

Risk Management Policy

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**East Ayrshire Leisure**

East Ayrshire Leisure is a Scottish Charitable Independent Organisation (SCIO) and meets the requirements of the Office of the Scottish Charity Regulator (OSCR). On 1st July 2013 East Ayrshire Leisure assumed responsibility for the operation and management of a range of cultural, countryside and sports facilities and services.

The strategic direction of East Ayrshire Leisure is managed by our Board that consists of Councillors, Independent Members and a Trade Union representative. East Ayrshire Council also has two senior members of staff who sit on the Board as associate members.

**Our Business**

As a charitable organisation East Ayrshire Leisure’s main purpose is to deliver inspiring cultural, countryside, community and sport services and experiences to support East Ayrshire’s communities’ aspirations in a way that has a focus on ensuring equality of opportunity and access for all.

East Ayrshire Leisure is responsible for the operation and management of sports facilities and pitches, a country park and Core Path Network, libraries, museums, collections, arts venues and town halls and will provide sports, heritage, arts and countryside development programmes, health and fitness and outdoor learning.

**Risk Management**

There are many risks to East Ayrshire Leisure’s service delivery and these take various forms, e.g. financial risk, operational risk, risk to the public and service users, and risk to our reputation. These risks can affect our performance, our customers and members of the public. Therefore, we need to have a clear understanding of what these risks are and how they can be managed and controlled.

Managing our risks effectively is essential in achieving our strategic outcomes and targets, creating confidence among service users and the public, and ensuring effective governance. Effective Risk Management will also enable us to deliver service improvements taking account of prevailing circumstances.

**Identifying Risks**

Each risk identified will be classified into a risk category; this will be used to ensure that the risk study captures all potential types of risks that may arise within the organisation. Listed below are the categories of risk that cover both the strategic and operational elements of the business.

Senior managers and Board members identified five risk categories:

Compliance Operational Reputation Financial Political

**Risk Treatment**

Once all risks have been identified and assessed, decisions must be taken to determine how best to control or manage them.

There are three strategic options available for managing and controlling risk exposure: acceptance, reduction and transfer. The option chosen to treat the risk will be determined by how appropriate it is to the risk event.

**Risk Acceptance:** An informed decision is taken to accept or retain the risk as it may not be necessary or appropriate to take action to treat the risk. Consideration should be given to the cost of avoiding, reducing or transferring the risk outweighing the potential benefits that would be realised.

**Risk Reduction:** Reducing the likelihood; preventing the risk from occurring by treating the causes of the risk; or taking action to reduce or control the consequence should the risk occur.

**Transfer the Risk:** Through conventional methods such as insurance policies or by asking a third party to take on the risk. Transfer through contract conditions, although there must be recognition that some residual risk may remain.

**Risk Reporting**

Risk has to be reviewed and reported for two important reasons:

* To monitor whether or not the risk profile is changing
* To gain assurance that risk management is effective, and to identify to both the Board and the management team where and when further action is required.

With this in mind, a reporting process has been agreed to ensure formal reporting and monitoring of risk is effective and is regularly reviewed by the Trustees of the Performance and Audit Sub-Committee.

**Risk Management**

East Ayrshire Leisure has had a Risk Register in place since its inception in July 2013.

The Board and Senior Management team have taken the following view of the 5 risk categories mentioned in Page 3.

* East Ayrshire Leisure is **open** to reputational risk.
* East Ayrshire Leisure is **open** to political risk.
* East Ayrshire Leisure is **open** about financial risk
* East Ayrshire Leisure is **cautious** about compliance risk.
* East Ayrshire Leisure is **open** to operationalrisk.

7 risks are identified in East Ayrshire Leisure’s Risk Register. These can be viewed on the Risk Register Overview Document on page 8.

Risk 1 is viewed as a compliance risk and is therefore scored using a Cautious Risk matrix.

Risk 2 is viewed as a reputational risk and is therefore scored using an Open Risk matrix.

Risk 3 is viewed as a reputational risk and is therefore scored using an Open Risk matrix.

Risk 4 is viewed as an operational risk and is therefore scored using an Open Risk matrix.

Risk 5 is viewed as a financial risk and is therefore scored using an Open Risk matrix.

Risk 6 is viewed as an operational risk and is therefore scored using an Open Risk matrix.

Risk 7 is viewed as a compliance risk and is therefore scored using a Cautious Risk matrix.

Therefore, the two matrices used for scoring each risk on our Risk Register are:

The Open Risk Matrix

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Likelihood | 5 | 10 | 15 | 20 | 25 |
| 4 | 8 | 12 | 16 | 20 |
| 3 | 6 | 9 | 12 | 15 |
| 2 | 4 | 6 | 8 | 10 |
| 1 | 2 | 3 | 4 | 5 |
| Impact | | | | |

The Cautious Risk Matrix

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Likelihood | 5 | 10 | 15 | 20 | 25 |
| 4 | 8 | 12 | 16 | 20 |
| 3 | 6 | 9 | 12 | 15 |
| 2 | 4 | 6 | 8 | 10 |
| 1 | 2 | 3 | 4 | 5 |
|  | Impact | | | | |

Each risk is scored from 5 to 1 depending on likelihood and impact. For example, if something is very likely to happen it will score 5, whilst if the impact is very low it will score 1. Thereafter, the scores are multiplied to produce an overall risk rating. The score is then compared against the table in the associated Risk Matrix to indicate if it is a high, medium or low risk.

