



**ALEXANDRA PARK AND PALACE CHARITABLE TRUST**  
**BOARD MEETING**  
**19 JULY 2023**

**Report Title:** Risk Register & Risk Appetite

**Report of:** Richard Paterson, Director of Finance & Resources

**Purpose:** To review the Risk Register and Risk Appetite Statements and make recommendations to the Trustee and APTL Boards.

**Local Government (Access to Information) Act 1985** - This report contains exempt information as defined in Schedule 12a of the Local Government Act 1972; Paragraph 3 –information relating to the business or financial affairs of any particular person (including the authority holding that information)

**1. Recommendations**

- i. To approve the Trustee Board's Risk Appetite Statement in section 3.2;
- ii. To approve the updated Risk Register, Exempt Appendix 2;
- iv. To conduct a deep dive into a single area of risk at each Trustee Board meeting.

**2. Executive Summary**

- 2.1 In accordance with its Terms of Reference, FRRAC has responsibility for reviewing the effectiveness of the risk management and periodically reviews the Risk Register.
- 2.2 The Risk Management Policy and 2023/24 Risk Register were reviewed by FRRAC on 6<sup>th</sup> February 2023 and subsequently approved by the Trustee Board on 20<sup>th</sup> March 2023.
- 2.3 The Risk Register, which combined key risks for the Group, was also considered by the APTL Board of Directors on 20<sup>th</sup> February 2023.
- 2.4 Trustee Board members and the FRRAC Independent Member were invited to a development session on 3 May 2023, during which the trustees considered their duties and responsibilities in relation to risk management. At this workshop Trustees also reviewed the Trust's risk management statement.
- 2.5 This report updates on changes to the risk register and summarises the outcomes of the risk management workshop.

### 3. Risk Appetite

- 3.1 The Trust's risk appetite statement forms part of the Risk Management Policy and is also summarised in the Trustees' Annual Report.
- 3.2 In 2019/20 the Trustee Board approved the following risk appetite statement:

*We accept that our assessment of **the level of risk is higher in several areas than our risk '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. 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 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**.*

- 3.4 At the 3 May 2023 workshop, the consensus was that the existing risk appetite remained appropriate, provided that Trustees were satisfied that effective processes were in place for escalation to the Trustee Board if a risk exceeded the agreed risk appetite level.

### 4. Risk Register Review

Summary of feedback from the 3<sup>rd</sup> May 2023 workshop:

- 4.1 Whilst accompanying cover reports provided general information on new risks and risks that have moved or changed level, Trustees observed that the Strategic Risk Register was too detailed a document to be considered in depth during single meetings.
- 4.2 Trustee's also observed that Trustee Board should be reassured that appropriate risk monitoring and risk management procedures were in place through:
- Lead Trustees meeting with risk owners in their relevant areas (Safeguarding, EDI, Sustainability, Fundraising) and reporting back to the Trustee Board;
  - Executive director reporting;
  - Feedback from FRRAC.

- 4.3 It was proposed that the Trustee Board collectively deep dive into one risk area at each meeting and it was suggested that HR/ Staff Retention be the first focus area (at Exempt Agenda Item 21).
- 4.4 At its meeting on 12 June 2023 FRRAC agreed to recommend that the Trustee Board:
- iii. Approves the Risk Appetite Statement in section 3.2. and the updated Risk Register, attached at Appendix 1;
  - ii. Conduct a deep dive into a single area of risk (as a standing item in the exempt agenda) at each Trustee Board meeting.

## **5. Legal Implications**

- 5.1 There are no legal implications arising from this report, however, Trustees are responsible for ensuring controls are in place to identify and manage risk and regularly reviewing these controls provides assurance that risks are being managed.
- 5.2 The Council's Head of Legal & Governance has been consulted in the preparation of this report and has no comments.

## **6. Financial Implications**

- 6.1 Financial risks identified in the risk register although there are no financial implications arising from this report.
- 6.2 The Council's Chief Financial Officer has been consulted in the preparation of this report and has no comments.

## **7. Appendices**

- Appendix 1 – Risk Scoring System (for information)
- Appendix 2 – Exempt Strategic Risk Register

## Appendix 1 Risk Scoring System

### HEATMAP

		1	2	3	4	5
5	5	10	15	20	25	
4	4	8	12	16	20	
3	3	6	9	12	15	
2	2	4	6	8	10	
1	1	2	3	4	5	

LIKELIHOOD SCORING		
1	Very Low	Unlikely to occur in the next 10 years
2	Low	Unlikely in the current year but possible in the medium term (next 5 years)
3	Moderate	Unlikely in the immediate future but could occur in the longer term without specific action taken
4	High	Expected to occur unless specific action is taken to counter the risk
5	Very High	Probably within a year unless action is taken to prevent the risk

IMPACT SCORING			TRUST	APTL
1	Insignificant	<b>Does not affect stakeholder perception.</b> No impact on service/ facilities/ reputation/ finances, H&S, complaint/ litigation unlikely	Less than £1,000	Less than £25,000
2	Fairly serious	<b>Potential impact managed by a response plan.</b> Slight impact on service/ facilities/ reputation/ finances, H&S risk, complaint, litigation possible. Managed by a response plan.	£1,000 - £2,500	£25,001- £100,000
3	Serious	<b>Definite impact needs careful management.</b> Some disruption, potential H&S risk, potential for financial loss/ complaint/litigation/ adverse publicity (careful handling).	£2,500 - £5,000	£100,001- £300,00
4	Very serious	<b>Requires significant action to avoid permanent damage.</b> Service/ facilities fully disrupted, risk to H&S, financial loss, complaint/litigation probable, adverse publicity not avoidable.	£5,000 - £25,000,	£301,001- £600,000
5	Major disaster	<b>Could seriously undermine position/ result in closure.</b> Service facilities interrupted for significant time, major H&S risk, financial loss & national publicity not avoidable, litigation expected, resignation of senior management & board.	More than £25,000	More than £600,001

### 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