RISK MANAGEMENT POLICY

Policy Statement

British Exploring Society is committed to effective corporate risk management in order to achieve our strategic and operational objectives, protect our staff and programme participants and ensure financial viability. The British Exploring Society follows a corporate risk framework to ensure risk is managed appropriately, opportunities are maximised and that there is a consistent basis for measuring, controlling, monitoring and reporting corporate risk.

British Exploring Society considers risk management to be fundamental to good management practice and a significant aspect of good corporate governance. Risk management must be an integral part of our decision making and routine management and must be incorporated within the strategic and operational planning processes. British Exploring Society is committed to ensuring that staff are provided with adequate guidance on the principles of risk management and their responsibilities to implement risk management effectively.

The management of risk is also an essential element of the learning experience we provide.

Policy Objectives

- To confirm and communicate British Exploring Society's commitment to risk management to assist in achieving its strategic and operational goals and objectives.
- To formalise and communicate a consistent approach to managing risk for all activities and to establish a reporting protocol.
- To ensure that all significant risks to the Charity are identified, assessed and where necessary treated and reported to Council in a timely manner.
- To assign accountability to staff for the management of risks within their areas of control.
- To provide a commitment to staff and Council that risk management is a core management capability.

Further Policy Detail

What is not covered by this policy?

The management of operational risk on expeditions is separately covered in SOP 3-1-2.

Purpose

This policy is enacted to:

- Prioritise risk management.
- Make the most of opportunities, confident that risks are being appropriately managed.
- Improve decision making.
- Improve the probability of achieving our strategic and operational objectives.

- Run a functionally effective risk register to help us meet our obligations as a prudent organisation and employer as well as in relation to regulations (financial, charitable and specific to our field of operation).

Corporate Governance and Risk Management

The annual financial statement includes a statement on internal control, including how the broad principles of good governance have been applied to risk management. Through this policy, Council acknowledges that it is responsible for ensuring a sound control system is in place. The level of Council involvement should continue to be such that the trustees can make the yearly risk management statement required by the Charity Commission[1] with reasonable confidence. British Exploring Society's approach to risk governance is set out below.

The responsibilities of Council are:

- The identification and management of risk is a continuous process linked to the achievement of objectives.
- Council defines tolerance for risk and may seek external guidance in specific areas and in relation to key statutory accountabilities;
- Council scans horizon (e.g. for long term organisational viability) and the external environment with the Executive.
- Council receives regular reports during the year on internal controls and risk.
- Council reviews the results of risk identification, evaluation and SLT's view of its effectiveness.
- Council will agree adjustments to the risk register and actions based on the SLT's recommendations.
- Council minutes will include actions taken or proposed to deal with significant internal control issues.
- Council will review frequency of risk assessments based on recommendations from Executive.

[1]Charities that are required by law to have their accounts audited must make a risk management statement in their trustees' annual report confirming that 'the charity trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.' Charities Accounts and Reports Regulations 2008.

The responsibilities of the CEO and SLT are:

- British Exploring Society's SLT categorises and quantifies risks, establishes risk tolerance, identifies mitigation actions including costs.
- British Exploring Society's SLT regularly considers strategic, operational, financial, reputational, regulatory, governance and compliance risk.
- British Exploring Society's SLT ensures that Risk Management is embedded in day to-day leadership.
- British Exploring Society's SLT produces a clear picture of risk across our activities based on a consistent and transparent approach and establishes control improvements to mitigate significant risks;
- British Exploring Society's SLT ensures that significant risks are reported and closely monitored on a regular basis and at the appropriate level.

Risk Management Model

The Risk Management model includes simple tools to assess risk and allocate accountability. Risks are calibrated as follows:

- Identify risks to achieving strategic and operational objectives;
- Determine and assess existing controls;
- Assess the impact and likelihood of risk-taking account of existing controls to derive the net risk;
- Determine further control improvements to mitigate the residual risk and indicate their impact on net risk when fully implemented.

