

# Risk Management Policy

## Document Control

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## 2.0 Purpose and Legal Basis

Effective risk management is a cornerstone of good governance and is fundamental to the strategic success of the charity. This policy is not merely a document for compliance; it is an essential framework for protecting the charity's beneficiaries, its assets, and its reputation. By proactively managing risk, the Board of Trustees can make informed decisions, allocate resources effectively, and ensure the charity is best placed to fulfil the charitable objects set out in its Constitution.

The core purpose of this policy is to establish a consistent and systematic framework for identifying, evaluating, mitigating, and monitoring the significant risks faced by the charity across all its activities.

This policy is developed in line with the best practices recommended by the Charity Commission for England and Wales, specifically its guidance document, 'Charities and risk management (CC26)'. Adherence to this framework also supports the charity's compliance with its broader legal obligations, including but not limited to the Data Protection Act 2018, UK GDPR, and the Equality Act 2010. While this policy does not detail the specific compliance procedures for each of these Acts, it establishes the framework for identifying

and managing the risks associated with non-compliance. To ensure this framework is applied comprehensively, the following section defines its scope across the charity's people and activities.

### 3.0 Scope

A successful risk management framework requires consistent and universal application across every facet of the charity's operations. This section defines the people and activities governed by this policy to ensure a comprehensive and cohesive approach to safeguarding the charity's mission.

This policy applies to:

- **The Board of Trustees** hold ultimate responsibility for the oversight and implementation of risk management.
- **Staff and Volunteers**, for any future individuals engaged by the charity in these capacities.
- **Contractors and Third-Party Service Providers** who are engaged to act on behalf of the charity.
- **All Activities** undertaken by the charity in pursuit of its objects, including grant making, research, asset management, communications, and the preservation of heritage.

This broad scope ensures that risk is considered and managed consistently, underpinning the Board's formal commitment as outlined in the following statement.

### 4.0 Policy Statement

This statement represents the formal declaration of the Board of Trustees of the charity regarding its commitment to effective risk management.

The Board of Trustees is committed to a proactive and structured approach to risk management that is embedded in the culture and operations of the charity. We will integrate risk considerations into all strategic and operational decision-making processes. The Board will promote a culture where managing risk is understood to be a shared and vital responsibility. Through this commitment, we will safeguard our beneficiaries, assets, and reputation to ensure the sustainable and long-term fulfilment of our charitable objects.

These principles are supported by the clear definitions and procedures that form the foundation of this policy.

### 5.0 Definitions

Clear and consistent terminology is essential for the effective implementation and understanding of this policy. The following key terms are defined within the context of the charity's operations.

| <b>Term</b>            | <b>Definition</b>   |
|------------------------|---|
| <b>Risk</b>            | An uncertain event or set of circumstances that, should it occur, will have an effect on the achievement of the charity's objectives. |
| <b>Risk Appetite</b>   | The level of risk that the Board of Trustees deems acceptable in the pursuit of the charity's objectives.                             |
| <b>Risk Assessment</b> | The process of evaluating identified risks in terms of their potential likelihood and impact.   |
| <b>Risk Mitigation</b> | The actions taken to reduce the likelihood or impact of a risk to an acceptable level.  |
| <b>Risk Register</b>   | The central document used to record, track, and manage the significant risks identified by the charity.                               |

The following section outlines the practical procedures for applying these concepts within the charity's governance framework.

## **6.0 Procedures**

This section provides the practical, step-by-step process for implementing the charity's risk management framework. This is an ongoing cycle, not a one-time event, designed to ensure that risk management remains a dynamic and relevant part of the Board's strategic oversight.

**6.1 Risk Identification** The Board of Trustees will proactively identify potential risks across all areas of the charity's operations. This includes financial, governance, operational, legal, and reputational risks. Risks will be identified through regular board discussions, reviews of operational activities, and consideration of the external strategic environment. Particular attention will be given to risks associated with the charity's core activities as defined in its

Constitution, such as the provision of financial assistance, commissioning of research, and management of financial assets.

**6.2 Risk Assessment** Once a potential risk is identified, it will be analysed and assessed by the Board. Each risk will be evaluated based on its likelihood of occurring and its potential impact on the charity's objectives, beneficiaries, finances, or reputation. This assessment allows the Board to score and prioritise risks, focusing attention and resources on the most significant threats.

