**STREETGAMES RISK MANAGEMENT STRATEGY**

1. **Introduction**

Risk management at StreetGames is all about managing our threats and opportunities. By managing our threats effectively we will be in a better position to deliver our objectives. By managing our opportunities well we will be in a better position to provide improved services to our network and other partners and closer to achieving our mission and goals.

Risk in this context means something happening that may have an impact on the achievement of our objectives. When we manage risk well it often goes unnoticed, however, when we fail to manage risk well the consequences can be significant and high profile. Effective risk management at all levels of the organisation is needed to prevent failures.

A risk management strategy is an essential component of StreetGames’ internal controls and governance.

This risk management strategy describes StreetGames’ underlying approach to risk management, and documents the roles and responsibilities of the trustees, senior managers and staff. It also outlines the key aspects of the risk management process and identifies the main reporting procedures and opportunities for trustees to receive assurances.

Effective risk management involves the whole organisation and all members of staff should be aware of the principles set out in this document. This will be achieved through training received at induction and specific training for managers new to the organisation.

Overall, the goals of our risk management strategy are to have procedures in place to :

* Integrate risk management into the culture of StreetGames
* Manage risk in accordance with best practice
* Fully document major threats and opportunities
* Clearly identify risk exposures
* Implement cost effective actions to reduce risks
* Ensure conscious and properly evaluated risk decisions
* Provide adequate assurances to trustees of effective management of risk

1. **Roles and Responsibilities**

Role of the Board

The Board’s role in the management of risk is to:

* Set the tone and influence the culture of risk management within the organization, including deciding what types of risk are acceptable and which are not, and setting the standards and expectations of staff with respect to conduct and probity.
* Consider major decisions affecting StreetGames’ risk profile or exposure
* Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact through the Audit Committee.
* Regularly review StreetGames’ approach to risk management and key elements of risk management processes and procedures.

Role of the Audit Committee

The Audit Committee’s role in the management of risk is to:

* Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
* Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
* To undertake appropriate activities to provide assurance to the Board that risks are correctly identified, that suitable controls and mitigating actions are in place and that they are operating as expected.

Role of StreetGames’ Senior Management

The role of the Executive team and Senior Managers is to:

* To take overall responsibility for the administration and implementation of the Risk Management process
* To identify and evaluate significant risks faced by StreetGames to be considered by the Board/ Audit Committee
* To ensure appropriate controls are in place to manage the risks identified
* To provide appropriate information on the status of risks and controls
* To contribute to the development of the Risk Management Strategy
* To disseminate detail of the Strategy and ensure the Strategy is implemented throughout the organization

1. **StreetGames Risk Management Strategy**

There are four linked elements to the strategy – identifying, assessing, addressing and reviewing and reporting on our risks.

Begin **Identifying Risks**

**Reviewing and Reporting Risks**

**Assessing Risks**

**Addressing Risks**

* A definition of risk and what we mean by risk management
* Roles and responsibilities and reporting lines
* Action that needs to be taken

1. **Identifying Risks**

Risk are assessed in terms of how likely they are and the size of the impact should they occur. StreetGames views many risks as opportunities to be embraced and not just threats to be avoided.

Risk Registers will be maintained at two levels across StreetGames:

* Operational risks are identified by each team. Each operational area has its own risk register which is peer reviewed by the Senior Management Team on a quarterly basis. Risks are elevated to the Strategic risk register as appropriate.
* Overall responsibility for identifying other strategic and organisational wide risks for inclusion in the strategic register rests with the Executive Management Team. This is reviewed on a monthly basis by the Executive Management Team and on a quarterly basis by the Board.

Risk registers are working documents and a key source of internal control and governance. The identification of risks is an ongoing task and all staff and Trustees have a part to play.

1. **Assessing Risks**

To assess risks we identify the impact of a risk should it materialise and give each risk a score rating.

Identified risks should be supported by sufficient narrative to outline the potential causes that may lead to the crystallization of the risk and the effects to which the organization will be exposed. The detail of this narrative will be key in assessing the adequacy of existing controls and directing any further mitigation activity. The assessment of risks will include the consideration and documentation of contributing factors, to clarify the basis for the risk.

For each identified risk StreetGames will determine its Gross and Net Risk Exposure.

The Gross Risk Exposure is the inherent exposure that would be faced by the organization if no mitigating controls were in place.