Six interpretation tables (see ANNEX A) are used to generate a consistent approach to risk management. Collectively they make up the Risk Register.

- Existing controls table
- Likelihood table
- Consequence table
- Qualitative risk analysis level table
- Confidence levels table
- Risk acceptance criteria table

Managing the Risk Register

- Risks are assessed in SLT meetings with additional invitees;
- Linkages between strategic objectives and risks are tested at least once yearly to ensure that focus is maintained on priority activities;
- Risk assessments must be conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with our objectives and goals;
- Any risks or opportunities arising from these assessments will be identified, analysed and reported appropriately;
- Major new projects will undergo a risk review process;
- Emerging risks (e.g. based on trends) will be noted for consideration and review by SLT; • Actions will be regularly updated and risks reviewed and assessed/added and downgraded using the agreed measurement criteria;
- The number of risks under active management should be kept at a manageable level; • The Risk Acceptance Criteria table assesses when specific risks should be escalated/made a direct Council accountability;
- The Risk Register (or a carefully chosen subset thereof) will be tabled at all Council meetings as a standing item and as part of the CEO's report.

This approach allows us to:

- Identify strategic risks;
- Allocate against strategic objectives;
- Give executive ownership;
- Track changes in status and prioritise actions;
- Review our effectiveness/flexibility and make recommendations for the future; • Challenge each other on assessment;
- Discuss control measures as a team;
- Give Council visibility of issues as required;

- Apply metrics to each hazard/opportunity as it occurs.

Reporting significant risk

Our normal reporting regime will include alerting Council and sharing a revised risk register for any significant risks.

Template

ANNEX A - Risk Management Templates

Corporate Risk Register Template

Risk No.	Risk Statement	Existing Controls	Likelihood	Consequence	Risk Level	Confidence Level	Risk Acceptance	Responsibility	Mitigation	Risk Review Time table

Existing Controls Table

Existing controls rating	**Controls in Action**	**Description of impact of actions**
E - Excellent	Doing more than is required or necessary in the specific circumstances. Outstripping existing or external standards.	Controls are in place, are being well managed/complied with, are subject to appropriate ongoing review and monitoring and are continuously tested.
A - Adequate	Doing what is required or necessary in the specific circumstances or to just meet external standards.	Controls exist, are being complied with, and are subject to periodic review.

I - Inadequate	Not doing all or some of what is required or necessary to meet standards.	Controls do not exist, or are not being complied with, or have not been reviewed in a reasonable period.

Likelihood Table

Descriptor	**Description**
Almost certain (5)	Strong likelihood, or expectation of occurrence/high level of recorded incidence/strong anecdotal evidence to support likelihood – great opportunity/means or reason to occur –or already on track to occur
Likely (4)	Reasonable likelihood – regular recorded incidence/strong anecdotal evidence and/or considerable opportunity means and reasons to occur – including many 'additional factors' to precipitate
Possible (3)	Might occur at some time – a little anecdotal evidence to support, and some opportunity/means or reasons to occur – including some' additional factors 'which could precipitate
Unlikely (2)	Not likely to occur, little or no evidence to support, or opportunity, reasons or means to occur – and few identifiable additional factors which could precipitate
Rare (1)	Only likely to occur in exceptional circumstances.

Consequence Table

Consequence level	**People**	**Financial**	**Legal & Administrative**	**Stakeholders & External**	**Infrastructure And Operational**

