



<b>Alexandra Palace Risk Management Policy</b>	<b>Date Approved:</b>  FRAC – 29 <sup>th</sup> January 2019 APTL – 29 <sup>th</sup> January 2019 APPCT – 4 <sup>th</sup> March 2019
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## 1. Introduction

1.1 Risk is a function of the uncertainty of outcomes. It can be defined as:

“Any action or event that may affect the achievement of the aims and objectives of Alexandra Park and Palace Charitable Trust (APPCT) and its trading subsidiary APTL, (hereafter known as ‘Alexandra Palace’) or cause loss or damage to the charitable funds and assets”.

1.2 This policy sets out the key principles and process of risk management at Alexandra Palace.

## 2. Background

2.1 Risk management describes the processes, techniques and behaviours that are used to actively identify and manage risks against objectives and targets.

Risks are identified under five principal headings:

- Strategic
- Financial
- Legal
- Reputational
- Operational

2.2 Risk management is only effective when delivered on a day-to-day basis and where every Alexandra Palace colleague understands, embraces and incorporates the management process into their daily working practices.

## 3. Policy

3.1 Alexandra Palace’s Risk Management Policy is to safeguard all funds and assets (**including staff and volunteers**) and minimise the possibility that its charitable purposes are not delivered and, to that end, to manage risk to a level that is acceptable to the Board. The level of risk acceptable to the Board is set out in the Risk Appetite Statements, included at Attachment 1.

3.2 **All staff have responsibility for identifying risks as detailed in the Staff section of the Accountability and Responsibility framework, Table 2. (~~The identification and management of~~**

3.3 **Reporting risk to the Board** is principally the responsibility of the Executive Team; final approval of items on the risk register is the responsibility of the Board. Management of risk is monitored by the Trust Board (through its Finance, Risk, Resource and Audit Committee (FRRAC)), by the APTL Board and independently reviewed and tested by the internal and external audit teams.

3.34 Risks are managed through a continuous process of identifying, analysing, responding to and monitoring risks and opportunities within APPCT's internal and external environment at all levels within the organisation. Each risk identified has an owner who is responsible for selecting and implementing an appropriate risk management response in accordance with the policy.

3.5 The Chief Executive (or their deputy) attends each FRRAC, Trust Board and APTL Board meeting, to answer questions on the Risk Register.

#### 4. Application of Effective Risk Management – Critical Success Factors

4.1 Alexandra Palace is striving to achieve good practice in the identification, assessment and cost effective control of risks, to ensure that they are eliminated where possible, reduced to an acceptable level or managed and contained within the risk appetite of the Board.

4.2 In order to be effective in managing risks we must:

- ensure our financial, operational and management systems support the management of risks that threaten the achievement of business or charitable targets and strategic objectives. This means having robust internal policies and procedures in place for the relevant areas of risk and ensuring risk registers are monitored and changes to risk levels are reported to the Boards.
- ensure the executive team has sufficient knowledge of the range and level of risk exposure that they have to manage;
- ensure all employees share an appropriate understanding of risks and priorities through induction and training and regular staff briefings;
- all employees understand and commit to the risk management policy and procedure which employees will be required to sign during their induction;
- ensure our exposure to risk is managed effectively by the implementation of cost effective internal controls and action plans where appropriate;
- deliver a programme of regular risk review and reporting;
- review this policy and associated procedures on an annual basis.

#### 5. Risk Management Framework

##### 5.1 Strategic Risk Register

The diagram below shows how **identified risks that go outside of the Board's stated risk appetite are escalated each**-sub-risk-registers **can** feeds into the Strategic Risk Register.