**6.3 Risk Mitigation and Control.** For each significant risk, the Board of Trustees will agree upon a management response. The agreed response will be one of the following four approaches:

- **Tolerate:** Accepting the risk where the cost of mitigation outweighs the potential impact.
- **Treat:** Implementing actions to reduce the likelihood or impact of the risk.
- **Transfer:** Shifting the financial impact of the risk to a third party, for example, through insurance.
- **Terminate:** Ceasing the activity associated with an unacceptably high risk.

Specific mitigation actions, a designated lead trustee responsible for oversight, and a timeline for completion will be documented in the charity's Risk Register.

**6.4 Risk Monitoring and Review** The Risk Register is a dynamic management tool, not a static document. The Board of Trustees will review the full Risk Register at least annually. To ensure timely oversight, high-priority risks will be reviewed as a standing agenda item at every board meeting. This regular review ensures that mitigation actions are effective, risk assessments remain current, and any new or emerging risks are identified promptly.

The successful execution of these procedures depends on a clear allocation of roles and responsibilities.

## 7.0 Roles and Responsibilities

Assigning clear ownership for risk management tasks is crucial for ensuring accountability and effective implementation of this policy. This section delineates the specific responsibilities within the charity's governance structure.

- **The Board of Trustees:** Holds ultimate collective responsibility for the entire risk management framework. This includes setting the charity's risk appetite, formally approving this policy, and ensuring that robust systems are in place for its implementation and monitoring.
- **The Chair of the Board** is responsible for providing leadership to the Board in its risk management duties. The Chair will ensure that risk is a regular and substantive agenda item at board meetings, fostering a culture of open discussion and proactive oversight.

- **The Treasurer (or designated finance lead)** is responsible for overseeing the identification, assessment, and management of financial risks. This includes risks related to the charity's investments, income streams, and internal financial controls.
- **Contractors** are responsible for managing the operational risks associated with their delegated functions in line with their contractual obligations. They must report any new, escalating, or significant risks to the Board in a timely manner.

The following section outlines the plan for implementing this policy.

## 8.0 Implementation

This section outlines the practical steps the Board of Trustees will take to embed this Risk Management Policy into the charity's standard operations and governance culture.

1. **Formal Adoption:** This policy will be formally adopted by a resolution of the Board of Trustees, and the effective date will be recorded.
2. **Communication:** The adopted policy will be communicated to all trustees and relevant contractors to ensure full awareness of its contents, procedures, and their respective responsibilities.
3. **Development of Risk Register:** The Board will hold a dedicated session to develop the charity's initial Risk Register. This is a high-priority action and will be completed within three months of this policy's adoption.
4. **Trustee Training:** A briefing on trustee duties related to risk management and the procedures outlined in this policy will be provided as part of the induction process for all new trustees, referencing the Charity Commission guidance CC26.

Ongoing monitoring is critical to ensuring this policy remains effective over time.

## 9.0 Monitoring and Review

Continuous monitoring and periodic review are critical components of an effective risk management framework. These activities ensure the framework remains relevant, effective, and aligned with the charity's strategic objectives and the external environment.

- **Risk Register Review:** The Risk Register will be a standing item on the agenda of every Board meeting for the review of high-priority risks. The entire register will be subject to a formal and detailed review by the full Board at least once per year.
- **Annual Policy Review:** This Risk Management Policy will be reviewed annually by the Board of Trustees. This review will ensure it remains fit for purpose, reflects the charity's current operations, and is compliant with any changes in legislation or Charity Commission guidance. The next review date is noted in the header of this document.
- **Incident Reporting:** Any serious incidents or newly identified significant risks must be reported to the Chair of the Board immediately. They will then be formally

discussed at the next scheduled Board meeting to determine the appropriate response.

This policy operates in conjunction with other key governance documents to form a cohesive control environment.

## **10.0 Related Policies**

Effective risk management is not a standalone activity but is interconnected with other key governance policies and procedures that address specific areas of risk. This policy should be read in conjunction with the following documents:

- Safeguarding Adults Policy
- Internal Financial Controls Policy
- Data Protection Policy
- Reserves Policy
- Conflict of Interest Policy
- Complaints Handling Policy
- Charity Investment Policy