# RISK MANAGEMENT POLICY

## 1. Purpose

The aim of introducing strategic risk management into Kids on Track is to discharge management and Trustees' responsibilities to manage risks, as well as to implement good practice with due regard to effective corporate governance, including compliance with Charity Commission Risk Management Guidance (CC26).

This policy explains the underlying approach to risk management, identifies 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.

## 2. What is a major risk?

Kids on Track defines risks as anything that poses a threat to the achievement of our strategic objectives, major projects or significant activities, or anything that could substantially damage our reputation or undermine the public's confidence in the charity.

## 3. Underlying Approach to Risk Management?

The following key principles outline Kids on Track's approach to risk management:

- The Trustees have ultimate responsibility for overseeing risk management within the charity.
- The Chief Executive Officer (CEO) is responsible for supporting the Board in their risk management activities.
- The Activity Leader is responsible for co-ordinating all risk management activities, ensuring appropriate reports and data are available to support the Trustees with their decisions.
- The Operating Committee supports, advises and implements policies approved by the Trustees.
- All staff / volunteers are responsible for encouraging good risk management practice within their areas of work.

Key risks will be identified by the Trustees and CEO and closely monitored on a regular basis.

## 4. Roles and Responsibilities

### 4.1 Trustees

The Board has a fundamental role to play in the management of risk. With support from the CEO, they will set the tone and influence the culture of risk management within Kids on Track.

This includes:

- Communicating Kids on Track's approach to risk.
- Determining what types of risk are acceptable and which are not.
- Determining the appropriate risk appetite or level of exposure for Kids on Track.

- Approving major decisions affecting risk profile or exposure.
- Identifying risks and monitoring the management of significant risks to reduce the likelihood of adverse results.
- Satisfying themselves that the less severe risks are being actively managed, with the appropriate controls in place and that the controls are working effectively.
- Annually reviewing Kids on Track's approach to risk management and approving changes or improvements to key elements of the processes and procedures.

### 4.2 Operating Committee

- Implementing policies on risk management.
- Identifying and evaluating the main risks faced by Kids on Track
- Carrying out risk assessments
- Communicating risk assessments with relevant staff
- Providing adequate information in a timely manner to the Trustees on the status of risks and controls.

## 5. Key Features of the Risk Management Process

Risk management will be fully integrated with the Kids on Track business planning process using the following steps:

1. Clarify strategic objectives – Formulating a clear mission statement, aims, objectives and plans for delivery of objectives.
2. Identification of major risks – Recognising and identifying the key risks for which the charity is responsible and those risks which are most likely to impact on our performance and delivery of services.
3. Assessment of risks – analyse and evaluate risks to provide an overall assessment of the potential impact of identified risks and the timescale over which risks need to be managed. Analysis - determine existing controls and their reliability in terms of minimising the risks maturing and if the risks do mature, minimising the consequences. Evaluation – enables risks to be ranked to set management priorities.
4. Response to risk – Determining the level and type of risk that is acceptable, the resources needed to manage risks and prioritising and allocating responsibility for them.
5. Monitoring and review – Risk management is a continuous process and should be monitored on a regular basis.

## 6. The Risk Management Process

The business planning process will be used as the primary means of identifying, prioritising and managing risk.

- Strategic, Governance and Reputational risks will be identified by the Trustees and managed through a risk register. (See appendix 1 for a copy of the risk register).
- Operational risks will be managed by the operating committee.

- Prior to any event, trip, or activity the individual responsible will carry out a risk assessment that is shared with the operating committee. ( See appendix 2 for sample risk assessment).
- The risk assessment will be shared with all Team Leaders and anyone responsible for delivering the activity / event.
- Risks will be reviewed annually.

## 7. Risk Appetite / Tolerance

Kids on Track places the safeguarding of its beneficiaries as a top priority, as such there is no appetite for accepting risk in this regard. The organisation takes pride in its service level and is cautious in this regard, however, it would always seek to expand its horizons and is not averse to new ideas or approaches, though it would not wish to be seen as unconventional.

## 8. Response to Risk

Where possible the organisation will seek to manage all significant risks above risk tolerance levels by one of three options - avoiding, sharing/transferring, and mitigating risks. Where none are appropriate it may be necessary for the risk to be accepted as an aspect of the organisation's activities. Risk assessment and the mapping of actions plans will be documented annually in a risk register. Effectiveness of strategic risk management will be considered throughout the year by Trustees. An evaluation of risk will be present in the risk register and the response to each risk will be discussed with relevant personnel. As a result the risks can be accepted, treated via the application of mitigation strategies or terminated.

