RISK MANAGEMENT POLICY

1. Introduction

This policy provides the framework for the management of business and operational risk in the performance of Greener Ealing's activities to meet the requirements of good corporate governance and protect the interests of Greener Ealing's stakeholders. It is the responsibility of the Directors to ensure that risks are understood and appropriately managed in accordance with this policy.

Taking and managing appropriate levels of risk is an integral part of all our business activities. Risk Management performed rigorously and comprehensively, creates stability, indirectly contributes to profit & delivery and is a key element of reputation management.

2. Applicability

Greener Ealing covering all business activities.

3. Definitions

Risk is defined as events that may prevent achievement of the aims or goals of one or more key business areas or projects.

Risk Management is a systematic way of protecting business resources and income against losses so that the objectives of the company can be achieved without unnecessary interruption.

Risk Assessment is the systematic process of identifying and analysing risks.

4. Objective and Commitment Your responsibilities

Greener Ealing is committed to implementing appropriate strategies and processes that identify, analyse and manage the risks associated with our activities as a means of minimising the impact of undesired and unexpected events on our business activities. We will therefore:

- Identify business objectives that reflect the interests of all our stakeholders;

- Identify the threats to the achievement of our business objectives;

- Control and manage our exposure to risk by appropriate risk reduction and mitigation actions;

- Regularly review our exposure to all forms of risk and reduce it as far as reasonably practicable or achievable;

- Ensure risk management is considered and applied at all levels of the business as part of decision making processes and during project development;

- Ensure all our staff and consultants are aware of this risk management policy and are supported in carrying out their risk management duties;

- Regularly review the risks we face as a result of our business activities and of the business and economic climate in which we operate;

- Identify cost effective risk treatment options;

- Identify and regularly measure key risk indicators and take appropriate action to reduce our risk exposure;

- Regularly review our key risk controls to ensure that they remain relevant, robust and effective;

We will demonstrate achievement of the individual components of this Policy through the reporting and review of risk at all levels of the business. In addition this policy and its adherence thereto will be reviewed on an annual basis.

5. Principles

Managers and consultants will carry out risk assessments regularly, record the findings and take appropriate management actions in a timely fashion. Risk reviews will specifically address business, operational, financial and reputational risks as well as risks covered by environmental protection legislation. This Policy should be read in conjunction with the Health & Safety Management System (HSMS) and Policy. Individual Health and Safety risks will be identified, assessed and mitigated in accordance with the HSMS.

In particular, the following activities will be undertaken:

- Ongoing comprehensive health and safety risk assessments undertaken in accordance with the HSMS;

- Integrated business plan monitoring and risk management processes;

- Regular review and update of risk register;

- Preparation of contingency plans for high risks;

- Early identification of emerging risks and initiation of risk reduction or mitigation action;

- Where appropriate, managers/consultants may need to consider specialist advice for areas such as health and safety;

- Environmental protection;

- Fire and security;

- Disaster recovery;

- Safety-critical systems and operations;

- Insurance;

- Media/public relations;

6. Requirements

Processes

Greener Ealing will ensure that:

- the procedures and processes outlined in sections 8 to 14 of this policy are followed to identify the risks associated with the Company's activities, assess risks in terms of probability and consequence and evaluate reduction and mitigation measures and allocate ownership. Management of risk is a continuous process.

Risk Assessment

Greener Ealing will ensure that:

- Risk assessments are conducted for new contracts and projects, existing contracts and contract changes. The assessments are to address potential risks to the expected business benefits and to ensure compliance with relevant legal requirements;

- Risk assessments are performed by competent personnel including, where appropriate, expertise from outside the business;

- Risk assessments are updated at appropriate intervals and assessments are reviewed regularly.

Planning

Greener Ealing will ensure that:

- Management plans are prepared which describe the actions to be taken to address significant risks;

- Crisis management plans are prepared which describe the actions including media/public relations response to be taken to address crisis or disaster situations. The plans need to be reviewed, updated and tested at regular intervals;

Management

Greener Ealing will ensure that:

- Assessed risks are addressed by levels of management appropriate to the nature and magnitude of the risk and an overall view of the portfolio risk to the business is taken;

- Risks are considered in the light of potential opportunities;

- Decisions are documented and the resulting actions implemented through appropriate procedures;

- Appropriate and cost-efficient actions are taken to manage and control risks;

- Specific measures are put in place to ensure continuing compliance with Health and Safety and Environmental Protection legislation.

