



60 Newmarket Street, Grimsby, North East Lincolnshire, DN32 7SF  
Telephone: 01472 269666 Website: [www.foresight-nelincs.org.uk](http://www.foresight-nelincs.org.uk)

# **FORESIGHT CORPORATE AND FINANCIAL RISK MANAGEMENT STRATEGY**

**PERIOD: YEAR 2020/2021**

# 1 Introduction

## 1.1 Risk

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the charity and to ensure the continued financial and organisational wellbeing.

## 1.2 Objectives of Risk Management

Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If it does go wrong, as some things inevitably will, making sure that the impact is kept to a minimum.

Risk management should ensure that the charity makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision-making through a good understanding of risks and their likely impact.

Risk management should be a continuous and developing process which runs throughout the charity's strategy and the implementation of that strategy, methodically addressing all risks surrounding the charities activities past, present and future.

Foresight is committed to establishing and maintaining a systematic approach to the identification and management of risk. The risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the organisation.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental, legislative & financial requirements.
- Prevent death, injury, damage and losses, and reduce the cost of risk.
- Inform policy and operational decisions by identifying risks and their likely impact.
- Raise awareness of the need for risk management by all those connected with the charity's delivery of service.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the charity for risk management.
- Including risk management issues when writing reports and considering decisions.
- Continuing to demonstrate the application of risk management principles in the activities of the charity, its employees and volunteers.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and volunteers.
- Maintaining a register of risks linked to the charity's objectives, also those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the charity's ability to function.
- Monitor arrangements continually and seek continuous improvement.

### 1.3 Scope of this Risk Management Strategy

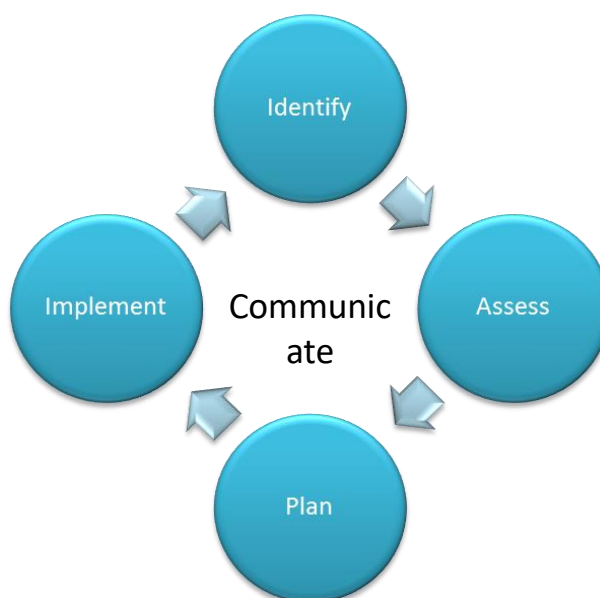
Foresight maintains a corporate and financial risk management strategy, which controls risks associated with the charity as a whole, its relationship with its clients and the management of new and existing business relationships.

### 1.4 Responsibility of this Risk Management Strategy

The responsibility for the creation, maintenance and periodic review of this Risk Management Strategy is held by Adrian Wilson, Finance Manager, Foresight.

## 2 Risk Management Procedure

The Risk Management Procedure encompasses 4 activities:



### 2.1 Identify Risks – Risk Categories

Involved parties detailed in Roles and Responsibilities, below, should concentrate on events that might effect the charity's achievement of its objectives. This should focus on areas, which may impact costs, timescales and quality of services. Risks are likely to fall under the headings of:

- Economic Risks
- Environmental Risks
- Financial Risks
- Governmental Risks
- Legal Risks
- Operational Risks
- Perception Risks
- Personnel Risks
- Project Risks
- Security Risks
- Strategic/ Commercial Risks
- Structures & Policies Risks
- Technical/ Infrastructure Risks

## 2.2 Risk Assessment

### 2.2.1 Risk Scales

Following the identification of risks, they will then be included in the risk register which will identify the risk owner and the steps being taken to mitigate the risk. Risks will be categorised against the potential impact to the charity on a scale of 1 to 10, 1 being the lowest impact and 10 being the highest impact. Risks will also be categorised against the likelihood of the risk being encountered on a scale of 1 to 10, 1 being the lowest likelihood and 10 being the highest likelihood.

