



RISK MANAGEMENT POLICY

1. Purpose

The purpose of this policy is to set out a process for identifying and managing risk in the organisation and operation of the Guild of St George (the Guild).

2. Objectives

The Guild will review and assess the risks it faces in delivering its charitable and strategic objectives. This is to ensure that:

- Significant risks are identified and monitored enabling Directors to make informed decisions and take appropriate action;
- The Guild is able to embrace opportunities and new projects confident that risk will be managed;
- The Guild's Strategic Plan is informed and developed;
- The Guild delivers its charitable and strategic objectives.

3. Strategic Plan

Complementary to the strategies and plans the Guild evolves, an iterative organisational risk register will be established and this is the focus of this policy document. In terms of reviewing the Guild's position vis a vis risk, plans and the risk register should ultimately be reviewed in tandem.

4. Aim of Policy

This policy aims to:

- Provide a means for identifying the potential organisational risks facing the Guild
- Make proposals about how to respond to these risks
- Make possible annual reporting to Companions on the management of risk within the Guild

5. Types of Risk

Risks facing an organisational such as the Guild will generally fall into one of the following categories:

1. **Governance** (how the organisation is run);
2. **Operational** (how the organisation goes about its business);
3. **Financial** (how the organisation manages and commits its resources);
4. **External** (how the organisation is perceived and how the political, local, global environments impact upon it);
5. **Legal and Regulatory** (how the organisation discharges its statutory duties and responsibilities).

These categories and the Guild's level of exposure to risk will be examined in more detail below.

6. Who is Responsible for Risk Management?

Ultimately the Board of Directors is responsible for the management and control of risk, but management of the register can be delegated to a member of staff. The Administrator would be the logical individual to assume the duty on a day to day basis, making reports and recommendations as and when necessary to the Board.

7. What are the Legal Requirements?

On the basis of its usual financial status, the Guild is under no obligation to be audited or to make a formal risk management statement in its annual report, but the Charity Commission encourages charities such as the Guild 'to make a risk management statement as a matter of good practice'. It will be an objective to make such a statement in the Guild's annual report. Such a statement will include: -

- An acknowledgement of the Board's responsibility;
- A brief overview of the risk management process;
- An undertaking that major risks identified have been assessed and reviewed;
- Confirmation that controls are in place to manage risks.

8. Identifying Risks

Focus needs to be on identifying risks affecting the Guild in terms of: -

- Its charitable and strategic objectives;
- The range and nature of its activities;
- What it hopes and plans to achieve via its activities (i.e. 'outcomes');
- What external factors (such as regulation, legislation or 'Brexit') might have an impact;
- Its developing relations with Companions and Associates;
- Its relationship with other institutions; Ruskinian, educational, cultural, rural, craft etc.;
- Its relationship with funders and potential funders;
- Its operating structure and how it does business;
- Best practice identified in the charitable sector.

The Board and staff will need full understanding of and commitment to this process and, where necessary, Companions, Associates, agents, tenants and professional advisers will need to be made aware as appropriate.

Some risks will cross a range of categories. An issue over a property tenancy, for example, could have financial, legal and reputational impact. Additionally, a single risk, initially identified as minor, might trigger the realisation of another and then a series of negative outcomes which overall would have a major cumulative impact on the Guild.

9. Rating Risk

The Charity Commission has developed a model for rating risk with *Impact* rated 1-5, 1 being the least significant impact on the organisation, its reputation, viability and vulnerability to litigation and 5 the most extreme impact where the standing and viability of the organisation would potentially be catastrophic. Likewise, *Likelihood* of the risk materialising can be rated 1-5 with 1 being a remote possibility and 5 something that could be expected to occur frequently.

This data will form the basis of a risk register with impact multiplied by likelihood to create an overall risk rating, the lowest 1 and the highest 25. Risk rated 1-8 will be rated 'green = low', 8-15 'amber=medium' and 15-25 'red=high'.

10. Actions to Mitigate or Eliminate Risk

Where risks are identified the next step is to determine and implement actions to eliminate or mitigate them. If the risk were, for example, non-compliance with new legislation on energy conservation in tenancies, the action to eliminate the risk would be to commission a programme of inspections. Where the risk might be the loss of a Director with key responsibilities, the action to mitigate might be to identify and develop a deputy to potentially cover that role.

Other risks will have the capacity to fit into more than one of the categories set out at 5. For example, the risk of a dispute with a tenant could become long running and have financial, legal and reputational implications. Some risks will always be present and the overall aim of the process should be to reduce the 'gross level' to a 'net level' of risk after measures to mitigate impact have been applied.

11. Monitoring and Review

The risk register referred to at 9. above will pull together the key elements of the risk management process. Along with other periodic reviews this document, accompanied by the appropriate report, will come (as a link) to the Board for consideration or review either annually or when there had been any significant change in terms of additional risk or a reduction.

An additional benefit will be to embed in the Guild's organisational culture a perspective on what is and what is not acceptable risk. This will be of great value of the Guild is to grow, increase its activities, grasp new opportunities to deliver its charitable objectives and extend the influence of John Ruskin's works and thinking locally, nationally and internationally.

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