Reporting

Greener Ealing will ensure that:

- Regular risk management reports and the register identifying key risks and risk management actions are submitted to the Board for review at regular intervals.

Audit & Review

Greener Ealing will ensure that:

- The Board reviews and approves the full risk register at least annually;

- Major risks (orange) and Severe risks (red) are presented to every Board meeting;

- Any changes or additions to the risk register are reported to the Board at each meeting, which will also show that planned risk reduction/mitigation actions have been implemented;

- A regular review of the risk management policies and procedures to ensure that they continue to meet Corporate Governance requirements and the needs of the business.

7. Responsibility and Authority

This policy is issued under the authority of the Directors of Greener Ealing Ltd. Responsibility for implementation of this policy is set out below.

- The Directors delegate responsibility for the achievement of this policy to the Managing Director;

- Staff/consultants are responsible for implementing the policy, monitoring its implementation in the everyday activities of their operations;

- All staff and consultants are responsible for the ownership and undertaking of their risk management functions in accordance with this Policy and for its implementation within the framework of Greener Ealing's procedures;

- The Managing Director (meaning the person appointed who is responsible for the day to day running of the business) is responsible for maintaining the Greener Ealing risk register, for providing appropriate reports to the board and relevant stakeholders; and for undertaking regular reviews of the risk register.

8. Procedure

The risk management cycle below illustrates the risk management process that should be followed:

9. Identifying Risks

The initial stage of the risk management process is to identify risks that would impact on the achievement of business objectives / priorities.

Risks can be identified using the categories listed below:

Main Category	Sub Category	Examples
Finance	Budget Financing Sales Economy	An increase in staff costs result in failure of business to break even (or create profit) and therefore mitigation would be required to reduce this impact

Reputational	Political Media/PR Partners/Suppliers Communication Environmental	A breakdown in the relationship with the Shareholder; Poor health and safety culture leading to reputational risks (as well as legal risks – below); Environmental issues leading to reputational damage
Legal	Health & Safety Contracts/Procurement	Failure to adhere to H&S legislation; poor H&S culture leading to accidents Failure to deliver services in accordance with contract/specification
Management	HR ICT	Failure to adopt or adhere to HR policies/legislation leading to claims; Critical failure of IT systems used by Greener Ealing and the requirement to have adequate backup systems
Greener Ealing Board	Regulation Compliance Business Interruption	Failure to adhere to Companies Act requirements; Failure to adopt good governance; Insufficient internal controls;

10. Risk Analysis

All identified risks must be assessed based on the likelihood of it occurring and the relative impact if it does.

Impact
Analyse the risk using a scale of 1 to 5, in terms of the impact of the risk, if it occurs using the risk scoring criteria table below. The table also gives impact descriptors to be used in the scoring:

Impact descriptors	
1	**Insignificant** • Financial impact less than 1% of relevant budget • Service delivery impairment less than 1% • Minor article in local media or lobby group website • Management action at local level
2	**Minor** • Financial impact >1% and <10% of relevant budget • Service delivery impairment >1% and <5% • Headline article in local media, minor article in national media • Director required to approve action
3	**Moderate** • Financial impact >10% and <20% of relevant budget • Service delivery impairment >5% and <10% • Headline article in national media • Director required to approve action
4	**Major** • Financial impact >20% and <40% of relevant budget • Service delivery impairment >10% and <20% • Significant national media campaign • Board required to approve action
5	**Fundamental** • Financial impact more than 40% of relevant budget • Service delivery impairment more than 20% • Prolonged national media campaign or lobby group campaign • Board required to approve action

Likelihood

Analyse the risk using a scale of 1 to 5, in terms of the likelihood of it occurring using the table below. The table also gives descriptors for the likelihood of the risk occurring:

	Likelihood descriptors
1	Rare: Likelihood less than 1% likelihood • No experience of a similar failure • Probably requires 3 or more coincident events • If it has happened sufficient controls now in place • Aggregate impact: Unlikely to occur at area in next 5 years.
2	Unlikely: Likelihood between 1% and 5% • 10% of team know of this occurring • Conditions exist for this loss to occur • Probably requires no more than 2 coincident events • Aggregate impact: will probably occur in an area in the next 3 years.
3	Possible: Likelihood between 5% and 30% • Most of the team know of this occurring • Measures that reduce likelihood have been taken but not fully effective • Aggregate impact: will happen once in next year.
4	Likely: Likelihood between 30% and 70% • Everyone in the company knows this could happen • No effective measures to reduce likelihood have been taken • Aggregate impact- will happen more than once in the next year.
5	Almost Certain: Likelihood greater than 70% • People outside of the company knows this could happen • No effective measures to reduce likelihood have been taken • Aggregate impact- will happen more than three times in the next year.

