

Risk Management Policy

1. Rochdale Connections Trust's Risk Management Model

1.1 We recognise that risk management is essential to our governance and to sustainable operation of its services and has been designed to ensure:

- the identification, assessment and management of risk is linked to the achievement of the charity's objectives
- all areas of risk are covered including financial, governance, operational and reputational
- a risk exposure profile can be created that reflects the Trustees' views as to what levels of risk are acceptable
- the principal results of risk identification, evaluation and management are reviewed and considered
- risk management is ongoing and embedded in management and operational procedures

1.2 Rochdale Connections Trust will regularly review and assess the risks it faces in all areas of its work and plans for the management of those risks.

1.3 There are risks associated with all the organisations activities that can arise through things that are not done, as well as through ongoing and new initiatives. Risk exposure for RCT will vary depending on circumstance. For example, as RCT grows we may be willing to expose ourselves to marginally higher risks because we are financially stronger than ever before. Risk tolerance may also be a factor in what activities are undertaken to achieve objectives. Rochdale Connections Trust will therefore ensure that there is an appropriate balance taken between higher and lower risk activities.

These considerations will inform the Trustees in their decision as to the levels of risk they are willing to accept.

1.4 Trustees need to let staff know the boundaries and limits set by their risk policies to make sure there is a clear understanding of the risks that can and cannot be accepted.

2. Identifying our Risks

2.1 As part of our business planning process, a risk register will be developed. This register is a 'living document' and forms the baseline for further risk identification. We recognise that new risks will appear and other risks will become less or more severe or may disappear over the lifetime of the plan. Risk identification is therefore an ongoing process within Rochdale Connections Trust. When new risks are identified by a trustee or staff member, these will be referred to the Business Development Manager who will, in consultation with the CEO and

Board, update the risk register accordingly. Rochdale Connections Trust will also annually review the risks identified in their risk register at the first meeting of the Trustees in the new financial year.

2.2 In undertaking this, staff and trustees will consider:

- RCT's objectives, mission and business plan
- the nature and scale of the organisation's activities
- the outcomes that need to be achieved
- external factors that might affect RCT such as legislation and regulation
- RCT's reputation with its major funders and supporters
- past mistakes and problems that RCT has faced
- the operating structure
- comparison with other charities working in the same area or of similar size
- examples of risk management prepared by other charities or other organisations

2.3 In developing RCT's risk register, trustees and staff will identify/update risks in the following areas

- governance
- operational risk
- finance risk
- environmental and external risk
- law and regulation compliance risk

3. Assessing, Monitoring and Evaluating risk

3.1 Identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.

3.2 When a new risk arises, the BDM in consultation with the CEO will then assess the risks identified by staff and trustees based on how likely they are to occur and how severe their impact using the methodology set out at appendix 1.

3.3 They will identify those risks that are major and propose appropriate actions to mitigate these risks. This will update RCT's risk register and will be approved by the Chair and/or treasurer (if a financial risk).

3.4 Where a trustee subsequently has a concern about the risk register, s/he should initially seek agreement to amendment via email and if s/he is still not satisfied raise the issue at the next board meeting.

Risk Assessment Methodology

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	<ul style="list-style-type: none"> • no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	<ul style="list-style-type: none"> • slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	<ul style="list-style-type: none"> • some service disruption • potential for adverse publicity - avoidable with careful handling • complaint probable • litigation probable
Major	4	<ul style="list-style-type: none"> • service disrupted e.g. long term sickness • adverse publicity not avoidable (local media) • complaint probable • litigation probable • Sudden loss of funding
Extreme	5	<ul style="list-style-type: none"> • service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management • resignation of Board • major premises related issue e.g. burglary • loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances

Actions that could be taken to mitigate risks

The following are examples of possible actions:

- the risk may need to be avoided by ending that activity
- the risk could be transferred to a third party (e.g. use of a trading subsidiary, outsourcing or other contractual arrangements with third parties)
- the risk could be shared with others (e.g. a joint venture project)
- the charity's exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects)
- the risk can be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies)
- the risk may need to be insured against (this often happens for residual risk, e.g. employer's liability, third party liability, theft, fire)

In assessing the actions to be taken, the costs of management or control should be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.

REVIEW SCHEDULE:

The Risk Management Policy is formally reviewed on an annual basis.

Date of last review: August 2023

Reviewed by: Lizl Donnelly

Job Role: Business Support Manager

Date of next Review: August 2024