## 9. Assurance

Regular reports of risks and their mitigation will be reviewed by the Trustees to provide assurance on how risk management is being effected.

## 10. Embed and Review

The establishment of effective risk management procedures should not be a one-off event. Risk management will become an integral part of charity's management processes considered in association with regular reviews of strategy and objectives.

**Date:** November 2026
**Date for Review:** November 2028
**Reviewed by:** Trustees

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## Appendix 1 – Risk Register

### Assessment of Risk

| Score | Probability Level | Impact Level | Priority |
|---|---|---|---|
| 1 | Remote | **Insignificant**<br>● No impact on service<br>● No impact on reputation<br>● No impact on referrals<br>● Complaint / litigation unlikely | **1-7 – Green**<br>Low level risk either unlikely or low impact or both. |
| 2 | Unlikely | **Minor**<br>● Slight impact on service<br>● Slight impact on reputation<br>● Slight impact on referrals<br>● Complaint / litigation possible | **8-9 – Yellow**<br>Medium risk either possible or unlikely but moderate to high impact. Action needs to be taken to mitigate these |
| 3 | Possible | **Moderate**<br>● Some disruption to service<br>● Some potential for adverse PR<br>● Some impact on referrals<br>● Complaint / Litigation probable | **10 or more - red**<br>High risk – actions need to be taken to mitigate and these actions should be regularly monitored. |
| 4 | Probable | **Major**<br>● Service disrupted<br>● Adverse PR – not avoidable<br>● Significant impact on referrals<br>● Litigation probable | |
| 5 | Highly Probable | **Extreme**<br>● Service stopped<br>● National adverse PR<br>● Major litigation<br>● Resignation of Trustees<br>● Loss of donor confidence | |

## Governance

| Potential Risk | Potential Impact | Probability Level | Impact Level | Priority | Mitigation | Owner |
|---|---|---|---|---|---|---|
| The charity lacks direction, strategy and forward planning | • the charity drifts with no clear objectives, priorities or plans<br>• issues are addressed piecemeal with no strategic reference<br>• needs of beneficiaries not fully addressed financial management difficulties<br>• loss of reputation | 2 | 3 | 6 | • Clear strategic plan with set objectives<br>• Clear financial plans and budgets<br>• Financial and operational performance regularly reviewed | JC |
| Trustee body lacks relevant skills or commitment | • charity becomes fails to achieve its purpose<br>• decisions are made bypassing the trustees<br>• poor decision making reflected in poor value for money on service delivery | 3 | 3 | 9 | • review and agree skills required<br>• draw up competence framework<br>• implement trustee training and induction review and agree recruitment processes | JC |

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| Trustee body dominated by one or two individuals, or by connected individuals | • trustee body cannot operate effectively as strategic body decisions made outside of trustee body<br>• conflicts of interest<br>• pursuit of personal agenda<br>• culture of secrecy or deference<br>• arbitrary over-riding of control mechanisms | 2 | 3 | 6 | • agenda for meetings circulated in advance<br>• all meetings minutes<br>• need clear terms of reference for Remuneration Committee<br>• ensure all decisions made within Trustee meetings<br>• Agree recruitment and appointment processes in line with governing document | JC |
| Conflicts of interest | • charity unable to pursue its own interests and agenda<br>• decisions may not be based on relevant considerations impact on reputation | 2 | 3 | 6 | • agreed protocol for disclosure of potential conflicts of interest | JC |
| Ineffective organisational structure | • lack of information flow and poor decision making procedures<br>• remoteness from operational activities uncertainty as to roles and duties<br>• decisions made at inappropriate level or excessive bureaucracy | 3 | 3 | 9 | • Agreed organisation chart<br>• Job descriptions for key roles | TS |
| Loss of key staff | • experience or skills lost operational impact on key projects and priorities<br>• loss of contact base and corporate knowledge | 3 | 3 | 9 | • Succession planning partially in place need to develop this | TS |

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| Reporting to trustees (accuracy, timeliness and relevance) | • inadequate information resulting in poor quality decision making<br>• failure of trustees to fulfil their control functions trustee body becomes remote and ill informed | 2 | 3 | 6 | • Regular trustee meetings attended by members of operating committee<br>• Budget reporting at every trustee meeting<br>• Annual reporting against key objectives | JC |