11. Prioritisation of Risks

A total risk score must be allocated to each risk; this will be multiplying the impact and likelihood scores. Scores should be given to risks absolutely, i.e. before the application of controls and residually i.e. after the application of mitigation / controls.

LIKELIHOOD

	1. Rare	2. Unlikely	3. Possible	4. Likely	5. Almost Certain	
5. Fundamental	5	10	15	20	25	
4. Major	4	8	12	16	20	**IMPACT**
3. Moderate	3	6	9	12	15	
2. Minor	2	4	6	8	10	
1. Insignificant	1	2	3	4	5	
	1. Rare	**2. Unlikely**	**3. Possible**	**4. Likely**	**5.Almost Certain**	

Red	*Severe Risks*	Risks that fall into the area highlighted as red will require immediate attention. The status of the risk with regard to effect on Greener Ealing's activities and the progress of action taken to ensure its effective completion will require to be monitored. As a minimum these will form part of the monthly risk management review cycle.
Amber	*Major Risks*	Risks that fall into the area highlighted as amber will require continuous attention. The status of the risk with regard to effect on Greener Ealing's activities and the progress of action taken to ensure its effective completion will require to be monitored. As a minimum these will form part of the monthly risk management review cycle.

Yellow	*Moderate Risks*	Risks that fall in to the area highlighted as yellow may require action but will require to be monitored for any changes in the risk or control environment which may result in the risk attracting a higher score. As a minimum this will form part of the monthly risk management review cycle.
Green	*Minor Risks*	Risks that fall in to the area highlighted as green will require review only, but no further action. This will form part of the annual risk management cycle.
Green/Blue	*Insignificant Risks*	Risks that fall in to the area highlighted as green/blue will require noting only, but no further action.

12. Risk Control

At this stage a decision must be made as to what should be done with the risk. The decision must be proportionate to the level of risks, the costs of any controls and likely benefits.

There are four main actions that can be taken in addressing risks. They are listed below:-

- Terminate- this could be by stopping the relevant activity that is causing the risk;

- Treat- The greatest number of risks would be treated this way. Any action taken should be to constrain the risk to an acceptable level. And the type of action that could be taken is listed into different types of control action that could be taken and listed below:

  - Preventative – to limit the possibility of an undesirable outcome being realised- e.g. independent inspection;

  - Corrective- to correct undesirable outcomes which have been realised- e.g. contingency planning;

  - Directive to ensure a particular outcome is achieved- e.g. training required;

- o Detective e.g. asset checks.

- Transfer- for some risks the best response may be to transfer them, either through conventional insurance or paying a third party to take the risk on;

- Tolerate- some risks may be tolerable without action, it could also be possible that due to budgetary constraints nothing can be done.

  It is important to compare the inherent and residual risk scores to make an assessment over the strength of the existing control environment for the purposes of managing each risk.

13. Risk Registers, Monitoring and Reporting

Each risk scenario should be logged onto the appropriate risk register:

- Strategic – those risks that effect Greener Ealing itself (as a company) e.g. financial, governance, legal
- Operational – those risks that effect provision of the service e.g. staff resourcing; Health & Safety; equipment & vehicles.

The risk registers will be regularly monitored and progress in connection with the action being taken will be reported on regularly.

All risk registers should identify risk owners, the individuals responsible for monitoring and reporting on the risks identified i.e. changes in the nature of the risk, level of exposure and the on-going effectiveness of internal controls that are in place for managing or mitigating the risk.

14. Reviews

Monthly

Risk owners will review all risks that they are responsible for and update the register accordingly.

At each Board meeting

The Board will undertake a review of the severe and major risks:

- review progress of risks against risk management action plans;

- review the controls to ensure controls are fit for purpose;

- review new and emerging risks, particularly in connection with the key business objectives contained in the business plan;

- ensuring the actions as stated in the registers by the owners are still relevant and within the necessary delegated authority.

Annually

The Board in conjunction with key managers/consultants will:

- consider a business plan produced by the Directors of key risks for Greener Ealing;

- include a statement in the Corporate Governance Statement (in the event that one is produced) on the effectiveness of the internal control environment in the management of risk;

- Undertake an annual review of the Business Plan and the key risks associated with its successful delivery;

- Undertake a thorough review of the full risk register.