

Policy	Risk Management
Effective Date	1 March 2019
Date Last Reviewed	March 2019
Authorised by	Trustees meeting
Scheduled Review Date	March 2020
Supersedes	All previous Policies and/or Statements

The Harrogate Choral Society (HCS) acknowledges that it is good management practice to systematically assess the risks it faces and make plans to manage the risk identified. It also acknowledges the legal requirement (Charities (Accounts and Reports) Regulations 2008) for the trustees to give consideration to the major risks faced by HCS and satisfy themselves that systems or procedures are established to manage these risks.

HCS has considered the arrangements necessary to manage risk within the organization and one of the Executive Officers will be the lead Trustee for risk management with regular reviews undertaken and reported for comment and agreement to the HCS Trustees as a whole (at least annually).

In establishing this risk management policy, as a starting point, HCS considered Charity Commission guidance (Charity Commission (2010) Charities and Risk Management. June 2010). Within Annex 2 of this guidance is an indication of the main areas of risk that may need to be considered by the Trustees and this was studied to identify potential risks faced by HCS. Some were not relevant and excluded but as a result of consideration by the Executive and Trustees other potential risks relevant specifically to HCS were identified.

The following schedules identify the potential risk, potential impact, risk assessment and steps being taken or planned to be taken (shown in bold) to mitigate this risk. A scoring system (detailed on the next page) suggested by Charity Commission (2010) has been used to assess the risk for each potential area using two criteria.

In the risk assessment column, each potential risk is assessed against these two criteria.

SCORE	IMPACT	LIKELIHOOD
1	Insignificant <ul style="list-style-type: none"> • No impact on service • No impact on reputation • Complaint unlikely • Litigation risk remote 	Remote <ul style="list-style-type: none"> • May only occur in exceptional circumstances
2	Minor <ul style="list-style-type: none"> • Slight impact on service • Slight impact on reputation • Complaint possible • Litigation possible 	Unlikely <ul style="list-style-type: none"> • Expected to occur in a few circumstances
3	Moderate <ul style="list-style-type: none"> • Some service disruption • Potential for adverse publicity - avoidable with careful handling • Complaint probable • Litigation probable 	Possible <ul style="list-style-type: none"> • Expected to occur in some circumstances
4	Major <ul style="list-style-type: none"> • Service disrupted • Adverse publicity not avoidable (local) • Complaint probable • Litigation probable 	Probable <ul style="list-style-type: none"> • Expected to occur in many circumstances
5	Extreme/catastrophic <ul style="list-style-type: none"> • Service interrupted for significant time • Major adverse publicity not avoidable (national) • Major litigation expected • Resignation of trustees • Loss of corporate funder confidence 	Highly probable <ul style="list-style-type: none"> • Expected to occur frequently and in most circumstances

Potential Risk	Potential Impact	Risk Assessment	Steps to Mitigate Risk
1 Governance Risks			
1.1 HCS lacks direction, strategy and forward planning	<ul style="list-style-type: none"> -HCS drifts with no clear objectives, priorities or plans -Issues are addressed piecemeal with no strategic reference -Needs of members, audiences and other beneficiaries not fully addressed -Financial management difficulties -Loss of reputation 	<p>Impact: 4 Likelihood -2</p> <p>In 2016-17 there was major impact with current possible likelihood. During 2017-18 season work has been completed to reduce the likelihood to remote or unlikely</p>	<ul style="list-style-type: none"> -Action Plan was established in 2016-2017 which identifies a set of actions to address future development and good management. An ongoing list of Outstanding Actions is monitored at each Management Committee Meeting -Review of Committee structure was undertaken and initially there were separate Trustees Meeting and Executive to enable focus on these issues, however this proved impracticable to maintain and one Management Committee meeting now takes place with Officials absenting themselves if necessary
1.2 HCS trustees lack relevant skills or commitment	<ul style="list-style-type: none"> -HCS becomes moribund or fails to achieve its purpose -Decisions are made bypassing the Trustees -Dissatisfaction among members -Poor decision making reflected in poor value for money and artistic output 	<p>Impact: 4 Likelihood: 2</p> <p>Major impact but with current unlikely likelihood and risk will be reduced further once development needs of Trustees have been considered and any addressed.</p>	<ul style="list-style-type: none"> -Governance structure has been reviewed and changed -Role descriptions for all Trustee roles have been established and descriptions continue to be established for other HCS roles -Role descriptions can now be issued when elections are undertaken to ensure there is a clear understanding of what individual roles are -Development needs of Trustees to be considered -Executive to monitor how the Trustees are operating as a body and bring any issues to the attention of a Trustees Meeting. -Consideration to be given to succession requirements and understudy and replacement of office holders.
1.3 Trustee body dominated by one or two individuals, or by connected persons	<ul style="list-style-type: none"> -Trustee body cannot operate effectively as a strategic body -Decisions made outside of trustee body -Conflicts of interest -Pursuit of personal agenda -Culture of secrecy or deference 	<p>Impact: 3 Likelihood: 1</p> <p>Moderate impact but with current remote likelihood.</p>	<ul style="list-style-type: none"> -Trustee positions filled by open election of all members -Process for co-opting to vacant trustee posts is by agreement with majority of trustees -Review has been undertaken of decision making process with clear roles for Trustees, Committee and Executive meetings. - Management is delegated on a day to day basis to the