A total risk score of:

- below 30 will give a 'green' risk.
- Between 31 and 59 give an 'amber' risk
- Above 60 give a 'red' risk

### 2.2.2 Risk Actions

Risk Impact	Score	Frequency of Review
No action necessary	< 10	n/a
Monitor as necessary - ensure being properly managed	< 20	Quarterly
Monitor as necessary - less important but still could have a serious effect on the charity	< 30	Quarterly
Monitor as necessary- less important but still could have a serious effect on the charity	< 40	Monthly
Monitor as necessary - less important but still could have a serious effect on the charity	< 50	Monthly
Important risks - may potentially affect charity	< 60	Weekly
Key risk- may potentially affect existence of charity	> 60	Immediate
Immediate action needed - serious threat to The existence of the charity	> 80	Immediate

## 2.3 Plan

### 2.3.1 Objective of Risk Planning

The primary objective of this step is to prepare management responses using Risk Response Categories for each of the identified threats in order to reduce or remove the threat. Risk Response Categories are as follows:

- a) Avoid – typically change an aspect of the project so the threat can no longer happen
- b) Reduce – Either reduce the chance of the threat occurring or reduce the impact of the threat should it occur
- c) Fallback – Build a fallback plan for actions which will reduce the threat should the risk occur
- d) Transfer – A third party takes on responsibility for some of the financial impact of the threat (via insurance or contractual agreement) to reduce the financial cost of the threat

- e) Accept – accept that the threat may be encountered, usually because it is either unavoidable or financially unviable to avoid the threat

## 2.4 Implement

The primary objective of this step is to ensure the planned risk responses are implemented, their effectiveness monitored and corrective action taken where responses do not provide effective solutions.

To ensure this is carried out efficiently, there will be a sole Risk Owner. This is a named individual who is responsible for the management, monitoring and control of all aspects of a particular risk.

## 3 Tools and Techniques

Risk will be managed through Risk Register Forms. Each Risk Register form will detail the status of a single risk and will have a unique, sequential risk identifier.

## 4 Reporting

Individual risk overviews will be entered on the Risk Summary. The Risk Summary will detail:

- Risk Identifier
- Summary of risk description
- Risk Category
- Current risk colour (green, amber, red)
- Current risk weighting
- Previous risk colour (green, amber, red)
- Date registered
- Risk Owner

## 5 Roles and Responsibilities

Role	Responsibility
Board of Trustees	Agree the risk management strategy and review risk register on a regular basis
Chief Officer	Be accountable for all aspects of risk management and ensure an approved project Risk Management Strategy exists. Ensure risks are identified, assessed and controlled. Escalate risks to Board of Trustees as necessary.
Risk Owners	Ensure that all assigned risks are assessed and controlled.
All Staff	Participate in the identification, assessment and control of risks.

# Appendix A – Risk Prompt List

## Checklist of Common Risk Sources

### Personnel Risks

#### Project Risks

- Budget
- Scope/ Complexity
- Vision
- Decision Process
- Timescale
- Commitment
- Politics
- Poor Estimating

#### Security Risks

- Theft
- Espionage

#### Operational Risks

- Inadequate Business Continuity
- Health & Safety Constraints
- Marketing/ Communications
- Manufacturing
- Purchasing
- Inadequate Design
- Professional Negligence
- Human Error/ Incompetence
- Safety being compromised
- Performance Failure
- Unclear Expectations
- Breaches in Security

#### Structures & Policies Risks

- Business Structure
- Business Planning Process
- Service Plan
- IT Plan
- Recruitment Process
- Staff Development Process
- Managerial & Accountability Structures
- Change Management Procedure
- Risk Management Procedure
- Quality Management Procedure
- Organisational Strategy
- Contingency Management Procedure
- Complaints Handling Procedure

#### Strategic/ Commercial Risks

- Under-performance to specification
- Management will under – perform
- Insufficient Capital Revenues
- Lack of availability of Capital Investment

#### Perception Risks

- Racially/ethnically/gender offensive
- Health Threatening

#### Financial Risks

- Cash Flow
- Payments
- Operational & Maintenance Costs
- Procurement Costs

#### Economic Risks

- Shortage of Working Capital
- Failure to meet projected revenue targets
- Market Developments have adverse affects

#### Legal Risks

- Scope Creep
- Contract
- Personal Liability
- Penalty Clauses
- New or Change legislation impacts activity
- Unforeseen regulatory controls or licensing requirements

#### Technical/ Infrastructure Risks

- Scalability
- Integration
- Security
- Standards
- Compatibility
- Performance
- Inadequate Design
- Infrastructure Failure
- Increased decommissioning costs
  
- Transport Problems
- Building Facilities & Temperature