NEW LIFE

Risk Management Policy

Contents

Version Control		
Version	**Date**	**Amendments**
Original	Feb 2025	Approved by Trustees 11/03/25

Introduction

1. Charity Commission guidance (CC26) states that "Charity trustees should regularly review and assess the risks faced by their charity in all areas of its work and plan for the management of those risks." This policy sets out how New Life Croydon will respond to that guidance.

2. The guidance recommends the creation of a risk framework that allows trustees to:
   - identify the major risks that apply to their charity
   - make decisions about how to respond to the risks they face
   - make an appropriate statement regarding risk management in their annual report

Identifying the major risks that apply to NLC

3. Major risks are those risks that have a major impact and a probable or highly probable likelihood of occurring. If they occurred, they would have a major impact on some or all of the following areas:
   - governance
   - operations
   - finances
   - environmental or external factors such as public opinion or relationship with funders
   - a charity's compliance with law or regulation

4. Identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required. The proposed method is to look at each identified risk and decide how likely it is to occur and how severe its impact would be if it did occur. This approach adopts the following scoring system:

Impact		
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 • complaint probable • litigation probable

Major	4	• service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/ Catastrophic	5	• service interrupted for significant time • major adverse national publicity not avoidable • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Likelihood		
Descriptor	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 in most circumstances

3. CC26 recommends a calculation that gives additional weighting to 'Impact' and thus is Impact x Likelihood + Impact (xy+y). The resultant scores can then be plotted in the following 'heat map' which highlights those risks that should be given highest priority:-

Impact							
	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Highly Probable
					Likelihood		

4. In interpreting the risk heat map, the colour codes are:

Red - major or extreme/catastrophic risks that score 15 or more

Yellow - moderate or major risks that score between 8 and 14

Blue or green - minor or insignificant risks scoring 7 or less

Making decisions about how to respond to the risks NLC faces

5. As mentioned in paragraph 2.1 above, CC26 highlights 5 major areas of risk. It then goes further to provide extensive examples of potential risks and recommends that a charity uses these as a starting point to identify risks that are pertinent to its own specific circumstances.

6. Based upon the CC26 guidelines, a Risk Register has been prepared for the Trustees to comment upon and use to review the management of the risks on a regular basis.

7. The 5 areas of the Risk Register each contain a number of specific risks (i.e. 48 risks in total), as follows:-
   - Governance - 9
   - Operational - 15
   - Financial - 15
   - Reputational - 5
   - Compliance – 4

4. The Trustees have decided that they will consider one of the areas of risk at each Board meeting, with the Reputational and Compliance areas being taken together. Thus, with six Board meetings each year, the Risk Register will be consider at four of these meetings. This will ensure that the entire Register is reviewed completely within each calendar year. The review cycle should conclude at the March meeting each year, in order that the Board may finalise and approve an appropriate Risk Statement for inclusion in the Annual Report prior to the annual audit (which takes place in June). Any risk that is affected by circumstances (e.g. a financial crisis or the loss of a key member of staff) and becomes urgent must not be deferred to its usual place in the cycle, but will be discussed immediately at the next routine meeting, if not before.

5. Underlying the Risk Register is a set of individual, specific Risk Assessment Sheets – one for each of the 48 risks. CC26 explains that “Risk management is aimed at reducing the 'gross level' of risk identified to a 'net level' of risk, in other words, the risk that remains after appropriate action is taken.” Each Risk Assessment Sheet shows the gross score and the net score, and sets out the existing mitigation measures, together with additional mitigation measures that could be taken to reduce the net score even further. A high net score implies that further mitigation is still necessary.

6. Therefore, in advance of each Trustees' meeting when a particular Risk Area is to be considered, the Trustee nominated as the Risk Management lead will prepare a set of Risk Assessment Sheets - one for each risk within the section. During the relevant Board meeting, Trustees will take a view as to the acceptability of the net risk that remains after mitigation and either sign off the residual risk or instruct that additional mitigating actions be put in place.

7. Once the Trustees have signed off a set of Risk Assessment Sheets for a Risk Area, the relevant section of the Risk Register will be updated accordingly. This will result in the entire Risk Register being reviewed and updated annually.

Conclusion

8. This Policy sets out the procedure that NLC will follow in order to comply with CC26. It will be reviewed every 2 years by the Trustee nominated as the Risk Management lead.