Catastrophic (5)	*Loss of life or permanent disabling physical or psychological injury* *Active sabotage by staff or patrons/volunteers* *Very poor or totally failed proposed outcomes*	*Unrecoverable financial or asset loss, loss of employment, inability to deliver core purpose*	*Council and SLT unable to manage/govern effectively. Likely to be significant loss of confidence – special measures likely.*	*Significant and damaging media coverage 'beyond sector', loss of significant partnerships/contracts, long-term loss of reputation or ability to secure work* *Active sabotage by stakeholders*	*Long term failure of significant infrastructure and delivery of services affecting all parts of the organisation requiring external support to recover, if recoverable*
Major (4)	Serious injury/ damaging experiences Permanent loss of confidence in the organisation or its values Poor overall outcomes	Financial losses requiring significant change or disruptions in strategy to manage – could lead to loss of employment	Governance preoccupied/focuses on limited activity and cannot manage full scope of duties, may be loss of public confidence.	Some damaging media, loss of some relationships, and medium term ability to secure work	Affecting significant parts of the organisation, may require initial external support to manage.
Moderate (3)	Concerning reports, incidents or practices indicating poor processes, near misses, training needs, changing scenarios Some missed outcomes	Requires adjustment to strategy to manage. Some disruption and more isolated cases of business disruption	Governance can manage within normal remit, beyond any initial concerns, some additional input – may be some wobbles in confidence.	Likely to be some impact to projects and partnerships – may be harder to quantify in the short-term, easy to miss.	Widespread inconvenience, isolated failures, can be ring-fenced.

Minor (2)	Issues noted but not of immediate concern, potential but unrealised issues of minor scale – action desirable	Likely to impact on reserves. Some impact on projects through required re-forecasting and cost-cutting	Governance unaffected, assumes monitoring role, with additional input where needed to ensure 'back on track'.	Isolated and temporary impact, repairable damage to relationships and projects.	Localised inconvenience, no strategic concerns, should be manageable without major impact on delivery.
Insignificant (1)	Part of positive continuous improvement – no negatives associated Action for consideration	Manageable within existing budgets assuming suitable contingencies.	Governance without disturbance. Total confidence.	Inconsequential impact – should be manageable without external stakeholders becoming aware.	No external awareness, inconsequential disruption to delivery of services.

Qualitative Risk Analysis Level Table

Likelihood/Conseque nce Table	Insignifican t 1	Minor 2	Moderate 3	Major 4	Catastroph ic 5
Almost Certain 5	**5**	**10**	**15**	**20**	**25**
Likely 4	**4**	**8**	**12**	**16**	**20**
Possible 3	**3**	**6**	**9**	**12**	**15**
Unlikely 2	**2**	**4**	**6**	**8**	**10**

Rare **1**	**1**	**2**	**3**	**4**	**5**

Note: The Qualitative Risk Analysis Level Table escalates the importance of risks which are both 'serious' and 'frequent'. However, the importance of very infrequent risks should not be underestimated, and this table should therefore be used prudently.

Confidence Levels Table

Confidence criteria	**Low Confidence**	**Moderate Confidence**	**High Confidence**
Data/information	Anecdotal, non-specific	Risk validated historically, based on evidence/research or studies	Validated historically and currently, based on robust data/subject to external scrutiny
Team Knowledge	Neither hazard/risk nor process specific	Risk specific	Risk specific
Agreement	No agreement on interpretation of risk nor on ratings	Agreement on Interpretation and rating	Agreement on Interpretation and rating

Risk Acceptance Criteria

Risk Acceptance Criteria **Level of Risk**	**Description**	**Criteria for Risk Acceptance**	**Responsibility**
1 – 4	Acceptable	Risk acceptable with adequate controls, managed through routine procedures, and subject to annual or regular monitoring as part of regular business	SLT/CEO
5 – 9	Monitor	Risk acceptable with adequate controls, managed by specific agreed procedures, and subject to	SLT/CEO

		more regular reviews outside regular business	
10 – 16	Urgent attention required	Risk acceptable only with excellent and exceptional controls, managed by CEO and subject to very regular monitoring and likely reporting to Council	CEO/Council
17 – 25	*Unacceptable*	*Risk only acceptable with excellent & exceptional controls, all treatment plans being explored & implemented as priorities for Council, managed at the highest level and subject to continuous monitoring*	*CEO/Council*