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	-Arbitrary over-riding of control mechanisms		Executive by the Trustees, who receive copy minutes of Executive meetings but who are called upon to join in consideration and ratification of more significant policy decisions. -Our constitution states clearly how Trustees can avoid a conflict of interest.
1.4 Trustees are benefiting from the Charity (e.g. remuneration)	-Poor reputation, morale and ethos -Adverse impact on overall control environment -Conflicts of interest -Possibility of regulatory action	Impact: 2 Likelihood: 1 Minor impact but with current remote likelihood	-Majority of trustee roles filled by open election - Only one trustee role currently in receipt of payment and detailed agreement drawn up in line with Charity Commission guidance and by majority vote of all existing trustees
1.5 Conflicts of interest	-HCS unable to pursue its own interests and agenda -Decisions may not be based on relevant considerations -Impact on reputation -Private benefit	Impact: 2 Likelihood: 1 Minor impact but with current remote likelihood.	-Our constitution states that all trustees must declare any interest they have in any proposed HCS transaction and must absent themselves from any discussion of this matter, this makes the issue unlikely.
1.6 Ineffective organisational structure	-Lack of information flow and poor decision making procedures -Remoteness from HCS operational activities -Uncertainty as to roles and duties -Decisions made at inappropriate level or excessive bureaucracy	Impact: 2 Likelihood: 2 Minor impact but with current unlikely likelihood. Potentially risk has been reduced further now that new structure has been in place and working for over a year.	-The HCS structure was reviewed in summer 2016 and Role descriptions were created for all Trustees. - The effectiveness of organisational structure appears to be working although there is still a risk as two original trustee roles (Concert Management / Publicity) remain unfilled and are being covered by several other trustees.
1.7 Activities potentially outside objects, powers or terms of gifts (restricted funds)	-Loss of funds available for beneficiary class -Liabilities to repay funders -Loss of funder confidence -Potential breach of trust and regulatory action -Loss of beneficiary confidence	Impact: 3 Likelihood: 3 Moderate impact and possible likelihood. This could be reduced by action to have more active process to manage individual corporate funding	-Although management of such is covered by the Fundraising and Sponsorship role description we may still need to agree process for more active management of individual corporate donations to ensure any conditions are met -Financial systems maintained which identify restricted funds

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1.8 Loss of key volunteers	-Experience or skills lost -Operational impact on key projects and priorities -Loss of contact base and corporate knowledge	Impact: 3 Likelihood: 2 Major impact and with current possible likelihood. Ongoing work is reducing both impact and likelihood	-Detailed statements of procedures and systems being developed, some work has taken place by the introduction of a shared spreadsheet monitoring many aspects for each concert - Through the introduction of Role Descriptions for all key roles other Trustees should now be able to undertake key operational roles if another volunteer steps down.
1.9 Reporting to trustees (accuracy, timeliness and relevance)	-Inadequate information resulting in poor quality decision making -Failure of trustees to fulfil their control functions -Trustee body becomes remote and ill informed	Impact: 1 Likelihood: 1 Minor impact and unlikely likelihood.	-There are now adequate Management committee meetings. - An Action Plan identifying key tasks for forthcoming period including identifying when further information is needed is in use.
2 Operational Risks			
2.1 Contract risk	-Onerous terms and conditions -Liabilities for non performance -Non-compliance with HCS charity objects	Impact: 2 Likelihood: 3 Minor impact and current possible likelihood. Work to strengthen monitoring of conditions related to corporate fundraising should reduce risk further	-Robust processes being implemented relating to engagement of contracted personnel including soloists and other artists - Responsibility for reviewing terms and conditions relating to bookings and other contracted services is covered under the Concert Manager Role description, unfortunately this is currently vacant. -Responsibility for-ensuring terms and conditions are met for all corporate fundraising income is covered by the Fundraising and Sponsorship Role description
2.2 Member and audience satisfaction	-Dissatisfaction expressed by members -Loss of audience members -Loss of members -Reputational risks	Impact: 4 Likelihood: 4 Major impact but during the past year ongoing work has reduced the likelihood.. Choir survey in 2017 re Artistic ambition initiated work to address these issues,	-Opportunity at annual general meeting and annual consultation for members to express views followed up with action and reporting back on action taken -Work has stated to investigate further why individual members leave -Monitor trends in audience numbers -We have considered ways of obtaining audience views on HCS output

