**Risk Management Policy**

**October 2014**

**Risks**

1. Risks can be identified under four principal headings
   a. Financial risks
   b. Strategic Risks
   c. Operational Risks, and
   d. Hazard Risks

2. These are either externally or internally driven

3. Those externally driven are outside the control of Re:Source Blackburn but have an impact on its operation i.e. interest rates, changes in Leadership at Wesley Hall, natural events etc.

4. Those internally driven result from actions and policies applied by Re:Source Blackburn, for example employing the right calibre of employees etc.

**Risk management process**

| **The Strategic Objectives of** Re:Source Blackburn |
|:---:|
| ▼ |
| **Risk Assessment** |
| **Risk Analysis**<br>**Risk Identification**<br>**Risk Description – Scope – Nature - Quantification**<br>**Risk Estimation** |
| **Risk Evaluation** |
| ▼ |
| **Risk Reporting**<br>**Threats and Opportunities** |
| ▼ |
| **Decision** |
| ▼ |
| **Risk Treatment** |
| ▼ |
| **Residual Risk Reporting** |
| ▼ |
| **Monitoring** |

**Purpose of this document**

1.      This risk management policy (the policy) forms part of Re:Source Blackburn's internal control and governance arrangements.

2.      The policy explains Re:Source Blackburn's underlying approach to risk management, documents the roles and responsibilities of the Trustees and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

3.      In addition, it describes the process the Trustees will use to evaluate the effectiveness of Re:Source Blackburn's internal control procedures.

4.      Re:Source Blackburn adopts the same principles for the identification assessment and management of risks regardless of whether they are corporate or operational.

**Underlying approach to risk management**

5.      The following key principles outline Re:Source Blackburn's approach to risk management and internal control:

•   The Trustees have overall responsibility for overseeing risk management within Re:Source Blackburn as a whole. They will however delegate authority to the Administrator who will implement policy and govern execution in relation to all areas of risk, compliance, assurance, governance and health and safety.

•   an open and receptive approach to solving risk problems is adopted by the Trustees

•   Re:Source Blackburn makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks

•   key risk indicators will be identified and closely monitored on a regular basis.

**Assurance framework**

6. This identifies which of Re:Source Blackburn's objectives are at risk because of inadequacies in the operation of controls or where Re:Source Blackburn has insufficient assurance. At the same time, it provides structured assurances about where risks are being managed effectively and objectives are being delivered.

7. Sections 15 to 19 of this policy outline the various elements with regard to the Assurance Framework and its operation.

**Role of the Trustees**

8. The Trustees have a fundamental role to play in the management of risk. Their role is to ensure clarity in the ASSURANCE FRAMEWORK including:

  a. Setting the tone and influencing the culture of risk management within Re:Source Blackburn.

  This includes:

  • determining whether Re:Source Blackburn is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
  • determining what types of risk are acceptable and which are not
  • setting the standards and expectations of staff with respect to conduct and probity.

  b. Determining the appropriate risk appetite or level of exposure for Re:Source Blackburn.

  c. Approving major decisions affecting Re:Source Blackburn's risk profile or exposure.

  d. Monitoring the management of significant risks to reduce the likelihood of unwelcome surprises.

  e. Satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

f.    Annually reviewing Re:Source Blackburn's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

## Role of the Trustees

9.    Key roles of the trustees are to:

a.    Implement policies on risk management and internal control.

b.    Identify and evaluate the significant risks including their consequences and potential impact faced by Re:Source Blackburn for consideration.

c.    Undertake an annual review of effectiveness of the system of internal control and provide a report to the Trustees.

## Risk management as part of the system of internal control

10.   The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling Re:Source Blackburn to respond to a variety of operational, financial, and commercial risks. These elements include:

a.    *Organisational objectives*
The Trustees are charged with maintaining strategic direction by ensuring progress is made against the core objectives of Re:Source Blackburn. They should identify the principle risks which may threaten the achievement of those objectives and take steps to ensure that the risks are managed and obtain assurance with regard to the key controls in place to effect there achievement

b.    *Policies and procedures.*
Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Trustees and implemented and communicated by management to staff.  Written protocols support the policies where appropriate. It is the policy of Re:Source Blackburn  to identify, minimise, control and where possible eliminate any risks that may have an adverse impact on patients, staff and the organisation.

c.    *Reporting.*

Comprehensive reporting is designed to monitor key risks and their controls.  A risk register will be maintained. See the risk framework below. Decisions to rectify problems are made at regular meetings of the management team and the Trustees if appropriate.

