# Chesterfield Canal Trust Ltd. Risk Management Policy

## Statement

It is the Trust's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.

Risk management is all about understanding, assessing and managing the Trust's threats and opportunities. The Trust accepts the need to take proportionate risk to achieve its strategic objectives, but expects these to be appropriately identified, assessed and managed. Through managing risks and opportunities in a structured manner, the Trust will be in a stronger position to ensure that we are able to deliver our objectives.

As a result, through risk management, the aims & objectives of Trust's Risk Management Policy are:

- Ensure that risk management becomes an integral part of strategic planning, decision making and project management.
- Enable the Trust to deliver its priorities and services economically, efficiently & effectively.
- Protect the Trust's position when entering into partnerships.
- Align risk management and performance management to drive improvement and achieve better outcomes.
- Guard against impropriety, malpractice, waste and poor value for money.
- That risk management training forms part of the normal training / induction programmes that are given on an ongoing basis.
- Ensure compliance with legislation, such as that covering the environment, health and safety, employment practice, equalities and human rights.
- Minimise the prospects of any damage to the Trust's reputation and/or undermining of public confidence in the organisation.

We recognise that it is not always possible, nor desirable, to eliminate risk entirely. However, visibility of these areas is essential, so that the Trust can explore external options, such as insurance.

## Risk Management Policy

Effective risk management will require an iterative process of identification, analysis, and prioritisation, action, monitoring and reporting of material risk. The processes required to deliver these objectives will need to ensure:

- Clear identification of corporate aims and priorities, service objectives and key actions.
- Specification of roles and responsibilities in respect of risk management activities.
- Consideration of risk as an integral part of corporate and business processes.
- Requirements to analyse, prioritise, respond to, monitor and report on material and significant risks.

- Maintain documented procedures, toolkits and guidance for use across the Trust by application of the risk register process and usage advice.
- Make all partners, providers and delivery agents aware of the Trust's expectations on risk, both generally as set out in the Risk Management Policy, and where necessary, in particular areas of service delivery.

## Risk management reporting structure

The risk management process is a continuous one and risks can therefore be reported at any time. Overall responsibility for ensuring that the Trust will lie with the Chair of the Trust, however responsibility for managing specific business risks at an operational level lies with Service Managers.

Risks will be formally reported as follows:

- The Board of Trustees will receive a report on the Trust's key risks twice a year.
- The officers of the Trust will consider quarterly risk management reports to ensure that actions taken to address strategic risks above the appetite for risk are effective.
- All decisions taken by the Board of Trustees will require consideration of the risks that the decision contains and how the risks are to be managed.

## Group or individual roles and responsibilities

### Board of Trustees

- Formal approve and adoption of the Risk Management Strategy (annually or as required).
- Approve the Corporate Risk Register (annually).
- Receive monitoring reports (mid and end of year).
- Contribute to the identification of Corporate risks.
- To review the Strategy and monitoring reports before going to the full Trust.

### Chair of Trustees

- Corporate responsibility for risk management.
- Champion and take overall responsibility for implementing the Risk Management Framework and embedding risk management throughout the Trust.
- Overall responsibility for ensuring that processes are in place to effectively manage risks within the Trust.
- Preparing and recommending changes to the risk management strategy.

### Officers of the Trust and Section Leaders

- Identifying and assessing risks.
- Ensure that risk management is incorporated into plans and project plans.
- Review risk treatment schedules.
- Review risk action plans and ensure they are implemented.
- Contribute towards the identification and management of operational risks for their section.

- Maintain awareness of, and help promote, the approved risk management strategy to all employees and volunteers.
- Ensure that risks which have been identified are addressed and mitigated and that any high risks are addressed urgently.

**All Trustees, employees and volunteers**

- Manage risk effectively in their section and report opportunities and risks to their section leaders.
- Participate in risk assessment and action planning where appropriate.
- Adhere to Trust policies and procedures.
- Attend training and development sessions as appropriate.

**Section Leaders**

- Section leaders have a responsibility to ensure that the risks associated with their activities are identified, recorded and regularly reviewed as part of the management process.

**Risk management process**

The process comprises of the following four basic steps; these are indicated in the diagram below and should be driven by the Trust's objectives.


**Step 1 – Identify the Risk** - The initial step in the risk management process is to identify the risks that the Trust is exposed to in its operating environment.
There are many different types of risks, for example: legal, environmental, market, regulatory, health and safety, employment, contractual, financial.

Creating a Risk Register ensures that these risks are now visible to every stakeholder in the organization and control and monitoring of the risks becomes routine.

**Step 2 – Assess the risk -** The scope of the risk must be considered to determine the overall impact on the Trust

**Step 3: Evaluate the Risk or Risk Assessment -** Risks need to be ranked and prioritised. This requires consideration of the likelihood of the event and the impact on the Trust. This provides focus and prioritises actions.

**Step 4: Monitor and Review the Risk**
Not all risks can be eliminated – some risks are always present. Monitoring risks also allows the Trust to ensure continuity and to focus action to address the key risks.

Having identified a risk there are four basic choices about how to deal with it:

- Treat the risk (i.e. do something about it).
- Tolerate the risk (i.e. accept it as it is).

- Transfer the risk (i.e. pass it to someone else, for example insurance).
- Terminate the risk (i.e. cease the activity that gives rise to the risk).

**Risk matrix and register**

A Risk Matrix is used to assess risks in terms of their likelihood of occurring and the impact they could have. The scores for each factor (likelihood and impact) are plotted on a matrix to identify those that require action i.e. focus on the 'red' area. The objective is to devise mitigating actions that will reduce the risk and ideally move the assessment into a safer area of the matrix (green or amber).