

# WORKSHEET

## Step 3: Managing Risk

Once risks have been identified and rated, there are a number of approaches to managing the risks. Some examples of these approaches are:

### **Risk Avoidance**

An organisation decides to avoid the risk altogether by not entering into the activity or providing the service.

This may be possible for some types of activities carried out by the organisation but usually not core activities. For example a youth work organisation may decide that it can no longer take young people on residential activities containing dangerous sports e.g. rafting, however at residential it may be possible to do other sports e.g. football. If residential are not central to the organisations activities then they may decide to meet their goals during their normal programme time.

### **Risk Control**

An organisation decides to continue the activity which creates the risk, but to manage it so that it will be less likely to occur and less damaging if it does occur. This is the most common approach.

If an activity is central for an organisation then it will need to identify what standards of staff and volunteer training are needed to carry out the activity, what good practice policies must be adhered to. There must be clear record keeping in order to ensure that it is clear that the organisation met the good practice requirements laid down in its policy. Good governance is important here too as the Management Committee will need to understand the risks and the control strategies in place. Having a skilled board with an understanding of accounting law, management, etc is part of a good risk control strategy.

An example of this might be where a community crèche identifies that there are risks around child protection in its service delivery but it can not stop delivering a service to children. So it puts in place a training course for staff and volunteers to look at keeping children safe and it develops good child protection policies which it communicates to all staff, monitors and regularly reviews. Good record keeping that these provisions have been put in place is also vital.

### **Mitigating Factors**

These are the things which are done to reduce risk. Some of these are internal i.e. within the control of the organisation and some are external i.e. they may be regulatory or imposed by funders. Some of these are in place already and it is important to take account of these in planning risk management.

## Risk Financing

An organisation decides to provide resources to meet the liabilities caused by the risks when they happen. An example of this could be where an organisation has a high number of female staff and there is a risk that it will not be able to meet its obligations with regard to maternity pay. The organisation may decide to set aside a fund annually which it can dip into when necessary.

It is important to seek professional advice in relation to the appropriate insurance for the activities carried out by your organisation, as every organisation's needs are different. Indemnity is a promise to reimburse another for a loss suffered. This might be where an organisation hires a room from a community centre; part of the contract of hire might be to pay any claims against the community centre for loss suffered as a result of the activities of the organisation.

Exemption from liability is a clause used in a contract which limits or excludes one party's liability. An example of this might be where the owners of a car park are exempted from liability arising out of an accident in a car park.

**However it is vital to remember that in all of these cases organisations must have put in place reasonable steps to reduce the risks inherent in the activity, if an organisation fails to take reasonable steps to prevent risk then it may still be liable despite insurance or any form of indemnity or exemption from liability clause.**

Organisations may also decide to contract out the service to a third party. An example of this could be where an organisation chooses to contract out its catering service to a third party which is then responsible for the process.

Use this worksheet to record what you are going to do about the most significant of the risks you have identified.

For each risk, consider actions you are already taking or could take. Bear in mind your options to **avoid, control, finance** or **transfer** the risk.