        *d.      Business planning and budgeting.*
The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

        *e.      High level risk framework (significant risks only).*
This framework is compiled by the trustees and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to Re:Source Blackburn.  The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

        *f.      Risk framework.*
The Trustees use this framework to ensure that significant risks are identified, assessed and monitored.  *Appendix 1 sets out the assessment framework used in identifying and evaluating risk before the risk is included in the risk register.* This document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly by management in all areas of the business.

        *g.      External review of accounts*
The external review of the accounts provides feedback to the Trustees on the operation of the internal financial controls reviewed as part of the annual accounts work.

**Annual review of effectiveness**

11.   The Trustees are responsible for reviewing the effectiveness of internal control of Re:Source Blackburn, based on information provided by the management team. Its approach is outlined below.

12.   For each significant risk identified, the Trustees will:

- review the previous year and examine Re:Source Blackburn's track record on risk management and internal control

- consider the internal and external risk profile for the coming year and consider if current internal control arrangements are likely to be effective.

13.   In making its decision the Trustees will consider the following aspects.

a.      Control environment:
- Re:Source Blackburn's objectives and its financial and non-financial targets
- organisational structure and calibre of the trustees
- culture, approach, and resources with respect to the management of risk
- delegation of authority

b.      On-going identification and evaluation of significant risks:
- timely identification and assessment of significant risks
- prioritisation of risks and the allocation of resources to address areas of high exposure.

c.      Information and communication:
- quality and timeliness of information on significant risks
- time it takes for control breakdowns to be recognised or new risks to be identified.

d.      Monitoring and corrective action:
- ability of Re:Source Blackburn to learn from its problems
- commitment and speed with which corrective actions are implemented.

14.   The management team will prepare a report of its review of the effectiveness of internal control annually for consideration by the Trustees.

Appendix 1

**Guidelines for acceptance and management of risk.**
Risk is tolerable as long as it is managed and controlled. In addition to identified hazards, all incidents claims and complaints will be risk assessed according to the following process and investigated according to the severity of the consequence and likelihood of recurrence.

**RISK ASSESSMENTS**

All Risk Assessments within Re:Source Blackburn will identify:-
1.  The hazards within the task/area being assessed inherent in the work undertaken.
2.  Who and how many people would be affected.
3.  How often specific events are likely to happen (may be based on frequency of previous occurrence)
4.  How severe the effect or consequence would be.
5.  How controllable the hazards are.

Acceptable risk will be determined using the following traffic light system

| RISK RATED | LEVEL | | ACTION |
|---|---|---|---|
| 1-8 | Low Risk | **GREEN** | Accept risk, to be managed by administrator |
| 9-15 | Medium Risk | **AMBER** | Management action required to reduce risk as low as reasonably practicable. |
| 16-25 | High Risk | **RED** | Significant risk, strategic Action / Trustee level awareness required. |

**RISK RATING SCORE = Likelihood of hazard score X Severity Score**
              **[ 1   to   5 ]            [ 1   to   5 ]**

Where risk is acceptable, action will always be taken to ensure that is minimised or controlled.
Details of all risks will form part of Re:Source Blackburn's risk register and be reviewed by the Trustees.
All risks, whether resulting from incidents or risk assessments, must be graded in accordance with Re:Source Blackburn's risk evaluation matrix.

*   Risks falling within the **GREEN** colour must be actioned by the administrator.
*   Risks falling within the **AMBER** colour may also be managed by the administrator or can be referred to the appropriate Trustee.

- Risks that fall within the **RED** colour are regarded as UNACCEPTABLE and must be reported at a strategic level via the Trustee's meeting and an action plan agreed and implemented to minimise or control the risk, as quickly as possible.

This guideline to be review at least annually by the Trustees.