



**West Somerset Railway Heritage
Trust**
Registered Charity No. 265564



Risk Management Policy

Introduction.

- 1) This policy forms part of the Trust's internal control and governance arrangements. It sets out the Trust's underlying approach to risk management, documents the role of the Board and outlines key aspects of the risk management process.
- 2) The framework applies to all risks arising from the Trust's activities. However, more detailed policies apply to the management of safety risks, which are contained in a separate document.

Approach to Risk Management.

- 1) The Board of the West Somerset Railway Heritage Trust Ltd has responsibility for overseeing risk management and acknowledges its responsibility for identifying and managing the risks facing the Trust. These include risks in the following areas:
 - Governance.
 - Operations.
 - Finances.
 - Environmental or external factors.
 - Compliance with the Law and Regulations.

'Appendix 1' sets out matters which may be relevant under each heading.

'Appendix 2' sets out an example a risk register framework

The Board will Discharge its Responsibility by:

- 1) Ensuring that a culture of risk management is embedded throughout the Trust's activities;
- 2) Setting the level of risk appetite and risk tolerance for the organisation as a whole and in specific circumstances;
- 3) Communicating the charity's approach to risk and set standards of conduct expected of staff
- 4) Ensuring that risk management is included in the development of business plans, budgets and when considering strategic decisions;
- 5) Approving all major decisions affecting the charity's risk profile or exposure, after consultation with members if the decisions have novel or contentious features;
- 6) Satisfying itself that fewer fundamental risks are being actively managed and controlled;
- 7) Regularly reviewing the Trust's approach to risk management and approve any changes to this.

Risk Appetite.

- 1) The Board recognises the importance of protecting railway heritage and in particular the heritage assets owned or managed by the Trust. Accordingly, it will seek to manage risks in a way which minimises the likelihood of outcomes which threaten the viability of the Trust. It will do this by:

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- Identifying and mitigating major risks arising from current activities;
 - Taking decisions which change the scope or scale of the Trust’s activities only after considering the potential risks and being satisfied that they are manageable; and
 - Keeping external factors under review to identify any potential new risks.
- 2) To keep risk to a tolerable level, the Board will review whether risks can be avoided by:
- easing an activity or action;
 - By passing responsibility to a third party (e.g., through insurance, outsourcing etc.); or
 - By improving systems to reduce exposure before deciding to accept any remaining risk.
- 3) The Board has zero tolerance for breach of legal requirements, including those relating to safety. If any such breaches occur, it will take all reasonably necessary steps to ensure that they do not recur.
- 4) In respect of financial risks, the Trustees will maintain reserves in accordance with a published reserves policy, which will be kept under review. Assets owned by the Trust, or managed by the Trust (e.g., items on loan to museums) will be insured where the value is material.
- 5) Financial procedures will generally require authorisation of two Trustees for any expenditure commitment not requiring specific Board approval to minimise the risk of fraud or of expenditure being incurred in appropriately.

Risk Management Process.

- 1) The Company Secretary currently has the responsibility of overseeing the Trust’s risk management process; this includes oversight and coordination of the Register and its updating; this will involve the following elements:
- A review of risk management over the previous year, including any corrective action taken to improve risk management;
 - A ‘risk identification’ exercise for the year ahead, recorded and monitored using a risk register which covers all the types of risk identified in ‘Appendix 1’;
 - Evaluation of identified risks using a structured risk assessment;
 - Management of risks through identification of mitigating actions, assigned to specific individuals; and
 - Review of the framework and issues arising at each Board meeting, including the effectiveness of mitigating actions, with a written risk report annually as an input to the update of the Business Plan. See ‘Appendix 2’ for an example of a risk register framework.

DOCUMENT CONTROL

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Version No	Date Approved	Revision
0.1	22 nd April 2017	First Issue of document
		Review Date: April 2020
0.2	August 2022	Appendix 1 and 2 Added, Policy Reviewed. Draft for Approval
0.3	September 2022	WSRHT Board Approved. Next Revision due Sept. 2025.

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Appendix 1; Types of Risk

Risk Probability.	Examples of Risk Severity.
Governance	Inappropriate organisational structure. The Directors/Trustee body lacks relevant skills or commitment. Conflicts of interest.
Operational	Lack of a beneficiary welfare society. Poor contract pricing. Poor staff/volunteer recruitment and training. Doubt about security assets.
Financial	Inaccurate and/or insufficient financial information. Inadequate reserves and cash flow. Dependency on limited income sources. Inadequate investment management policies. Insufficient insurance cover.
External Risks	Poor public perception and reputation. Demographic changes such as an increase in the size of the beneficiary group. Turbulent economic or political environment. Changing Government policy.
Compliance with the Law and Regulation.	Acting in breach of trust. Poor knowledge of the legal responsibilities of an employer. Poor knowledge of the regulatory requirements of activities (e.g., fund raising or the operation of vehicles etc.)

Appendix 2; Example of a Risk Register Framework.

P = Probability

S = Severity

Risk Probability

Risk Severity

	S 1	S 2	S 3	S 4	S 5
P 1	Low	Low	Low	Medium	Medium
P 2	Low	Low	Medium	Medium	Medium
P 3	Low	Medium	Medium	Medium	High
P 4	Medium	Medium	Medium	High	High
P 5	Medium	Medium	High	High	High