RISK MANAGEMENT STRATEGY

1. Overview

The purpose of this document is to detail the Sabre Trust Risk Management Strategy, including the process, roles and responsibilities.

2. Introduction

In order for The Sabre Trust (TST) to operate, deliver its services and achieve its objectives some amount of risk taking is necessary. The only way to avoid risk is to do nothing, which in turn guarantees nothing is achieved. Our aim is to be in a position where risks are effectively managed to deliver TST business objectives and opportunities are exploited to provide improved services and value for money.

2.1 What is risk?

Risk can be defined as "something happening that may impact on the achievement of our objectives".
Types of risks that The Sabre Trust may face include:
- Anything that poses a threat to the achievement of TST business objectives and strategic priorities.
- Anything that could damage TSTs reputation or undermine TST's clients or the public's confidence in TST.
- Failure to guard against theft and fraud
- Failure to comply with regulations such as health and safety

Risks can also arise from not taking opportunities to deliver better quality and cost efficient services to TST's stakeholders.

2.2 Risk Management

For The Sabre Trust, risk management means having in place a corporate and systematic process to identify, evaluate, control, review and monitor the impact of uncertain events. It includes having people with the appropriate skills to identify and assess the potential for risks to arise.

2.3 Risk Management Strategy

It is important that our approach to risk management is clearly documented and this paper describes the strategy that we execute to identify, assess, address and review and report on our risks.

3. Risk Management Process

The Sabre Trust risk management process consists of four stages, as shown below: risk identification, risk assessment, risk management and risk monitoring, communication and feedback.
1. Identify 2. Assess 3. Manage
4. Monitor, Communicate & Feedback

4. Roles and Responsibilities

The figure below sets out the Roles and Responsibilities in British Fencing. This defines "who does what" to avoid risks being unmanaged.

Chairman

Finance Director

• Approve the Risk Strategy
• Regularly monitor, review and challenge the management of Strategic Risk

Board of Directors

• Set the 'risk appetite' for Strategic Priorities
• Approve the Risk Strategy and monitor risk management at each Board meeting.
• Produce a risk register
• Review the strategic risk register
• Regularly monitor and manage strategic & operational risk
• Ensure the Risk Strategy is implemented

Risk Manager

• Develop the Risk Strategy
• Set up risk management framework to identify & assess risk
• Educate everyone in risk management

5. Identifying Risks

We use a "top down" and "bottom up" approach to risk identification, thereby aiming to identify the strategic and operational risks that may prevent the achievement of our business objectives and strategic priorities.

The Board, is responsible for identifying the major risks that may impact on us achieving our business objectives and strategic priorities.

The successful delivery of our objectives also depends on external stakeholders (such as funders, sponsors, partners suppliers, etc). We will therefore work closely with other stakeholders to identify risks on joint activities.

5.1 Types of Risk

A risk is "something happening that may impact on the achievement of our objectives". This may be an event occurring outside of our organisation (such as a natural disaster or changes in legislation) or an event may occur internally (for example the departure of key staff or failure of computer technology).
The list is not exhaustive and is intended to assist with the risk identification process.

5.2 Risk Categories

Category/Description

External

This includes risks arising from:
Political factors such as change in government. Economic factors such as recession.
Legal and regulatory obligations such as compliance with health and safety laws and regulations.

Operational

This includes risks arising from:
Changes to the Charity Commission and the way funds can be raised.

Human resource issues such as the recruitment and retention of Trustees.
Reputation issues such as events or procedures which may damage our credibility and reputation.

Infrastructure issues such as power supply systems, suppliers, business relationships with partners, dependency on internet and email.
"Acts of God" such as floods, earthquakes, fire and disease.
Terrorist activity such as bombs or attacks
Technology such as the failure of key IT systems.

Stakeholders such as risks experienced by our partners that would have a knock-on impact on us meeting our objectives.

Litigation
Quality of Service

Financial
This includes risks arising from:
Budgetary and Budgetary Management issues such as the availability of Funding or allocation of resources. Fraud or theft of assets.

Strategic
These include risks arising from:
Policy decisions by us or others that affect our priorities.