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		although there are still issues regarding recruitment of tenors and basses and increasing audience sizes.	- Extensive member consultation led to small working groups. This has led to further changes in the way we recruit new members. - Various matters relating to concerts have also been taken on board but more work may be needed to address decline in audience and member levels. Both are rising however.
2.3 Competition from other local choirs	-Loss of members -Loss of audience numbers -Reduced public profile -Reduced fundraising potential	Impact: 3 Likelihood: 4 Moderate impact and probable likelihood. Identified that HCS is operating in an increasingly 'crowded' market place which needs addressing through a range of proposed actions	- Need to find ways of conducting regular reviews of the competitive position of HCS alongside other local choirs needed -Also need to find ways to monitor public awareness and profile of HCS -Maintain good relationships with other choirs and through dialogue try to ensure complementary rather than competitive activity and/or joint initiatives
2.4 Suppliers, dependency, bargaining power	-Dependence on key musicians -Lack of musicians to meet key operational objectives -Non-competitive pricing/quotes -Insufficient buying power	Impact: 4 Likelihood: 2 Major impact with unlikely likelihood.	- Contingency plans have been written in case venue or key member of music team were not available, however even with a plan the impact would not be lessened.
2.5 Capacity and use of resources including tangible fixed assets	-Under utilisation of assets or resources -Mismatch between staff allocations and key objectives -Plant and equipment obsolescence impacting on operational performance -Spare capacity not being utilised or turned to account	Impact: 3 Likelihood: 3 Moderate impact and moderate likelihood. Appropriateness of venue size to audiences to be addressed which would reduce risk level.	-Attempt a closer match between venues used for performances and likely audience levels, ie need to plan to hold some of main concerts in smaller venues -Agree a depreciation reserve to build up funding to purchase replacement equipment (e.g. clavinova) when they reach the end of useful life

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2.6 Security of assets	<ul style="list-style-type: none"> -Loss or damage -Theft of assets -Infringement of intellectual property rights 	<p>Impact: 2 Likelihood: 2</p> <p>Minor impact with unlikely likelihood. Clavinova storage to be monitored as in an area used by other external groups</p>	<ul style="list-style-type: none"> -Maintenance of insurance covering key assets -It is not possible to store anything other than the librarians cupboard at Christchurch -Clavinova storage security to be monitored -We have an Assett agreement with Royal Hall for the staging we purchased some years ago - if we purchase a podium / stand for Andrew then will need to include that here
2.7 Corporate Fundraising	<ul style="list-style-type: none"> -Unsatisfactory returns -Reputational risks of campaign or methods used -Actions of agents and commercial fund-raisers -Compliance with law and regulation 	<p>Impact: 4 Probable : 4</p> <p>Major impact and probable likelihood. Our one major source of corporate funds is about to end so action is needed to find a replacement.</p>	<ul style="list-style-type: none"> -Agree policy for fundraising -Take steps to address dependence on one major source of corporate funds -Ongoing Review needed by Sponsorship team to ensure compliance with latest Charity Commission guidance -The use of QuickBooks accountancy software allows for more robust reporting of funds raised - A section on funds raised is now included in the Annual Report - A Trustee with relevant professional fundraising experience has been appointed.
2.8 Contracted Officials	<ul style="list-style-type: none"> -Disputes -Health and Safety Issues -Claims for injury, stress, harassment, unfair dismissal -Equal opportunity and diversity issues -Child Protection issues -Low morale 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact and possible likelihood has been reduced through more robust contract arrangements</p>	<ul style="list-style-type: none"> -Robust contract arrangements being implemented -Child Safeguarding policy agreed including DBS checks of all persons working with children

