

Risk Management Policy & Procedure

Policy Level	Two
Policy Category	Business
Policy Authority	Senior Leadership Team
Lead Committee	Senior Leadership Team
Lead Director	Phillipa Spicer
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1. Introduction

YMCA Fairthorne Group (YMCA FG) will ensure that it has in place the means to identify, analyse, control and monitor the strategic and operational risks it faces using a risk management policy based on best practice from the Charity Commission.

We recognise that risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge.

We must ensure that the decisions we take as an association reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

The YMCA follows the Charity Commission best practice risk management guidelines.

2. Governance of Risk Management

Overarching risk management is the responsibility of the YMCA FG Board of Trustees with implementation the responsibility of YMCA FG employees. The Board uses an assurance framework to identify and manage risks with each Board sub-committee reviewing its related risks regularly. Any changes to the risks will be reported in the committee minutes and updated in the assurance framework document and reported to the Group Board meetings.

Operational risks are managed by the Executive Leadership Team in their local management meetings. Any changes which might impact the Group Board assurance framework are reported to the associated Board sub-committee and the assurance framework is updated.

YMCA FG Board of Trustees;

- Will ensure that the risk management strategy and policy statement are reviewed regularly.
- Will delegate the Audit Committee to ensure the risk management systems and processes are in place.

YMCA FG;

- is committed to the involvement of all employees in the process of risk identification, analysis, control and monitoring, as detailed in our Risk management Responsibility – see **Appendix A**.
- will develop a culture of risk management within the organisation by providing training, guidance and communication to all.

3. Principles of the Risk Management Policy

1. Risk management should be established and integrated within existing management processes, including charity planning, performance management and project management.
2. Risk management will be used as a tool to ensure that YMCA FG can respond to the best of its abilities to changing demands, improve its performance and make most effective use of its resources. YMCA FG also aspires to be an innovative organisation, taking calculated risks which have been identified and evaluated.
3. Principles of best practice in risk management will be used to develop YMCA FG's systems and processes of risk management.
4. Risk Management will be an integral part of YMCA FG's corporate planning and decision-making processes. Strategic and major operational risks will be identified as part of the Board Assurance Framework (**Appendix B**). For new initiatives and projects, risk management will be used to inform the decision-making process and also to ensure that approved projects are delivered successfully.
5. The identification of risks should be considered at the planning stage so that decisions on future priorities and projects are made with knowledge of the potential risks.
6. For approved projects risk management should be included in the implementation plan and post implementation evaluation. The use of risk management at these stages will assist in ensuring effective delivery of the project or service and lessons learned.

Scope of Risk Management

1. Risks that could affect the medium to long-term goals of YMCA FG should be considered strategic risks. Risks that will be encountered in the day-to-day delivery of services should be considered operational risks.
2. The process of risk management should apply to strategic risks and operational risks, however, YMCA FG's risk management systems and processes will need to be targeted to achieve maximum benefit without increasing the bureaucratic burden and ultimately affecting service delivery to its service users.

Practical Application of Risk Management

1. The Board sub committees will review their relevant assurance framework at each meeting, minuting any changes for reporting to the Board.

2. YMCA FG has developed a standard format for use in the identification of risks, their classification and evaluation. This format is based on a Risk Mapping exercise as outlined below.
3. Some risks are within the control of the YMCA FG whilst others may be only to a lesser degree. YMCA FG will therefore take an approach that will identify those risks and classify the risks according to the following categories:

- Legal/ Regulatory
- People
- Operational
- Financial
- Quality

Definitions of each of these categories are included in **Appendix C**

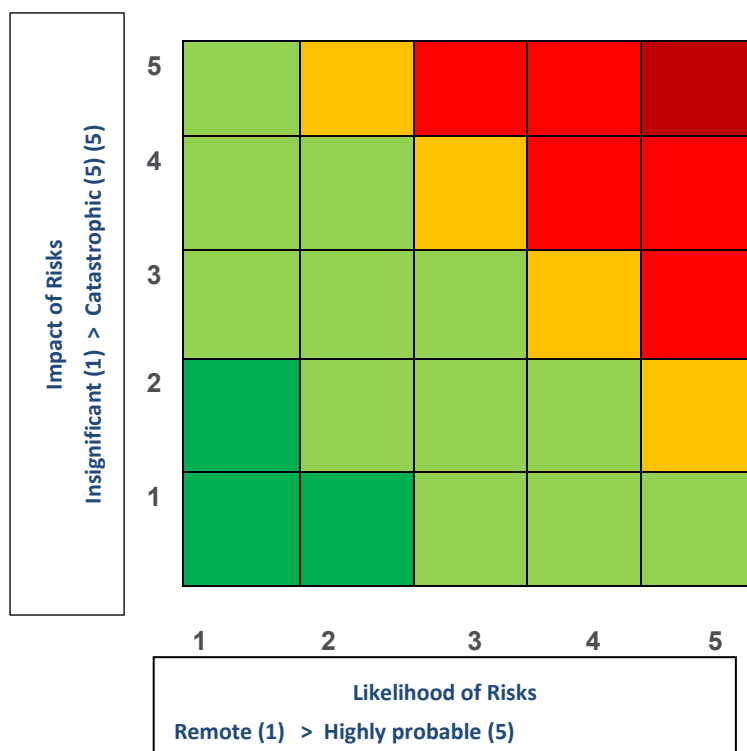
4. Each risk will be assessed as to its likelihood and impact using the following scale (see **Appendix D** for definitions).

The 'risk heat map' shows how YMCA FG assesses risk by *multiplying* the assessed likelihood by the assessed impact.