The Net Risk Exposure is the residual exposure faced by the organization if mitigating controls established are assumed to be operating effectively. The anticipated effectiveness of control measures or mitigation will be assessed as high, medium or low (H/M/L)

To ensure that attention is focused on addressing the most important risks a standard risk management approach is used that gives each risk a relative score, depending on a combination of its likelihood and its impact.

*Likelihood*

When assessing the likelihood, it is important to consider the frequency of occurrence which would materially affect StreetGames. We have defined the following assessment criteria as a guide:

| **Assessment** | **Description** |
| --- | --- |
| 1 – very low | Less than 1% and unlikely to occur in the foreseeable future |
| 2 - medium | Less than 40% chance. The event may occur at some time |
| 3 - high | Likelihood greater than 40%. There is a strong possibility that the event or risk will occur |
| 4 – very high | Likelihood greater than 75%. The event is very likely and expected to occur in most circumstances. |

*Impact*

Impact can be measured across a range of indicators and the following assessment criteria provide an indication as to the potential risk score. Note, these criteria are meant to be a guide only and the impact of each risk should be assessed individually.

| **Assessment** | **Description** |
| --- | --- |
| 1 – very low | *Financial* – less than 1% of budgeted surplus  *Service quality* – marginally impaired; a slight adjustment to service delivery required  *Health & safety* – minor injury  *Reputation* – minimal effect |
| 2 - medium | *Financial* – up to 10% of budgeted surplus  *Service quality* – impaired, leading to changes in service delivery required to maintain quality.  *Health & safety* – injury requiring hospital treatment  *Reputation* – damage is uncomfortable for the organization |
| 3 - high | *Financial* – up to 50% of budgeted surplus  *Service quality* – significant reduction in service quality expected  *Health & safety* – serious injury  *Reputation* – damage occurs with key stakeholders |
| 4 – very high | *Financial* – more than 50% of budget  *Service quality* – cannot be maintained such that there is a need to reassess corporate priorities  *Health & safety* – fatality/ long-term hospitalisation  *Reputation* – irrecoverable damage occurs with key stakeholders |

For ease of understanding, the resultant risk exposure (the product of likelihood x impact score) is prioritized utilizing a RAG rating as follows:

**Risk Assessment Matrix**

Major

Significant

Moderate

Minor

Remote Possible Likely V. Likely

Impact on ability to meet objectives

16

12

8

4

12

9

6

3

8

6

4

2

4

3

2

1

Likelihood of occurrence

Attention will naturally focus on those risks with a higher net score, but all risks require some level of response.

1. **Addressing Risks**

Having identified and assessed the risks we follow the 4 Ts approach for risk response as follows:

*Transfer the risk:* this might be done by taking out insurance or asking a third party to take on the risk in another way.

*Tolerate the risk*: in some instances our ability to take effective action may be limited or the cost of taking the action might be disproportionate to the benefit gained by mitigating the risk. In cases like this the Executive Management Team will “watch” the risk to ensure its status does not change and to take appropriate action if another option to mitigate the risk arises.

*Treat the risk*: to set out a series of mitigating actions to contain the risk to an acceptable level.

*Terminate the risk*: taking decisive action to eliminate the risk altogether. Terminating a risk may lead to the creation of new risks.

StreetGames acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its charitable objectives and financial health. The level of risk that is considered acceptable is nevertheless dependent on the nature of the activity being undertaken. Guidance on appropriate Risk Appetite levels can be found as follows:

| **Appetite Level** | **Description** |
| --- | --- |
| 1 – Very High | StreetGames **accepts risk that is likely to result in significant** reputational damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/ or legislative non-compliance, but excluding potential risk of injury to staff/ participants/ learners. |
| 2 - High | StreetGames **accepts risk that may result** in reputational damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/ or legislative non-compliance, but excluding potential risk of injury to staff/ participants/ learners. |
| 3 - Medium | StreetGames **is willing to accept some risks in certain circumstances that may result** in reputational damage, a degree of financial loss or exposure, disruption to services, information systems or integrity, moderate incidents of regulatory and/ or legislative non-compliance, but does not have the potential to risk injury to staff/ participants/ learners. |
| 4 - Low | StreetGames **is not willing to accept risks (except in very exceptional circumstances) that may result** in reputational damage, financial loss or exposure, disruption to services, information systems or integrity, incidents of regulatory and/ or legislative non-compliance, or potential risk of injury to staff/ participants/ learners. |
| 5 – Very Low | StreetGames **is not willing to accept risks under any circumstances that may result** in reputational damage, financial loss or exposure, disruption to services, information systems or integrity, incidents of regulatory and/ or legislative non-compliance, or potential risk of injury to staff/ participants/ learners. |