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## Operational Risk

| Potential Risk | Potential Impact | Probability Level | Impact Level | Priority | Mitigation | Owner |
|---|---|---|---|---|---|---|
| Safeguarding incident | • loss of reputation<br>• children no longer feel safe to attend KOT activities<br>• parents and support workers lose confidence in the charity | 3 | 4 | 12 | • Safeguarding policy reviewed annually and shared with all operating committee.<br>• Clearly communicated safeguarding procedures<br>• All staff / volunteers have DBS check<br>• Safer recruitment procedures implemented<br>• Operating committee and team leaders have annual safeguarding<br>• 2 members of operating committee have DSL training<br>• Risk assessments for each activity on SP & JP<br>• All incidents clearly recorded on SP & JP<br>• Insurance taken out | TS/FG |
| Activities deteriorate in quality | • children no longer want to attend activities<br>• parents / support workers don't refer children to Kids on Track | 1 | 3 | 3 | • all activities checked for quality by member of committee prior to booking<br>• records kept of successful activities | TS/KG |

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| We over-extend ourselves by offering too many activities | • Quality of activities deteriorate | 4 | 3 | 12 | • clear strategic plan<br>• resource planning<br>• clear roles and responsibilities | TS |
| Competition from similar organisations | • fewer children referred to Kids on Track<br>• reduced fund-raising potential<br>• reduced public profile | 1 | 2 | 2 | • working closely with other local charities to ensure we operate cohesively rather than competitively. | TS/KG |
| Farleigh stops support | • Costs for charity increase<br>• Difficult to find a venue with similar facilities | 3 | 4 | 12 | • regular communication with Governors about impact of charity<br>• working closely with school site team to ensure we keep them up to date with our plans<br>• make sure we leave the site in the state that we find it.<br>• Formal agreement in place | TS |
| Fundraising ineffective | • Don't raise enough money to continue to operate charity<br>• Loss of reputation amongst potential donors<br>• Breach the fundraising rules | 3 | 2 | 6 | • Five year plan for fund raising<br>• Regular communications with donors.<br>• Identify who will monitor fund raising compliance<br>• Develop a long term fundraising plan. | KG |
| Not enough staff on committee | • Cannot deliver against plan<br>• Mistakes made which leads to health and safety issues | 2 | 3 | 6 | • Clearly defined roles and responsibility<br>• Clear plan with identified resources | TS |

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| | • Mistakes made which leads to safeguarding issues<br>• Over promise and under deliver | | | | • Monitoring delivery and resource against plan<br>• Clear policies, processes and procedures<br>• Regular review of staffing<br>• Ongoing recruitment process needed | |
| Staff not properly managed | • Health and safety issues<br>• Disgruntled employees<br>• High staff turnover<br>• Inefficient use of staff | 3 | 3 | 9 | • Contracts for all paid staff<br>• Job descriptions for all key roles<br>• Regular reviews with all staff<br>• Health and safety policy regularly reviewed<br>• Clearly defined line managers | TS |
| Volunteers | • Not enough volunteers and therefore unable to run activities<br>• Volunteers don't have the skills and therefore reduced quality of events<br>• Safeguarding risks | 3 | 4 | **12** | • A squad of volunteers is maintained and regularly communicated with so there are always volunteers to draw on.<br>• All volunteers receive Volunteer handbook which includes code of conduct<br>• Regular recruitment drives for volunteers<br>• All volunteers DBS checked.<br>• Those with specific responsibility eg. Team Leaders, Mentors given safeguarding training | TS/KG |

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| | | | | | • Safeguarding briefing at start of each activity.<br>• New volunteers are partnered with experienced volunteers<br>• Mentors receive specific training. | |
| Health, safety and environment | • staff injury<br>• injury to beneficiaries and the public | 3 | 4 | 12 | • comply with law and regulation<br>• regularly review health and safety report<br>• train staff and compliance officer<br>• put in place monitoring and reporting procedures<br>• covered by insurance | TS |
| IT failure | • Computer systems failure or loss of data<br>• Breach of data protection law | 2 | 2 | 4 | • Agree IT recovery plan<br>• Implement data back up procedures and security measures | TS |