## 5.2 Risk Management

The table 1 below shows the roles and responsibilities for identifying, managing and overseeing risk in the organisation:

Register	Overseen By	Managed by	Review	Board Review
Strategic Risk Register	Trust Board	Executive Team	Quarterly by FRRAC	Annually (or when changes are made to the register during the quarterly review)
<del>APTL Risk Register</del>	<del>APTL Board</del>	<del>Executive Team</del>	<del>Quarterly by Executive Team</del>	<del>Quarterly by APTL Board</del>
Operational Risk Register	Director of Event Ops	Business Area Managers	Quarterly Ops meetings and as required in between	Relevant risks escalated to the Strategic and/or APTL registers as identified
Project Risk Registers	Project Director/ Programme Board	Project Manager	Monthly/ Quarterly (project dependent)	At project approval and at progress reporting stages

## 6. **Accountability and Responsibility**

- 6.1 All staff are responsible for the management of risk in their working environment and for the safeguarding of funds and assets to ensure the organisation's goals and charitable objectives can be delivered. There are also specific responsibilities and accountabilities for maintaining an effective risk management framework as set out in Table 1 below:

**Table 1-2 - Accountability and Responsibility Framework**

Owner	Responsibility
<b>APPCT Board</b>	<ul style="list-style-type: none"> <li>• Requires assurance from the CEO that a framework for effective risk management is in place</li> <li>• Approves the Risk Management Policy and Procedures</li> </ul>
<b>APTL Board</b>	<ul style="list-style-type: none"> <li>• Establishes and reviews the risk appetite of the Board as part of the strategic planning process</li> <li>• Reviews and comments on residual risk and the effectiveness of the risk management framework on a quarterly basis, or on an exception basis as required</li> </ul>
<b>Finance, Risk, Resource &amp; Audit Committee (FRRAC)</b>	<ul style="list-style-type: none"> <li>• Reviews the adequacy and effectiveness of the overall arrangements put in place by management to manage fraud, financial and non-financial risk</li> <li>• Reviews the annual statement on internal control in the Annual Accounts</li> <li>• Monitors the effectiveness of risk assessment, risk management strategies and internal control processes</li> <li>• Makes recommendations and provides assurance to the Board on the level of residual risk and effectiveness of the risk management framework</li> </ul>
<b>CEO</b>	<ul style="list-style-type: none"> <li>• Accepts overall responsibility for risk management and for maintaining a sound system of internal control that supports Alexandra Palace's objectives</li> <li>• Sets the tone and influences the culture of risk management across the Charity</li> </ul>
<b>Finance Director/Company Secretary</b>	<ul style="list-style-type: none"> <li>• Proposes the policy and strategy for risk management within Alexandra Palace</li> <li>• Determines the criteria for risk profiling and prioritising</li> <li>• Sets the tone and influences the culture of risk management across the Charity</li> <li>• Ensures that internal controls are in place and reviewed to mitigate the key risks identified</li> <li>• Provides assurance regarding the system of internal control and risk management that is reported on in the Statement on Internal Control that is included within the Annual Report and Accounts</li> </ul>
<b>Executive Team and Senior Management</b>	<ul style="list-style-type: none"> <li>• Implements the policy as endorsed by the Trust Board and APTL Board</li> <li>• Monitors and manages risks in accordance with the policy</li> <li>• Actively participates in an annual review of the policy and procedures considering whether risk management continues to be linked to the achievement of the business targets and strategic objectives, as well as the overall effectiveness of and approach to risk management</li> <li>• Actively participates in an annual review of the policy and procedures, achievement of the business targets and strategic objectives, as well as the overall effectiveness of and approach to risk management</li> <li>• Identifies key risks to projects, programmes and activities linked to the business targets and strategic objectives, as an integral part of effective management and operation</li> </ul>
<b>Risk Owner</b>	<p>Every risk has a named "owner", who has principal responsibility for monitoring and management of the individual risk and for the delivery of any associated actions within the agreed target date</p>
<b>Staff</b>	<p>All staff are responsible for the management of risk in their working environment and should report to their line manager any identified risks, including risks of damage to the organisation's funds /property/ reputation and risks of harm to people using the organisation's services and facilities and other stakeholders.</p>

## 7. Identifying and Recording Risk

7.1 The Strategic Risk Register is an integral part of the process of managing risk and is used to:

- record risks as they arise from the risk management review process and correlate these to strategic objectives where appropriate;
- express risks in terms of probability, impact and consequence;
- rank risks in order that they may be prioritised for action;
- identify and report high priority risks in a meaningful manner to permit better informed decisions.

