people to the Board
<b>Economic Risks</b>				
Lack of core funding beyond March 2005.	Funding runs out	The Primary Care Trust and City Council funding will not be adequate to sustain current level of service		Fundraising Strategy and Planning
Lack of charitable status.	Many funding bodies will only fund charities.	Limited source for funding will reduce the services the organisation could provide		Plan for charitable status or alternative route e.g. business support

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<b>Economic Risks</b>				
To secure core funding from March 2005 and funding for an administrative worker	Core funding not attained	Future of organisation in doubt if administrative worker not employed. Organisation cannot progress		<ul style="list-style-type: none"> <li>• Research funding sources</li> <li>• Prepare job specification for administrative worker</li> <li>• Prepare funding application and submit</li> </ul>
<b>Customer/Citizen Risks</b>				
To expand organisation's membership base to 100 by April 2005	Failure to meet the membership target.	Current membership very small. Potential failure to attract more members could undermine organisation's credibility.		<ul style="list-style-type: none"> <li>• Link up with similar groups across the community to help raise profile</li> <li>• Prepare specification for membership drive</li> <li>• Roll out membership drive</li> <li>• Increase community events to raise profile and recruit new members</li> </ul>

Vulnerability (a situation or circumstance that exists)	Trigger ( an event or change which cause the Vulnerability to become “live”)	Potential consequences	Risk Score	Suggested Action to Counter this Risk
<b>Professional/Managerial Risks</b>				
Staffing: only two staff members, responsible for recruiting and supervising contract workers; liaising with mainstream agencies; community development work; information and publicity; events management; accounts; volunteer recruitment and support; and fundraising.	The current staff are endeavouring to do the work of three people and, as a result, some areas of core work suffer.	The present staff could become stressed/fall ill and be unable to fulfil duties.  Organisation ceases to operate at full capacity if at all.		<ul style="list-style-type: none"> <li>• Prepare specification for the required amount of staff required to take organisation forward</li> <li>• Produce a risk assessment for each member of staff and create back up systems</li> </ul>
Implementation of the “XYZ” strategy requires a high level of staff/volunteer involvement.	Volunteer recruitment and support requires considerable investment of time. Lack of staff capacity.	Unable to recruit the volunteers required, support and time not invested so strategy not implemented		Develop Volunteer Recruitment Plan and identify capacity e.g. within trustees
To rollout a programme of training	Training programme does not go ahead	Lack of training affects organisation and profile		<ul style="list-style-type: none"> <li>• Prepare training plan</li> <li>• Recruit training co-ordinator</li> <li>• Supervise training co-ordinator</li> </ul>

Vulnerability (a situation or circumstance that exists)	Trigger ( an event or change which cause the Vulnerability to become “live”)	Potential consequences	Risk Score	Suggested Action to Counter this Risk
<b>Professional/Managerial Risks</b>				
To recruit an independent consultant to carry out an evaluation of organisation	Independent consultant not employed	No evaluation carried out		<ul style="list-style-type: none"> <li>▫ Prepare a Job specification for Consultant</li> <li>▫ Research potential funding for Consultant</li> </ul>
To hold open events, including a conference	Goal to hold open events not fulfilled	Missed opportunity to raise the profile of organisation with impact on potential future funding and recruitment of volunteers		<ul style="list-style-type: none"> <li>▫ Build on working relationships with voluntary and statutory agencies in the city</li> <li>▫ More cross working within these relationships to enable organisation to engage these agencies in participating in these events</li> </ul>
<b>Social Risks</b>				
Offices and meeting rooms not wheelchair accessible	Disabled volunteers and staff are unable to attend meetings or work for organisation	Could loose any future support from wheelchair users		<ul style="list-style-type: none"> <li>• Discuss alternative venues for meetings to which wheelchair bound members need to attend</li> <li>• Consider moving office space or alternative arrangements for staff</li> </ul>
Offices and meeting rooms do not support people with disabilities	Disabled volunteers and staff are unable to attend meetings or work for organisation	Could loose any future support from range of disabled people		<ul style="list-style-type: none"> <li>• Discuss with disability groups and link with DRC information</li> <li>• Develop plan of action e.g. hearing loops and other aids</li> <li>• Develop fundraising plan</li> </ul>