## Financial Risk

| Potential Risk | Potential Impact | Probability Level | Impact Level | Priority | Mitigation | Owner |
|---|---|---|---|---|---|---|
| Budgetary control and financial reporting | • budget does not match key objectives and priorities<br>• decisions made on inaccurate financial projections or reporting decisions made based on unreliable costing data<br>• poor credit control<br>• poor cash flow and treasury management | 2 | 4 | 8 | • budgets linked to business planning<br>• Budgets regularly reviewed<br>• Financial Officer employed to manage finances<br>• Long term financial planning<br>• Reserves policy regularly reviewed | JU |

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| | • ability to function as going concern<br>• link budgets to business planning and objectives | | | | | |
| Cash flow sensitivities | • inability to meet commitments<br>• lack of liquidity to cover variance in costs<br>• impact on operational activities | 2 | 4 | 8 | • Cash flow planning in place<br>• Finance officer involved in operational planning<br>• Finances regularly monitored | JU |
| Dependency on income sources | • cash flow and budget impact of loss of income source | 2 | 4 | 8 | • At present no reliance on a few individuals<br>• reserves policy | JU |
| Investment policies | • financial loss through inappropriate or speculative investment<br>• unforeseen severe adverse investment conditions<br>• financial loss through lack of investment advice, lack of diversity<br>• cash flow difficulties arising from lack of liquidity | 1 | 4 | 4 | • At present all money is kept in cash so no risk but kept on register in case it becomes a risk in the future. | JU |
| Compliance with donor imposed restrictions | • funds applied outside restriction<br>• repayment of grant<br>• future relationship with donor and beneficiaries regulatory action | 1 | 3 | 3 | • All funds that are restricted are ring fenced and individually reported against | JU |
| Fraud or error | • financial loss<br>• reputational risk<br>• loss of staff morale<br>• regulatory action<br>• impact on funding | 2 | 5 | 10 | • clear financial policy<br>• financial skills within Trustees and Operating Committee<br>• segregate of duties<br>• set authorisation limits<br>• Insurance taken out | JU |

## Environment or External Factors

| Potential Risk | Potential Impact | Probability Level | Impact Level | Priority | Mitigation | Owner |
|---|---|---|---|---|---|---|
| Public perception | • impact on voluntary income<br>• impact on use of services by beneficiaries<br>• ability to access grants or contract funding | 2 | 4 | 8 | • use of social media to show impact charity is having<br>• Working closely with local Andover community including schools, social services, family support<br>• Regular communication with donors | KG/TS |
| Adverse publicity | • loss of donor confidence or funding<br>• impact on morale of staff reduced referrals | 3 | 4 | 12 | • complaints policy available on website<br>• strong marketing campaign to combat any adverse publicity<br>• need to agree a crisis management strategy for handling - including consistency of key messages and a nominated spokesperson | KG/TS |
| Government policy changes | • Additional legislation may make it more difficult to run activities<br>• Could impact fundraising | 3 | 3 | 9 | • monitor proposed legal and regulatory changes<br>• member of NVCO so | TS |

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| | • Could impact finances eg. Through taxation | | | | receive regular updates about legislation | |

## Compliance Risk (law and regulation)

| Potential Risk | Potential Impact | Probability Level | Impact Level | Priority | Mitigation | Owner |
|---|---|---|---|---|---|---|
| Compliance with legislation and regulations appropriate to the activities, size and structure of the charity | • fines, penalties or censure from licensing or activity regulators<br>• loss of licence to undertake particular activity (see operational risks)<br>• employee or consumer action for negligence<br>• reputational risks | 3 | 4 | 12 | • identify key legal and regulatory requirements<br>• allocate responsibility for key compliance procedures<br>• put in place compliance monitoring and reporting | TS |
| Regulatory reporting requirements: Financial and other reporting requirements not being met | • regulatory action<br>• reputational risks<br>• impact on funding | 3 | 4 | 12 | • Annual report submitted to charity register<br>• Need to identify any other reporting requirements | JC/JU |
| Taxation | • penalties, interest and 'back duty' assessments<br>• loss of income eg failure to utilise gift aid arrangements<br>• loss of mandatory or discretionary rate relief<br>• failure to utilise tax exemptions and reliefs | 2 | 2 | 4 | • review PAYE compliance procedures<br>• review VAT procedures<br>• file timely tax returns<br>• understand exemptions and reliefs available (direct tax and VAT)<br>• take advice on employment status and | JU |

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| | | | | | contract terms and tax<br>● implement budget and financial reporting identifying trading receipts, and tax recoveries | |