7.2 Once a risk has been identified it is mapped, in that the source and consequence of the risk are identified and considered.

7.3 The risk is allocated a score for Likelihood of Occurrence (a) and for Severity of Impact (b), by using the Alexandra Palace matrix set out in the **risk scoring system attached** to the Risk Register **(and at the end of this policy)**. Risk is initially scored before taking account of any mitigation provided by internal controls.

~~7.4 The product of these factors (a x b) generates an initial score for the Untreated Risk. Internal Controls and other mitigating factors are then taken into account before assessing the residual (outstanding) risk.~~

7.4 A risk cannot be deleted from the risk register or altered without the sanction of the CEO and subsequent approval by the Board. All movements for recorded risks are logged to maintain a clear audit trail of changes in risk status or the retirement of risks.

7.5 Risks are reviewed by the Finance, Resources, Risk and Audit Committee (FRRAC) or APTL Board as appropriate at each meeting and any significant changes to operations or direction are approved by the Boards. The Trust Board reviews the Strategic Risk Register on an annual basis, unless there are significant changes to be reported to the Board. However, it is important to note that should a risk require urgent escalation, it is the responsibility of the risk owner, or the employee who has identified the risk, to inform the CEO immediately, rather than waiting for the next formal review. The CEO will then take appropriate action.

## 8. Likelihood of Occurrence

8.1 The assessment of the probability that a risk may occur is partly subjective but is based on observation of comparable circumstances and experience within the relevant area of activity both within Alexandra Palace and from wider industry knowledge. Likelihood of occurrence is looked at on a 10-year time frame (which matches the framework of Alexandra Palace's long term planning) and from this the probability that the risk will occur in any one year is estimated ("annual probability"). The outcome is measured on a scale from 1 to 5, where "5" is near certainty that a risk will occur within a stated time frame.

## 9. Severity of Impact

9.1 The assessment of severity of impact also has subjective elements and frequently cannot be measured accurately, particularly in terms of financial impact. It is, however, an objective of the process of risk management to identify those risks that, if they were to arise, would have an impact of sufficient severity to require active management and control. Severity is measured on a scale from 1 to 5 where 1 would have a negligible impact but 5 would threaten the viability of a major activity or of Alexandra Palace as a whole. Where possible, an estimated range of financial cost should be assigned to each

level of severity to provide context for the assessment of the severity of each risk and the organisation's risk appetite.

~~for the untreated risk. In order to interpret the score so that it can be measured against Alexandra Palace's risk appetite, the financial implications of the score can be estimated by multiplying the financial cost attributed to the risk by its annual probability. Internal Controls and other mitigating factors should then be taken into account before assessing the residual risk. There is likely to be a high degree of subjectivity in assessing the impact of mitigation.~~

## 10. Risk Treatment

10.1 Once the residual risk has been established, further action may be required to "treat" the risk and ensure the residual risk is reduced in line with the requirements of the Policy. The treatment of risk involves one or more of the following:

1. **Accept** - identify the risk and monitor it to ensure not misjudged and notice any changes
2. **Avoid** – risk by stopping any activity
3. **Transfer** – risk (insurance/ contracting out the activity)
4. **Mitigate** – develop response plan to mitigate the effects of an adverse risk event, or to take advantage of a planned opportunity
5. **Control** – reduce the likelihood of an adverse risk event by putting controls in place
6. **Management action** – to increase the chances of success

## 11. Risk Appetite and Board Reporting

11.1 The level of risk acceptable to the Board is set out in the Board Risk Appetite Statement and will be reviewed annually.

11.2 The Board may generally be prepared to accept a significant degree of risk in some strategic activities but has a low appetite in other areas such as compliance, operational efficiency and reputation. This is in recognition of the size of the task in managing the Charity, the availability of resources and the historic issues inherited.

11.3 The Board requires the significant, high level risk areas to be regularly reported to them regardless of appetite. Lower level risk areas, typically in operational areas directly supervised by management, will only be reported to the Board on an exceptional basis where the residual risk exceeds the stated risk appetite for the Board.