The scores and the Risk Matrix can be seen in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Risk Area** | **Risk Matrix** | **Likelihood** | **Impact** | **Total** | **Risk Evaluation** |
| **1.** | Cautious | 4 | 4 | 16 | High |
| **2.** | Open | 4 | 3 | 12 | Medium |
| **3.** | Open | 3 | 3 | 9 | Low |
| **4.** | Open | 3 | 4 | 12 | Medium |
| **5.** | Open | 4 | 3 | 12 | Medium |
| **6.** | Open | 3 | 2 | 6 | Low |
| **7.** | Cautious | 2 | 4 | 8 | Medium |

Risk Register

| **No.** | **Risk** | **Strategic Objective** | **Lead Officer** | **Likelihood** | **Impact** | **Total Risk**  **Score**  **(L x I)** | **Risk Category** | **Controls** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | There will be a 20% reduction in funding received from East Ayrshire Council, resulting in a reduction in service provision and a requirement to generate more income from services. | 1,2,3,4 | Chief Executive | 4 | 4 | 16  RISK APPETITE:  CAUTIOUS  (Compliance) | HIGH | * Communication with East Ayrshire Council allowing forward planning to ensure that service provision meets the requirements of the main funding provider. * Best Value Review Implementation * PR; communications with staff and customers |
| 2 | There is a risk of not being able to maintain high quality services because of a lack of funding, resulting in a failure to invest, loss of staff, a reduction in staff commitment and damage to East Ayrshire Leisure’s reputation. | 1,2,3,4 | All Senior Manager | 4 | 3 | 12  RISK APPETITE: OPEN  (Reputation) | MEDIUM | * Business Planning * Positive Public Relations * Equipment Replacement policy * Continued dialogue with Council * Employee recognition scheme * EAGER - ongoing training and development of staff |
| 3 | There is a risk partners and external stakeholders do not see East Ayrshire Leisure as a partner of choice because of a lack of resources invested in partnership activity, resulting in a failure to deliver Business Plan targets and the loss of external funding. | 1,2,3,4 | All Senior Managers | 3 | 3 | 9  RISK APPETITE:  OPEN  (Reputation) | LOW | * Service reviews * Positive Public Relations * Service level agreements/Contracts |
| 4 | There is a risk that buildings are not at the standard required or operating efficiently in terms of environmental sustainability due to a lack of capital investment or maintenance, resulting in a reduction in facilities, loss of income, the inability to market services, inability to respond to impacts of climate change or weather and the loss of services. | 1,2,3,4 | All Senior Managers | 3 | 4 | 12  RISK APPETITE: OPEN  (Operation) | MEDIUM | * Regular communication with the Council * Business Continuity Plan * Regular Workplace inspections and reviews * Fire Risk Assessments * Established repairs reporting system * Proposed Asset Management Plan (EAC) * Capital Improvement Plan * Environmental Management, Monitoring and reporting |
| 5 | There is a risk that East Ayrshire Leisure does not take commercial opportunities because staff are not able to identify and take these opportunities, resulting in lost revenue streams, perceptions of poor service and the failure to be aligned with market demands. | 1,2,3,4 | All Senior Managers | 4 | 3 | 12  RISK APPETITE: OPEN  (Financial) | MEDIUM | * Attendance at Events * Recruitment and Selection procedure * EAGER reviews * Training and development programme |
| 6 | There is a risk that East Ayrshire Leisure does not have the right people with the right skills in the right places because of the failure to adapt/train existing staff, not recruiting the right people and not motivating its workforce. This would result in poor services, lack of customer engagement, failure to cross-sell and a loss of income. | 1,2,3,4 | All Senior Managers | 3 | 2 | 6  RISK APPETITE: OPEN  (Operation) | LOW | * Training and development * Ongoing review of Training matrices * Induction Process * Eager Reviews * Recruitment and selection procedure * Effective communication with staff |
| 7 | There is a risk that East Ayrshire Leisure will not comply with legislation standards and fail to meet the requirements of Health & Safety, GDPR, OSCR, VAT etc. |  | All Senior Managers | 2 | 4 | 8  RISK APPETITE: CAUTIOUS  (Compliance) | MEDIUM | * Dedicated Health & Safety Officer * Partnerships Working Groups * Service Level Agreement * Support from East Ayrshire Council |

**Risk Analysis**

Risk Area 1

This risk was viewed as a compliant risk as East Ayrshire Leisure has to operate within the financial parameters that on the whole are decided by East Ayrshire Council. It has been well documented that the East Ayrshire Leisure will have a reduction in funding from East Ayrshire Council and this will have a significant impact on the venues we currently manage.

Risk Area 2

This risk was viewed as an operational risk a reduction in available finances and continued savings may impact on the quality of services the Trust provides.

Risk Area 3

This risk was viewed as reputational; however the likelihood of it having a severe impact on the relationship we have with our partners is considered low as we have strong links with them and are able to adapt and negotiate change.

Risk Area 4

This area is viewed as operational risk as an inability to maintain buildings can have a significant effect on the provision of service. This has occurred in a few cases for example, maintenance issues at St Joseph’s SGP and the problems with loose tiles in our swimming pools.

Risk Area 5

This area was viewed as a financial risk, but the Trust will take opportunities to increase income as opportunities arise.

Risk Area 6

This area is viewed as an operational risk and the impact of this is low as the Trust has systems in place to ensure the ongoing demands of employees can be met.

Risk Area 7

This was viewed as a compliance risk as the Trust must adhere to statutory requirements. The Trust has many controls in place and the likelihood of a failure is low however the repercussions could have a significant impact.

**Record of Change**

|  |  |
| --- | --- |
| **Date Reviewed** | **Date of next review** |
| Nov 2018 | Nov 2019 |