

## **AGE UK CAMBRIDGESHIRE**

### **RISK MANAGEMENT POLICY**

#### **INTRODUCTION**

##### **Purpose**

The purpose of this policy is to define the 4 key areas of risk that as an organisation and as employees we will encounter and the elements within each of the 4 areas that we will need to address.

##### **Scope**

This policy applies to all Age UK Cambridgeshire & Peterborough (the charity) and Age UK Cambridgeshire & Peterborough Enterprises Limited employees, trustees, volunteers and designated agents.

#### **POLICY AND GUIDELINES**

##### **General**

Risk management is not just for corporations or public organisations but for any activity whether short or long term. The benefits and opportunities should be viewed not just in the context of the activity itself but in relation to the many and varied stakeholders who can be affected.

Risk can be defined as the combination of the probability of an event and its consequences as defined by the International Standards Organisation (ISO).

In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside).

##### **Risk Management**

Risk management is the process of measuring, or assessing risk and developing strategies to manage it. Strategies include:

- *transferring the risk to another party*
- *avoiding the risk*
- *reducing the negative effect of the risk*
- *accepting some or all of the consequences of a particular risk*

Risk management is a key element in supporting Age UK Cambridgeshire & Peterborough to meet its strategic objectives and to ensure the continuation of service and trading provision. Each sector of the organisation will at one time or another encounter risks and these risks need to be identified, assessed and mitigated where possible.

Risk management must be a continuous and developing process which runs throughout the organisation's strategy and implementation of that strategy. It should address methodically all the risks surrounding the organisation's activities past, present and in particular, future.

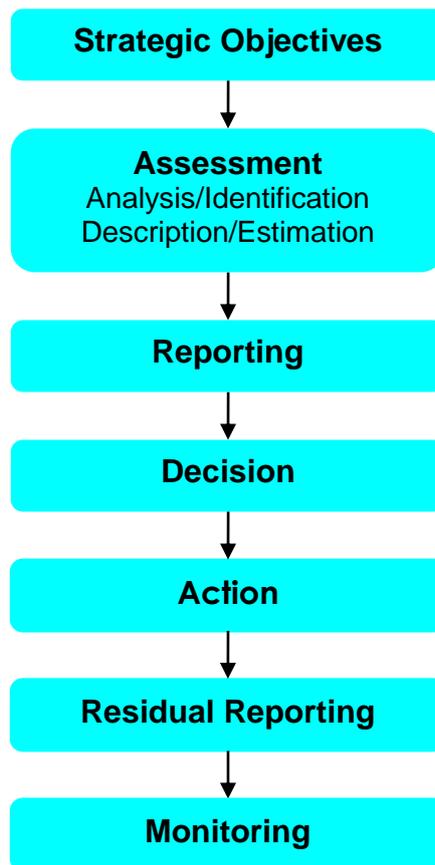
Risk management must be integrated into the culture of the organisation with an effective policy and programme.

Risk management must translate the strategy into:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1) <i>planned and operational objectives</i></li> <li>2) <i>assigning the operational objectives</i></li> </ul> | <ul style="list-style-type: none"> <li>3) <i>assigning responsibility throughout the organisation with each person responsible for the management of risk as part of their job description</i></li> </ul> |
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The risk management process highlighted in Figure 1 ensures that the organisation's objectives are clearly defined, followed by assessment, reporting, the action required and the monitoring that is in place to help prevent reoccurrences.

## **Figure 1 - Risk Management Process**



## Risk Categories

The organisation will encounter risk in four key areas:

1. **Strategic** – these concern the strategic objectives of the organisation. They can be affected by such areas as capital available, legal and regulatory changes, reputation and changes in the physical environment.
2. **Operational** – these concern the day-to-day issues that the organisation is confronted with as it strives to deliver its stated objectives.
3. **Financial** – these concern the effective management and control of the finances of the organisation and the effects of external factors
4. **Compliance** – these concern the effective management and control of health & safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues.

Within each of these four key areas there are three key elements that need to be addressed:

### **1. Identification**

- What is the risk?

### **2. Risk Management**

- How critical is this to business continuity?
- Can/should, the risk be accepted?
- How would this risk impact on the Organisation?

### **3. Mitigation**

- What procedures are/should be in place to mitigate the risk?
- How could the impact of the risk be minimised?

Risk management involves identifying risks and devising strategies and procedures to deal with these. Such strategies need to be regularly reviewed by the management team to ensure they remain relevant in meeting the needs of day-to-day operations.

### **Risk Description**

The objective of risk description is to display the identified risks in a structured format. The use of a well designed structure is necessary to ensure a comprehensive risk identification, description and assessment process. By considering the consequences and probability of each of the risks it is possible to prioritise the key risks that need to be analysed in detail.

### **Risk Estimation**

Risk can be defined as quantitative, semiquantitative or qualitative in terms of the probability of occurrence and the possible consequences.

For example, consequences in terms of threats (downside risks) and opportunities (upside risks) maybe high, medium or low but require different definitions in terms of threats and opportunities.