11.4 The Board delegates the regular review of the strategic risk register to FRRAC and receives recommendations from this committee before approving any amendments. This provides additional assurance on the effectiveness of the framework.

## 12. Status of policy

This document is a statement of current Alexandra Palace policy taking into account current legislation and regulatory requirements. Alexandra Palace therefore reserves the right to amend the policy as necessary to meet any changing requirements.

Date	Version	Author	Amendments
03.11.2017	V3	Louise Stewart	Additional wording in para 2.2 and 6.5 to clarify that the Board gives final approval of risks contained in the risk register.
03.10.2018	V4	Louise Stewart	Inclusion of APTL, various wording as disclosed in FRRAC & APTL covering report 25 October 2018.
29.01.2019	V5	Louise Stewart	Addition of Risk Appetite Statement at Appendix 1
July 2019	V7	L. Stewart	3.1, 3.2 wording added to include staff & volunteers responsibility, various amendments 5.1, 5.2, 9 and appetite statements to correspond with review of 2019/20 SRR
Sept 2019	V98	L. Stewart	Inclusion of Risk Scoring Table and minor amends

Alexandra Palace is committed to the fair treatment of its staff, potential staff or users of its services, regardless of race, gender, religion, sexual orientation, responsibilities for dependents, age, physical/mental disability or offending background.

## RISK APPETITE STATEMENTS

### A. Alexandra Park and Palace Charitable Trust - Risk Appetite Statement

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in delivering its charitable and strategic objectives. The Board has identified the risks to which it is exposed and seeks regular assurance that all risks are being managed, rather than focussing predominately on high rated risks.

We define 'Risk Appetite' as 'the amount of risk the organisation is prepared to accept, ~~tolerate,~~ or be exposed to at any point in time.' ~~We take into account the external and historical context that the Trust may not be able to control or alter and recognise that there may be limited means and methods to respond. We also recognise that w~~We must be satisfied that the evidence base presented is sufficient to assess and inform our decision making and be mindful to assess not just individual risks but the total risk exposure in any business period.

For this reason, the risk register refers to ~~this as~~ Risk Tolerance, reflecting that the Trust generally has a low risk appetite but 'tolerates' a higher risk in some areas. ~~We take into account the external and historical context that the Trust may not be able to control or alter and recognise that there may be limited means and methods to respond.~~ The Trust's ~~Strategic~~ Risk Register clearly sets out a 'Risk Tolerance' rating (~~between 1 and 5, with 5 being zero tolerance~~) for each individual risk on the register.

However, it is best practice for the Trust to make a clear statement of its overarching Risk Appetite.

The Risk Appetite Statement should be reviewed at least annually, but also if there are significant changes in the Trust's internal or external environment.

**The Trustee Board** has defined its risk appetite as follows:

We accept that in 2019/20 our assessment of the level of risk is higher in several areas than our risk ~~tolerance or~~ 'appetite'. As a Board we recognise that we are responsible for large physical assets that have suffered damage, lain derelict and as a result there is an historic backlog of repairs ~~and so we are prepared to tolerate these. Therefore, our risk tolerance may sometimes vary from our risk appetite.~~ This does not mean that we should adjust our risk appetite but that we must focus our attention on the mitigation of these risks, within the resources available to us.

Our overall **appetite for financial risk is low**. Our focus is on maintaining expenditure to achieve objectives, within strict resource limits and adherence to financial controls. ~~We have a low tolerance to financial risk.~~ However, the work of the Trust does require us to take some financial risks on specific restoration, repair and development projects. In these instances, the Trustee Board's ~~appetite tolerance~~ **may rise to medium** if we are satisfied that appropriate controls have been put in place.

As a site that is accessible to the public we have a **low appetite for risk that could result in harm**, injury or loss of life to the public or our staff.

We have a broad range of stakeholders and beneficiaries and recognise that some of our activities and programmes will sometimes be controversial. The Board is willing to take decisions that may be scrutinised on issues where it is felt that the benefits to the Charity outweigh the risks. Therefore, we accept a **medium level of risk in relation to our reputation**, but we expect our mitigations to be strong.