The table below provides an indication of the most appropriate response based on the Net Risk Management Score and the Risk appetite for the activity concerned:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Net Risk Score | Very low Risk Appetite | Low Risk Appetite | Medium Risk Appetite | High Risk Appetite | Very High Risk Appetite |
| Red 8-16 | Treat  Terminate  Transfer | Treat  Terminate  Transfer | Treat  Terminate  Transfer | Treat  Terminate  Transfer | Treat  Tolerate |
| Amber 4-6 | Treat  Terminate  Transfer | Treat  Terminate  Transfer | Treat  Tolerate | Tolerate | Tolerate |
| Green 1-3 | Tolerate | Tolerate | Tolerate | Tolerate | Tolerate |

Note that each risk needs to be assessed on its own merits and the most appropriate response identified.

1. **StreetGames’ Assurance Strategy - evaluating the impact of controls and mitigating actions**

Assurance is required where there is a risk that a control or mitigating action is not being implemented such that there is the potential for loss to the organization as a result. The greater the potential consequence and the more likely it is to happen, the more important it is to have robust assurance that:

* Plans, policies and procedures are fit for purpose and being operated to
* Agreed actions are taken to timescale and planned outcomes achieved
* Performance is in line with expectations
* Controls are operating as intended
* Management reports and information are reliable; and
* Risks are being managed.

Assurance can come from a range of different sources, including:

* Regular internal reports prepared by management
* Additional Committee resource to scrutinise particular areas of risk – eg Finance Committee/ Fundraising Committee
* External reports such as external audit, Ofsted and consultants
* External assessment results such as Quest
* One-off ‘Deep Dives’ by management and Trustees
* Regular reviews by designated Link Trustees who will liaise with relevant staff to review key risks and the controls and mitigations in place. Terms of reference for Link Trustees can be found at Appendix 2.
* ‘Desk top’ incident response exercises
* Reporting of specific instances of breach (including nil returns)

The Strategic Risk Register is designed to focus Management and Board attention on Key Risk Themes. These have been identified by the Board as follows:

* Network Capability – the ability of our network to operate sustainably
* Resources – including HR/ Succession Planning/ Equality & Diversity.
* Funding and Fundraising
* Finance and financial control
* Governance
* Data Protection
* Safeguarding
* High Risk Projects as appropriate

For each Key Risk Theme appropriate sources of assurance are obtained to support the conclusion that identified controls are operating as expected and that risk is being managed as described.

Trustees will consider the Strategic Risk Register on a quarterly basis and will confirm where they believe adequate assurance has been obtained that controls are in place and are operating as expected. Where this is not the case, actions will be identified by management to strengthen controls or provide additional assurance as appropriate.

1. **Reviewing and Reporting Risks**

In order to maintain the risk register as a living document a process of review and maintenance is implemented. The review process is as follows:

| **Milestone** | **Annual target date** | **Led by** |
| --- | --- | --- |
|  |  |  |
| Risk controls and implementation reviewed by Audit Committee | Quarterly | Chair of Audit Committee |
| Risk Assurance Framework reviewed by Board | Annually | Chair of Audit Committee |
| Key risk review quarterly by Management Team to fall in line with planning process and TB board dates | Quarterly | Development Director/ Director of Finance & Resources |
| Project/team review on a quarterly basis to feed into Management Team risk review. | Quarterly | Identified risk owner for each team |
| Management oversight of all Red risks | At each Management Team meeting | CEO |
| Produce a risk assessment for each new funding bid | Initial assessment done before bid is submitted. | Bid writer |
| Risk assessment for all new funding streams | Set up new risk register tab | Recipient of funding stream |
| Add elements to continuity/disaster plans | Annually | Identified risk owner for each team |
| Include risk management in staff induction | At each staff induction | Development Director/ Director of Finance & Resources |
| Full register signed off annually by Trustee Board at AGM | December Board | Chair |
| Monitoring of individual risks | As identified in the risk register | Risk owner |