Strategic Planning
Wider Governance Structure – not fit for purpose

6. Assessing Risks

In order to decide how to handle risk the first step is assessing significance. Each risk will be assessed in terms of how likely it is to occur and the magnitude or impact of the consequences if it were to occur.

It is not easy to assign best estimates of probability and impact and in most cases the decisions will be a matter of judgement. There will always be a degree of uncertainty in predicting the likelihood and impact of future events.

6.1 Risk Management Strategy
Probability Rating

Probability	Description
High	There is a strong possibility this risk will occur. (Possible within this quarter)
Medium	The probability of this risk occurring is moderate. (Possible within this year)
Low	There is a slight possibility this risk may occur. (Possible within 1-10 years)

6.2 Impact Rating

Impact Category	Description
High	Serious financial loss. Serious damage to reputation Serious impact on business objectives, strategic priorities, activities or milestones.
Medium	Some financial loss/damage to reputation. Significant impact on business objectives, strategic priorities, activities or milestones.
Low	Minor or no financial loss/damage to reputation. Minor impact on business objectives, strategic priorities, activities or milestones. Little or no effect on service provision.

7. Mitigation Planning

7.1 Identification of controls and actions

Having described the risk and carried out the inherent assessment of a risk it is important that the existing controls are identified, described and assessed. A control is a process, procedure or action that is undertaken and if effective reduces the likelihood of a risk cause from occurring.

Due to their nature, there will be certain risks identified where it will be impossible to identify controls that will reduce the likelihood of the risk occurring. In this instance there is a need to ensure that appropriate actions are identified in the mitigation plan to manage the impact of the effects that arise if the risk is realised.

In many circumstances there will be a requirement to identify the further action needed to be undertaken in order to manage the risk and reduce the residual risk rating. The actions identified form the mitigation plan which identifies the owner of the action, the implementation date and the progress made on the implementation.

The mitigation plan will hold two types of actions, those that are to be implemented to improve controls and those that are identified to manage the effects of the risk being realised.

7.2 Control Rating

Control Rating	Description
High	A high degree of confidence that the risk can be controlled and mitigated
Medium	The degree of control of this risk is moderate.
Low	There is little or no ability to control the risk. (Possible within 1-10 years)

7.3 Assigning Ownership

The importance of identifying risks is not only to identify the important areas to which resource should be allocated but also to allocate responsibility for management of these risks.
Effective risk management emerges when ownership of any particular key risk is allocated to an appropriate senior official; without ownership being assigned at a senior level responsibility and authority for implementing control or risk mitigation action are unlikely to be clear.

8. Monitor, Communicate and Feedback

The following reporting and review mechanisms will be undertaken in order to obtain assurance on the effectiveness of our actions and to periodically review the risks we have identified to ensure they reflect the changing environment.
Board: It is the Board who is the primary risk owner for Strategic Risk. The Strategic Risk Register and Mitigation Plan will be reviewed annually by the Board.

Senior Management Team: (Chairman and Finance Director)
It is their responsibility to review the Risk Register at least quarterly and each year they are required to undertake a full risk assessment and update the Risk Register.

9. Embedding

We will continually work towards ensuring that the processes designed to manage risk are built into the everyday business practices and procedures across the sport. The benefits of this will include:

- Greater management focus on issues that really matter
- Reduction in management time spent fire fighting
- Fewer “surprises”
- More focus internally on doing the right things in the right way.
- Greater likelihood of achieving business objectives
- More informed risk taking and decision making.

The following measures will be specifically used to embed the risk management process:

- Goal alignment: Align operational and individual objectives with the overall strategic priorities.
- Job descriptions: Include risk management roles and responsibilities explicitly within individual job descriptions and require risk management as a core competency.
- Risk taking: Recognise and reward informed risk taking and problem prevention and encourage staff to actively participate in the risk identification and management process.
- Process requirement: Include risk identification, management and reporting as an integral requirement for all business processes.
- “No blame” culture: Balance individual responsibility with a “no blame” culture in which individual mistakes are tolerated, quickly learned from and used for the benefit of the whole organisation.
- Inclusiveness: Include risk management in as many policy documents and procedures as possible.
- Benefit realisation: Ensure that our staff understand the purpose of their roles and effectively communicate the benefits of risk management to them personally.