## **B. Alexandra Palace Trading Ltd - Risk Appetite Statement**

The Board of Directors is responsible for determining the nature and extent of the significant risks it is willing to take when delivering its business objectives. The Board has identified the risks to which it is exposed and seeks regular assurance that all risks are being managed, but predominantly focussing on high rated risks.

We define 'Risk Appetite' as the amount of risk the organisation is prepared to accept ~~tolerate~~, or be exposed to at any point in time, being mindful of our duty to not expose our parent charity to undue risks.

The APTL Risk Register clearly sets out a 'Risk Tolerance' rating for each individual risk on the register. However, it is best practice for the ~~Trust~~**Board of Directors** to make a clear statement of its overarching Risk Appetite. The Risk Appetite Statement should be reviewed at least annually and adjustments made if there are significant changes in the internal or external environment.

**The APTL Board** has defined its risk appetite as follows:

Alexandra Palace Trading Limited Board is **willing to accept, in some circumstances, risks** that may result in some financial loss or exposure in order to develop new revenue sources and increase income but will only pursue medium to high risk activities if the return has been assessed as probable and the Gift Aid Target set by our parent Trust is not jeopardised. **Therefore, our financial risk appetite is set as medium.**

**We have a low appetite for risks that could result in harm**, injury or loss of life to the public or our staff, but we recognise that as our business activity is heavily reliant on gathering large volumes of people together we are exposed to a high level of risk. We place a high priority on controls and mitigations in this area and our aim in 2019/20 is to reduce our risk level to medium.

**RISK SCORING SYSTEM**

The following tables explain the scoring levels and colour coding of overall risk in the risk register

**LIKELIHOOD**

- 1. Very unlikely Barely feasible in next 10 years, or in exceptional circumstances or following a specific chain of events
- 2. Unlikely Unlikely in the near future (current year) but possible in longer term (5 years)
- 3. Possible Not very likely in immediate future (current year) but could occur in the longer term unless specific action taken
- 4. Likely Expected to occur within 10 years, unless specific action is taken to counter it
- 5. Highly Likely Probable within a year, and in more circumstances unless specific action is taken to prevent it

**IMPACT**

	FINANCIAL IMPACT	REPUTATIONAL IMPACT
1. Insignificant	Less than £1,000	No impact on stakeholder perception
2. Fairly serious	£1,000 - £2,500	Potential impact, managed by response plan
3. Serious	£2,500 - £5,000	Definite impact & needs careful management
4. Very serious	£5,000 - £25,000	Could permanently damage - requires significant change
5. Major disaster	More than £25,000	Could seriously undermine position/ lead to closure

**TOLERANCE**

- 0. Zero tolerance Where the nature or impact of the risk is such that it is not acceptable within the organisation
- 1. Risk averse Where some risk is unavoidable but this should be kept to a minimum
- 2. Risk equilibrium Where the dangers of the risk are fairly evenly offset by the opportunities and advantages offered by carrying it
- 3. Risk orientated Where the dangers of the risk are limited and reasonable offset either by the opportunities and advantages afforded by carrying it or by eliminating the costs of actions and systems needed to mitigate it
- 4. Risk Taking Where the potential benefits of taking the risk are significant against the likelihood and impact of the risk which are limited

**EFFECTIVENESS OF CONTROLS**

- RED** Poor, lower than industry, sector or regulatory standards, requires significant resource/ investment
- AMBER** Effective and in line with industry, sector or regulatory standards, room for improvement
- GREEN** Very effective and above industry, sector or regulatory standards

**RISK SCORING HEATMAP (overall risk level)**

Impact	5. Major disaster	10	15	20	25	30
	4. Very serious	8	12	16	20	24
	3. Serious	6	9	12	15	18
	2. Fairly serious	4	6	8	10	12
	1. Insignificant	2	3	4	5	6
		1	2	3	4	5
		Very Unlikely	Unlikely	Possible	Likely	Highly likely
		Likelihood				