**Appendix 1: Risk register template – Updated 2019**

Page 1

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Contributing Factors/ Sub Risks** | | **Gross rating (Impact x Likelihood Score)** | **Controls and Mitigation** | **Revised/ Net Rating (Impact x Likelihood Score)** | | **Change since last rating** | **Sources of Assurance (inc Date Last Reviewed by Board)** | **Further Action Required** |
|  | | **Key Risk Theme 1 (Risk Appetite/ Tolerance/ Risk Owner)** | | | | | | | | |
|  |  | |  |  |  |  | |  |  |
|  | | **Key Risk Theme 2 (Risk Appetite/ Tolerance/ Risk Owner)** | | | | | | | | |
|  |  | |  |  |  |  | |  |  |

Page 2

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|  |  | |
| **Purpose**:  The idea of managing risks by mitigation is to generally reduce risk from red zone to orange then green  As indicted by the arrow in the risk matrix table below:   * Red is urgent and immediate must be attended to. Also may have to accept it if it is out of our control. * Orange is acceptable but should be reduced * Green is best and we should retain   **StreetGames Risk Matrix** | | | | | | | |  | | |  |  | |  | |  | |  | |  | |  |
|  | |  | | |  |  | | |  | | |  |  | |  | |  | |  | |  | |
| Major | | 4 | | | 8 | 12 | | | 16 | | |  |  | |  | |  | |  | |  | |
| Significant | | 3 | | | 6 | 9 | | | 12 | | |  |  | |  | |  | |  | |  | |
| Moderate | | 2 | | | 4 | 6 | | | 8 | | |  |  | |  | |  | |  | |  | |
| Minor | | 1 | | | 2 | 3 | | | 4 | | |  |  | |  | |  | |  | |  | |
|  | | Remote | | | Possible | Likely | | | V.Likely | | |  |  | |  | |  | |  | |  | |
|  | |  | | |  |  | | |  | | |  |  | |  | |  | |  | |  | |
|  | | **Likelihood of Occurrence** | | | | | | | | | |  |  | |  | |  | |  | |  | |
|  | |  | |  | | |  | | |  | |  |  | |  | |  | |  | |  | |
| Treat | | To set out a series of mitigating actions to contain the risk to an acceptable level | | | | | | | | | | | | | | | | |  | |  | |
| Transfer | | Taking out insurance or asking a third party to take on the risk | | | | | | | | | | | | |  | |  | |  | |  | |
| Tolerate | | Accept that the risk exists and monitor for opportunities to mitigate or for increased risk level | | | | | | | | | | | | | | | | | | |  | |
| Terminate | | Take decisive action to eliminate the risk altogether (this may in turn generate new risks) | | | | | | | | | | | | | | | | | | |  | |

Appendix 2

Link Trustee Terms of Reference

Objectives

To support the Board fulfil their responsibility to ensure StreetGames has  in place an  effective risk management framework by taking specific responsibility for assessing the application of the framework to appropriate  key Risk Themes.

Expectations of the Role

That the Link Trustee:

* Develops an understanding of the nature of the key risks faced by StreetGames under the relevant key Risk Theme, along with the controls in place to mitigate the risks.
* Provides informed challenge to management with regard to the identification of risks and the operation of associated controls.
* Brings any specialist knowledge of the Risk Theme to contribute to the identification of gaps in assurance.
* Reports to the Board on at least an annual basis or more frequently if required as to the level of assurance obtained that the underlying risks associated with the key Risk Themes are being effectively managed
* Provides advice and guidance to senior management insofar as his or her own professional expertise allows.  The Trustee is not expected to take on any managerial responsibilities with regard to the key Risk Theme or for design of controls to mitigate risks.

Reporting

It is not intended that this should be an onerous role for Trustees.

The role of the Link Trustee is to gain a deeper understanding of particular areas of activity than would normally be possible through attendance at a Board meeting only. They should be prepared to take the time to meet with link staff members at least twice annually and to read any relevant documents.

As a result, the Link Trustee will have sufficient insight into the key risks facing the organization within the relevant Risk Theme in order to provide informed challenge to management and to report back to Board as to the level of assurance obtained that the risks are appropriately identified and controlled.

Link Trustees will report to Board at least once per year according to a pre-agreed reporting schedule. The report may be verbal or it may consist of a short (1-2 page) written report.