



# What is Risk Management and Contingency Planning?

## What is it?

Risk Management (RM) and Contingency Planning (CP) are processes to identify, understand and manage threats and develop specific plans to reduce organisational impact. RM seek to identify and assess potential threats (like cyberattacks, funding issues, safeguarding), while CP creates specific "Plan B" actions for high-impact risks, ensuring organisational continuity when the unexpected happens. Both are linked, with contingency plans being a key part of a broader risk management strategy to build organisational resilience and sustainability.

## Why is it helpful?

Effective risk management and contingency planning helps charities and non-profits to be more proactive in ensuring they can continue operating or bounce back after or during disruptions.

- Protect their mission, beneficiaries, and reputation
- Reduce financial and operational shocks
- Support informed decision-making by trustees and leaders
- Meet funder, regulator, and governance expectations
- Build confidence among staff, volunteers, and partners
- Ultimately, it strengthens organisational resilience and long-term sustainability.

## Risk assessment matrix

		Impact			
		Minor	Moderate	Major	Critical
Likelihood	76-100%	0	0	0	2
	51-75%	2	0	5	0
	26-50%	0	3	0	0
	0-25%	1	12	0	0

# Core aspects of risk management and contingency planning



## Risk identification

Understanding what could go wrong across the organisation (strategic, financial, operational, safeguarding, reputational, compliance).



## Risk assessment

Assessing the likelihood and potential impact of each risk.



## Risk prioritisation

Focusing attention on the most significant risks rather than trying to manage everything equally.



## Risk mitigation and controls

Actions taken to reduce the likelihood or impact of risks.



## Contingency planning

Clear plans for how the organisation will respond if high-impact risks occur and ensuring continuity of critical activities in the event of disruptions (e.g., power outages, IT failures).



## Ownership and review

Assigning responsibility and regularly reviewing risks at leadership or board level.

## Step-by-step guide for implementation

### Step 1: Identify risks

Bring together trustees, senior staff, and key volunteers to list risks across areas such as:

- Income and funding
- Staff and volunteers
- Governance and leadership
- Service delivery
- External factors (e.g. policy changes, cost increases)

### Step 4: Agree mitigation actions

Identify practical steps to reduce each priority risk (e.g. diversifying income, documenting processes, building reserves).

### Step 2: Assess likelihood and impact

For each risk, agree:

- How likely it is to happen?
- How serious the impact would be if it did?

This can be done using a simple high/medium/low scale.

### Step 5: Develop contingency plans

For critical risks, outline:

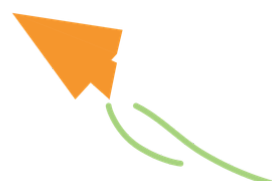
- What immediate actions would be taken?
- Who is responsible?
- How communication would be managed?
- How could services continue or recover?

### Step 3: Prioritise key risks

Focus on risks that are both likely and high impact. These should receive the most attention.

### Step 6: Review regularly

Update the risk register and contingency plans at least annually, or when major changes occur.



## Key considerations and questions

### What risks could seriously disrupt our ability to deliver our core services?

- Identify which of these categories pose the biggest threat to your specific core services.

### Are we overly reliant on a single funder, individual, or system?

- Many organisations are often **overly reliant on a single funder, individual, or system**, creating significant vulnerabilities and a "single point of failure" (SPOF).

### Do trustees clearly understand and regularly review organisational risks?

- Trustees are expected to clearly understand and regularly review organisational risks as a core part of their governance responsibilities. This is a fundamental duty essential for achieving the charity's objectives and safeguarding its assets and reputation.

### Are contingency plans realistic and practical, not just theoretical?

- The goal is to **bridge the gap** between a **theoretical disruption and practical recovery**, moving beyond mere theoretical exercises by incorporating real-world application, testing, and flexibility

### How would we respond if several risks occurred at the same time?

- When several risks occur simultaneously, the response strategy shifts from managing individual threats to a coordinated, holistic crisis management approach that prioritises overall organisational resilience and the most critical risks.

