Title:	**Risk Policy**
Date:	**April 2025**
Last reviewed:	**September 2024**
Date of next review:	**September 2025**
Classification:	**Public**

1. Aims

The aim of this policy is to set out the Foundation's approach to managing risk with due regard to effective corporate governance. The Charity Commission expects every charity to consider risk management and to make appropriate disclosures in the Trustee's Annual Report.

The Charities Statement of Recommended Practice (SORP) 2020 states:
"*A statement should be provided confirming that the major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks*."

2. Definitions

Generally, key risks will be those that impinge upon achieving the key objectives of the organisation and/or anything that could substantially damage its reputation or undermine the confidence of its stakeholders. Risk management covers all of the Foundation's systems, including:

- financial (e.g, solvency, theft; fraud);
- operational (e.g, capacity, resilience, loss or corruption of key data);
- regulatory (e.g, compliance with the Charities Act, breach of Foundation, compliance with employment legislation);
- and strategic (e.g, failure to protect brand and reputation, monitoring of formally agreed strategic plan).

3. Key features of the risk management process

The key features of the Foundation's risk management framework are as follows:

3.1 Establishing a set of principles, aims, objectives and plans which are communicated both externally and internally and reviewed regularly.

3.2 Recognising and identifying the key risks for which the Foundation is responsible and those risks which are most likely to impact on its performance.

3.3 Assessing risks to provide an overall view of their potential impact and determine controls and their reliability in terms of mitigating risk. An assessment of likelihood of the risk occurring and its impact on the Foundation's ability to function (reputationally, financially and operationally) is carried out using a scoring mechanism which is set out in the Foundation's risk register. Each risk is, through this process, assigned a "RAG" (red, amber, green) rating. If the score puts the risk in the amber or red zone, then a set of mitigating actions will be agreed and set out in the register and the implementation overseen by the relevant Committee.

3.4 Determining the level and type of risk that is acceptable, the resources needed to manage risks and prioritising and allocating responsibility for managing them.

3.5 Monitoring and review: risk management is a continuous process and should be monitored on a regular basis.

4. Assessing and monitoring risks

The Foundation's Board, in conjunction with the executive team, identifies its key risks, listing them in the risk register, assigns ownership to an appropriate committee or officer and agrees the likelihood and impact for each using the matrix outlined in 3.3 above.

4.1Risk appetite/tolerance

The organisational appetite for risk depends upon the nature of the risk itself and will be considered on a case-by-case basis. Consideration of whether an activity should take place (and the associated risks of undertaking that activity) will be taken, taking into account its fit with the Foundation's stated charitable objectives and approved strategic framework, at the initial proposal stage. No new activity or significant change or expansion to a previously approved activity should be undertaken without the formal review and approval of the appropriate Committee under its delegated authority or, if outside its delegated authority, by the Board of Trustees.

4.2 Risk management framework

The annual planning process is used as the primary means of identifying, prioritising and managing risk.

All staff identify the operational risks associated with their projects as part of the planning process and propose means of best managing them.

Risks are reviewed quarterly by the executive team to monitor changes and check progress of mitigation measures and present the outcomes of the review to the relevant Committees (Research Grants Committee, Social Financing Committee and Investment Committee) at their regular meetings. Any change in the RAG status of a risk since its last formal review which results in an amber or red rating should be highlighted by the Chief Executive for discussion by the owning Committee.

A full risk review will be undertaken annually by the Board of Trustees at its September meeting.