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2.9 Volunteers	<ul style="list-style-type: none"> -Lack of competences, training and support -Poor service for beneficiaries -Inadequate vetting and reference procedures -Recruitment and dependency 	<p>Impact: 4 Likelihood: 4</p> <p>Major impact and probable likelihood. Initiatives in progress to increase number of volunteers and identification of roles which should reduce risk in this area.</p>	<ul style="list-style-type: none"> -Process of member consultation being implemented -Role descriptions for several volunteer roles continue to be developed -Initiatives to attract increased interest of volunteers in participating to be pursued
2.10 Health, safety and environment	<ul style="list-style-type: none"> -Injury -Product or service liability -Ability to operate 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact and likelihood has reduced now we have a Health and Safety policy</p>	<ul style="list-style-type: none"> -Health and Safety policy agreed and being implemented -We have our own first aid kit for taking to events where there is no official first aid provision and have identified a number of qualified first aiders -Risk assessment process introduced and risk assessments carried out for all events -Designated health and safety officer. A candidate has been identified.
2.11 Disaster recovery and planning	<ul style="list-style-type: none"> -Computer system failures or loss of data -Destruction of property, equipment, records through fire, flood or similar damage 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact, likelihood reduced by introduction of emergency plan and records management policy.</p>	<ul style="list-style-type: none"> -Records management policy has been written -Emergency plan aimed at minimising effects of cancelled performances covered in contingency planning document.
2.12 Procedural and systems documentation	<ul style="list-style-type: none"> -Lack of awareness of procedures and policies -Actions taken without proper authority 	<p>Impact: 3 Likelihood: 4 3</p> <p>Moderate impact, likelihood reduced now full set of policies and procedures in place.</p>	<ul style="list-style-type: none"> -Governance process reviewed in 2016 -Policies and procedures now written for key areas

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2.13 Information technology	<ul style="list-style-type: none"> -Systems fail to meet operational need -Failure to innovate or update systems -Loss/corruption of data -Lack of technical support -Breach of data protection laws 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact and unlikely likelihood. Records Management Policy has further reduced risks.</p>	<ul style="list-style-type: none"> -Data Protection Policy agreed, and under review in advance of new legislation (GDPR from May 2018) -Most of data maintained on volunteer computers, and reminders about compliance with Data Protection are issued by the Secretary -Records Management Policy agreed - Websites and email servers are in secure environment
3. Financial Risks			
3.1 Budgetary control and financial reporting	<ul style="list-style-type: none"> -Budget does not match key objectives and priorities -Decisions made on inaccurate financial projections and reporting, unreliable costing data or income projections -Inability to meet commitments or key objectives -Poor credit control, cash flow and treasury management -Ability to function as going concern 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact and possible likelihood. Implementation of Quick Books and review of financial procedures has lead to reduction in risk level</p>	<ul style="list-style-type: none"> -Systems in place for key aspects of budgetary control and financial reporting -Ongoing review of financial procedures has strengthened budgetary management further -Systems being developed by implementation of the Quick Books financial software -Financial reporting orientated around performances which provides a clear focus on key areas of HCS -Financial reporting to Trustee meetings
3.2 Reserves policy	<ul style="list-style-type: none"> -Lack of funds or liquidity to respond to new needs or requirements -Inability to meet commitments or planned objectives -Reputational risks if policy cannot be justified 	<p>Impact: 3 Likelihood: 2</p> <p>Moderate impact and unlikely likelihood. Risk significantly reduced now there is an agreed reserves policy in place</p>	<ul style="list-style-type: none"> -Reserves Policy agreed and reviewed annually
3.3 Cash flow sensitivities	<ul style="list-style-type: none"> -Inability to meet commitments -Lack of liquidity to cover variance in costs -Impact on operational activities 	<p>Impact: 2 Likelihood: 1</p> <p>Minor impact but with current remote likelihood</p>	<ul style="list-style-type: none"> -Process in place to ensure sufficient funds are maintained in easy to access accounts -More sophisticated assessment of needs will be possible once Quick Books package fully implemented