### **Risk Profile**

The result of the risk analysis process can be used to produce a risk profile which gives a significance rating to each risk and

provides a tool for prioritising risk treatment efforts. This ranks each identified risk so as to give a view of the relative importance. This process allows the risk to be mapped to the operational/service area affected, describes the primary control procedures in place and indicates areas where the level of risk control investment might be increased, decreased or reappointed.

Accountability helps to ensure that "ownership" of the risk is recognised and the appropriate management resource allocated.

## **Risk Evaluation**

When the risk analysis process has been completed it is necessary to compare the estimated risks against the risk criteria that have been established using the Risk Probability Record example in Appendix 1. The assessor can obtain a unique ID no by completing the RPR incident log in [.\AGE-DC01\Company Data\Policies & Procedures\Health & Safety - Risk - Environment\Risk](#) The risk criteria may include associated costs and benefits, legal requirements, social, economic and environmental factors, concern of stakeholders, etc. Risk evaluation therefore is used to make decisions about the significance of risks to the organisation and whether each specific risk should be accepted or treated.

## **Risk Reporting and Communication**

It is recognised that there will always be areas of risk which can never be entirely eliminated. Staff, Managers, Trustees and Volunteers are all responsible in identifying, assessing and mitigating the risk where possible.

1. Staff and Volunteers have a duty of care to ensure that risks are considered and the appropriate action taken. If in doubt they should seek advice from their Manager.
2. Managers and Team Leaders will be responsible for managing risk in each of their respective business/service sectors.
3. The Chief Executive and Board of Trustees are responsible for the governance and control of Age UK, their participation in the key aspects of the Risk Management process is essential.

## **Staff/Volunteers**

Staff and volunteers must:

- a) understand their accountability for individual risks
- b) understand how they can enable continuous improvement of risk management response
- c) understand that risk management and risk awareness are a key part of Age UK Cambridgeshire's culture
- d) report systematically and promptly to management any perceived new risks or failures of existing control measures

Risk should be included as part of staff and volunteers induction and supervision programmes, team meetings where appropriate.

## **Operating/Service units**

Each of the operating/service units must:

- Be aware of risks which fall into their area of responsibility, the possible impacts these may have on other areas and the consequences other areas may have on them
- Have performance indicators which monitor the key business and financial activities, progress towards objectives and identify developments which require intervention
- Have systems which highlight variances in budgets and forecasts at appropriate frequency to allow action to be taken
- report systematically and promptly to management any perceived new risks or failures of existing control measures

## **Trustees**

The two Boards (charity and trading company) must:

- Know the most significant risks facing the organisation
- Ensure appropriate levels of awareness throughout the organisation
- Know how the organisation will manage a crisis

- Know how to manage communications with the media
- Be assured that the risk management process is working effectively
- Endorse the risk management policy covering risk management philosophy and responsibilities
- Comply with the Charities Commission Statement of Recommended Practice (SORP)

## Risk Treatment

Risk treatment is the process of selecting and implementing measures to modify the risk. Risk treatment includes for example:

- *risk control*
- *risk mitigation*
- *risk avoidance*
- *risk transfer*
- *risk financing e.g. insurance*

Any system of risk should provide as a minimum:

- *effective and efficient operation of the organisation*
- *effective internal controls*
- *compliance with laws and regulations*

## Monitoring and Review

The Risk Incident Report, (example Appendix 2) is used to ensure effectiveness risk management with a reporting procedure and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place.

The assessor can obtain a unique ID no. by completing the appropriate RIR incident log in

[\\AGE-DC01\Company Data\Policies & Procedures\Health & Safety - Risk - Environment](#)

The monitoring and review process will determine whether:

- *the measures adopted resulted in what was intended*
- *the procedure adopted and information gathered for undertaking the assessment were appropriate*
- *improved knowledge would have helped to*

*reach better decisions  
and identify what  
lessons could be*

*learned for future  
assessments and  
management of risks*

## Appendix 1 - Risk Probability Record (RPR)

Risk ID no: RPR - (enter unique 4 digit no)

Risk identified by:                      Date:                      Time:

Reported to:                              Date:                      Time:

Probability of risk (✓ box):

High (probable)               Medium (possible)               Low (remote)

Who/What is at risk?
What is the nature of the risk?
What are the risk indicators?
What are the risk treatment/control mechanisms in place?
How will this risk impact on the organisation?
Are there any known previous incidents?
What action do you intend to take to reduce the risk?

## Appendix 2 - Risk Incident Report (RIR)

Risk ID: RIR - (enter unique 4 digit no)

Date of incident:

Time of incident:

Location:

Assessor:

Corresponding Risk Probability Record no: (enter corresponding RPR incident log no)

What is the nature of the risk?
Describe the risk:
What are the risk indicators?
Who are the persons at risk?
Who are the stakeholders?
What risk treatment and control mechanisms are to be put into place?
Should this risk be accepted, (please explain)?