The colour codes are;

- Red- major or extreme risks that score 15 or more
- Yellow- moderate or major risks that score between 10 and 14
- Green- minor or insignificant risks scoring 9 or less

RISK MAP



5. An operational risk identification exercise using the approach detailed above will be carried out by Board sub-committee's and lead Director prior to updating the Board Assurance Framework with high risks escalated to the Board as part of the annual risk review process. This would usually take place in Q4 of the trading year.
6. The Chief Executive and Executive Leadership Team will maintain the Board Assurance Framework and propose a risk management response for all risks identified from the Risk Mapping exercise. Existing arrangements to manage risk will be identified and then, depending on the likelihood and impact, a number of responses may be employed.
 - **Modify** - YMCA FG may take actions or employ strategies to reduce the risk.
 - **Accept** - YMCA FG may decide to accept and monitor the risk at the present time. This may be necessary for some risks that arise from external events.
 - **Transfer** - YMCA FG may decide to pass the risk on to another party. For example, contractual terms may be agreed to ensure that the risk is not borne by YMCA FG or insurance may be appropriate for protection against financial loss.
 - **Eliminate** - The risk may be such that YMCA FG could decide to cease the activity or to change it in such a way as to end the risk.

The risk register owner will assess the influencing factor Low, Medium or High based on the level of influence the YMCA FG has on that risk and the cause of it.

As part of the Plan, the classification and evaluation of the risk will be recorded, together with the risk management actions proposed and taken and the monitoring mechanism. Each risk will also have a nominated person stated who is responsible for implementing the proposed action, as well as monitoring and managing of it.

7. Appropriate Directors will maintain a risk register for their respective areas and propose a risk management response for all operational risks identified. Existing arrangements to manage risk will be identified and then, depending on the likelihood and impact, a number of responses may be employed, as above. Each risk register will be reviewed quarterly and high level risk escalated to the Full Organisational Risk Register as necessary.

Relevant level 1 policies:

All level 1 policies are relevant because they are in place to mitigate risk.

Appendix A

Risk Management Responsibility Tree:

1 – Board of Trustees

Overall Responsibility for Risk Management, Safeguarding and Health & Safety
Reviews and approves the Full Organisational Risk Register annually
Sets the YMCA FGs risk appetite through approval of the Risk Policy

2 – Audit Committee

Test whether identified risks and assurances are managed effectively.

3 – Executive Leadership Team

Production of YMCA FG's Board Assurance Framework.
Ensuring the implementation of the Risk Management Policy within their directorate.
Work with stakeholders to identify and evaluate all risks and ensure that effective control measures are in place.

4 – Heads of Department

Identify, review and manage risks through a local Risk Register in line with the Risk Management policy
Ensure all staff have read and understood risk assessments relating to their area of work
Responsible for ensuring the safety of staff and service users in activities

5 – All Employees

Must read, understand and follow all risk assessments that relate to their day to day work
Must make recommendations for improving risk assessments
Must take responsibility for raising concerns about any risks or health and safety issues they identify in any area of the organisation

Appendix B

Example of Board Assurance Framework:

Key Controls	Gaps in Controls	Current Risk Score (I x L)	Key Assurances	Gaps in Assurance	Key Actions	Target Risk Score* (I x L)
1. People Risks			Monitoring Committee: People Committee			
			Executive Leads: CEO, DoEY, DoP			
4a) We fail to recruit the correct quality and number of staff required (staffing plan?)						
4b) Staff engagement levels drop below x% (granularity required?)						
4c) Appraisal completion rate of x% is not achieved						
4d) Board breadth and depth of skills are inadequate to discharge responsibilities (Board Development Committee to note required skills and identify gaps)						

Appendix C

Definitions of Category of Risk:

Regulatory/Political

Regulatory risks are the risks associated with changes in legislation and or regulatory requirements affecting the business operations of YMCA FG.

Political risks are the risks arising from changes in the Political environment both local and national affecting YMCA FG's business.

Financial/IT

Financial risks are risks that may impact on the finances of YMCA FG, in terms of either income or expenditure and assets. IT risks are risks that affect the ability of the YMCA FG to work efficiently and effectively across the geographies.

Quality

Quality risks are risks that might impact on YMCA FG's ability to deliver its services to the required standards.

People

People risks are risks arising that could affect individuals or communities. This includes:

- Tenants
- Trustees
- Staff
- Service users
- Volunteers

This includes health & safety.

Developments/Strategic

Development risks are incurred by undertaking new developments through the strategic plan and thereby exposing the YMCA FG to developmental risks. These risks will affect the implementation of the Strategic Plan.

Appendix D

Likelihood of Risks:

Description	Score	Example
Remote	1	May only occur in exceptional circumstances
Unlikely	2	Expected to occur in a few circumstances
Possible	3	Expected to occur in some circumstances
Probable	4	Expected to occur in many circumstances
Highly Probable	5	Expected to occur frequently and most circumstances

Impact of Risks:

Descriptor	Score	Impact on Service and reputation
Insignificant	1	No impact on service No impact on reputation Complaint unlikely Litigation risk remote
Minor	2	Slight impact on service Slight impact on reputation Complaint possible Litigation possible
Moderate	3	Some service disruption Potential for adverse publicity- avoidable with careful handling Multiple complaints probable Litigation probable
Major	4	Service disrupted Adverse publicity not avoidable (local media) Multiple complaints probable and/or loss of custom Litigation likely
Catastrophic	5	Significant number or size of services are disrupted, and/or organisation itself disrupted Major adverse publicity not avoidable (national media) Major litigation expected Resignation of senior management and board Loss of beneficiary confidence