

## **1 Policy Statement: Governance – Risk Management**

We are committed to developing a best practice model of governance which supports, protects and preserves the Association and ensures full compliance with the expectations of the Charity Commission. We will ensure that all governance decisions are evidence based, non-discriminatory, fair and equitable.

This policy outlines the arrangements for identifying and responding to risk so that strategic objectives are more likely to be achieved, damaging events are avoided or minimised and opportunities for the Association are maximised.

## **2 Trustee Responsibilities**

We shall:

- Define risk appetite in line with the expectations of the Charity Commission's guidance to act prudently in the interests of the Association, in line with the guidance at annex 1 to this policy;
- Identify the risks to the Association when updating the business plan, and as part of normal business through the operation of the Committee and Council structures;
- Assess each risk using the matrix at annex 1 to this policy, firstly assuming that no mitigating actions are taken (the gross risk) and thereafter once controls have been planned (the net risk). Account will be taken of the likelihood of the risk materialising and then the impact of that materialisation;
- Consider whether the risk is financial, operational or reputational (or any combination of the three) and ensure that each aspect has appropriate mitigation plans;
- Risks shall be recorded in the risk register and oversight of the risk register shall be taken by the Trustees;
- The risk register shall be reviewed at each Trustee meeting following a review by the staff team, and any changes to that register considered on the basis of the evidence presented;
- Committees of Council shall have as a standing agenda item "risk management – new risks/opportunities" and shall propose additions to the risk register via the committee secretary, who shall refer to the Trustees via the Trustees' committee secretary;
- Changes to the risk register shall only be made on Trustees' approval, once matters have been reviewed;
- Trustees shall have the authority to redirect resource to mitigate new or increased risks as they materialise;
- Publish a scheme of delegation which identifies levels of authority and risk limits for key decision makers;
- Include this and other key policies in the induction programme and information pack for any new Trustee.

## **3 Employee Responsibilities**

Employees shall:

- Understand the risk appetite of the Association and use this guidance when considering or proposing new activity, ideas or schemes;

- Where acting as committee secretary, act as the liaison point with the Trustees' committee secretary to propose new risks or to adjust
- Comply with the scheme of delegation

#### **4 References and tools support the Policy**

Annex 1 to this policy

Financial policy and regulations

The Governance Handbook

#### **5 Policy Review Arrangements**

This policy will be reviewed at least annually.

For office use only

Policy title	Governance - risk
Policy version	D.01.AC.18.04.16
Policy author	CEO
Policy consultation	O&T
Policy approval (trustees / Council)	O&T June 16
Policy training and dissemination	Sept 16
Policy review date	July 17/October 18

### Risk appetite

Risk	Appetite	Rationale
Financial health	Low	<p>The Trustees have determined that they will take risks which equate to no more than 1% of any recurrent funding contract in the pursuance of the Association's charitable objects.</p> <p>The Trustees have determined that they will take risks which equate to no more than 5% of discretionary income when agreeing expenditure on activity which is delivered through unstructured funds.</p> <p>The Trustees have determined that they will take low levels of investment risk with no more than 40% of its reserves on the advice of a professional advisor.</p>
Operational	Medium	The Trustees have determined that they will invest in new activity only where it does not exceed the financial health risk levels set above, and if no more than 50 staff days are required to implement a new scheme
Reputational	Medium	The Trustees have determined that they will implement schemes which may have some local reputational risk associated with them, where the scheme itself is in the national interest, as long as the financial and operational risk limits set above are not exceeded.

### Risk assessment/scoring

Likelihood	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
	Impact 				