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3.4 Dependency on income sources	-Cash flow and budget impact of income source	Impact: 4 Likelihood: 4 Major impact and probable likelihood. Various initiatives in progress to address declining audience numbers but we are still dependent on one major donor	-Currently heavily dependent on funding from one major donor and audience numbers -Work being undertaken to address declining audience numbers -Dependence on one major donor needs addressing
3.5 Pricing policy	-Reliance on subsidy funding -Unplanned loss from pricing errors -Cash flow impact on other activities -Loss of contracts if uncompetitive -Affordability of services to beneficiary class	Impact: 3 Likelihood: 3 Moderate impact and possible likelihood which is being addressed through examination of ticket pricing policy	-Budget for HCS orientated around planned performances including ticket prices. Monitoring undertaken to compare actual with planned -Ticket pricing policy has been reviewed and some ticket prices reduced. Further consideration of concerts in smaller local venues where ticket prices could be reduced further to be considered.
3.6 Guarantees to third parties	-Deposits for use of venues -Contracted performers -Commitments made to funders	Impact: 2 Likelihood: 2 Minor impact & unlikely likelihood.	-Insurance and reserve retained to provide cover in case of performance cancellation -Reserve also retained -Restricted funds clearly shown in accounts
3.7 Investment policies	-Financial loss through inappropriate or speculative investment -Unforeseen severe adverse investment conditions -Financial loss through lack of investment advice, lack of diversity -Cash flow difficulties arising from lack of liquidity	Impact: 3 Likelihood: 2 Moderate impact and unlikely likelihood. Actions to be considered which should reduce the risk	-Currently investment of cash not immediately needed in relatively liquid sources --Reserves policy being agreed -Regular performance monitoring of investments to be introduced

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3.8 Fraud or error	-Financial loss -Reputational risk -Loss of member morale -Regulatory action -Impact on funding	Impact: 4 Likelihood: 3 Major impact and probable likelihood with regard to error. Introduction of Financial Controls policy has reduced likelihood.	- Financial controls policy introduced in 2017 -Insurance maintained -Process for delegated decision making introduced
3.9 Counter party risk	-Financial loss -Disruption to performances and rehearsals	Impact: 4 Likelihood: 3 Major impact and probable likelihood. Work has taken place to reduce the risk level	-Contracts for officials have been revised -Revised contract pro forma used for soloists agreed and now in use
4. Environmental or External Factors			
4.1 Stakeholder perception	-Impact on income from audiences -Impact on number of members -Ability to access grants or corporate funding	Impact: 4 Likelihood: 4 Major impact and probable likelihood. Various initiatives in progress to improve stakeholder perception and reduce risk	-Communication with audiences and potential new members to be reviewed -Communication with members has been strengthened during 2016 and 2017 -Reporting of HCS activities and financial situation being reviewed following becoming a CIO -Need for public relations procedures and strategy to be considered -Need for crisis management strategy for adverse events to be considered
4.2 Relationship with funders	-Deterioration in relationship may impact on funding and support available	Impact: 3 Likelihood: 3 Moderate impact and possible likelihood to be addressed by development of more robust process for managing corporate fundraising achieved.	-Regular contact and reporting to major funder in place -Project management process for managing terms and conditions of funding to be introduced to ensure conditions are met.

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4.3 Government Policy	-Availability of contract and grant funding -Impact of general legislation or regulation on activities undertaken	Impact: 4 Likelihood: 4 Major impact and probable likelihood. Planned to seek a suitable professional to improve our scanning of potential governmental / legal changes which could impact on HCS	-Plans to attract an appropriately qualified volunteer (e.g. member with legal background) to undertake horizon scanning to identify potentially relevant changes to government policy. A suitably qualified Trustee has been appointed. -Membership with Making Music maintained
5. Compliance Risk (Law and Regulation)			
5.1 Compliance with legislation and regulations	-Fines, penalties or censure from licensing or activity regulators -Loss of licence to undertake particular activity -Negligence claims -Reputational risk	Impact: 4 Likelihood: 3 Major impact and possible likelihood. Work is currently being undertaken which should ensure compliance with current known legislative and regulatory requirements. This will reduce the risk significantly	-Work ongoing to ensure activity in key regulatory areas compliant with relevant legislation with action implemented to address any identified risks -Policies for child safeguarding, data protection and health and safety agreed -Child Performance Licence obtained -Plans to attract an appropriately qualified volunteer to undertake horizon scanning to identify potentially relevant changes to government policy. A suitable volunteer has been appointed. -All key areas have a trustee responsible
5.2 Regulatory reporting requirements	-Regulatory action -Reputational risks -Impact on funding	Impact: 2 Likelihood: 2 Minor impact and unlikely likelihood.	-Charity Commission reporting requirements known and being managed -Child Performance Licence reporting requirements known and being managed. Volunteer to be sought to manage this process

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5.3 Professional advice	-Lack of investment strategy or management -Contract risk -Failure to address compliance risks	Impact: 2 Likelihood: 2 Minor impact and unlikely likelihood.	-Independent Financial Examiner retired and has been replaced -Trustees will seek external professional advice when needed

Change Control History

Date of Change	Summary of Revisions Made
March 2018	Most areas updated to reflect work over the last 12 months
March 2019	Most areas further updated to reflect work over the last 12 months