

Previous version	27 November 2023
Frequency of update	At least every two calendar years
Next update due	December 2027

Aim: To set out how Number Champions identifies and manages risks to the fulfilment of its strategic objectives. In this policy, 'the Charity', 'the organisation', 'we', or 'us' all refer to Number Champions.

Background

At the core of the Trustees' responsibility for the administration and management of the Charity is the public accountability of its assets. In order to fulfil these responsibilities, the Charity must establish a risk management framework by initially identifying, then regularly evaluating and actively managing risks associated with its activities and the environment it operates in. The Charity Commission of England and Wales states in its Charities and Risk Management (CC26) Guidance:

'Charity Trustees should regularly review and assess the risks faced by their charity in all areas of its work and plan for the management of those risks. Risk is an everyday part of charitable activity and managing it effectively is essential if the Trustees are to achieve their key objectives and safeguard their charity's funds and assets.'

Furthermore, according to the Charities (Accounts and Reports) Regulations 2008, charities that are required by law to have their accounts audited must make a risk management statement in their annual report confirming that '*...the charity Trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.*' Although Number Champions does not currently have to be audited, it will follow the guidance that an 'effective risk management framework is considered to be a good practice for other charities... This could be demonstrated via a risk management statement addressing the following:

- an acknowledgement of the Trustees' responsibility
- an overview of the risk identification process
- an indication that major risks identified have been reviewed or assessed
- confirmation that control systems have been established to manage those risks.'

Considering the nature of our activities, a diligent and proactive risk management approach is essential to the successful achievement of our mission. **The Charity's overall goal in risk management is to take steps to give reasonable assurance that it can achieve its operational and strategic goals, even if adverse events occur.**

Introduction

For the purpose of this policy, a risk is defined as an uncertain but possible outcome, which – if it materialised – might have an impact on the Charity's ability to achieve its stated objectives. Therefore, both the risks themselves and the chosen approaches to deal with them should be considered in the context specific to the Charity's objectives.

As the environment within which Number Champions operates changes, so will the risks faced by the organisation. Therefore, following initial establishment of a risk management framework, the process will

become an on-going regular activity undertaken by the Trustees to ensure its relevance and effectiveness. The specific frequency and approach will be agreed by Trustees.

While the framework will apply consistently across the geographical areas where the organisation will operate, it is possible that individual risks will not have the same applicability or impact for every locale. As a result, it is also possible that the course of action will differ as well and will be specifically tailored to an individual area.

Risk Guidelines

1. The Trustees recognize that certain risks are inherent in Number Champions' operating environment and its efforts to achieve its stated objectives.
2. The organisation will work to identify and address such inherent risks, ultimately aiming to eliminate or mitigate them, thus reducing its overall risk profile, enabling it to focus on the management of residual risks. Where relevant, Number Champions will undertake risk assessments of identified risks, which will support and guide the necessary steps needed to address those risks.
3. The organisation will aim to optimise the effort and cost we put into managing risk by matching these to the materiality of impact of risks on delivery of our operational or strategic goals.
4. Risk management will be at the core of Number Champions' approach to its day-to-day activities, involving not only the Trustees, but all members of the organisation, encouraging their awareness of and active participation in identification and management of risks.
5. The organisation will foster the culture of openness, objectivity, and constructive organisational learning in its dealing with identified instances of risks, to ensure each individual feels comfortable coming forward with relevant observations and recommendations.
6. Given that it is not possible to anticipate all eventualities, Number Champions will continually monitor its environment to identify emerging risks. A part of this will be to monitor adverse events impacting other organisations – including but not limited to charities in general, and educational charities in particular – to identify transferable lessons to be learned and actions to be taken.

Approach

The charity will identify **risk categories** relevant to the environment it operates in, and its stated objective

1. The charity will identify specific **risk items** within applicable categories
2. The charity will assess the **impact** of each risk item identified in the event of its materialising
3. The charity will define the **probability** of each risk item materialising
4. The charity will agree overall **risk score** for each item, which will be derived from the impact and probability
5. The charity will agree the **course of action** for each risk item, including timeframes as might be relevant
6. The charity will agree the **approach** and **frequency** for on-going reviews of the policy itself, as well as individual risk items most appropriate for the nature of the risks identified. The approach will most likely combine regular and ad-hoc activities to address newly emerging risks, as well as assess materiality of those already under management.

Framework

The following elements are incorporated into the Number Champions risk management model:

Risk Categories

- Strategic, focusing on the ability to achieve the organisation's stated objectives
- Reputational, focused on negative perception or publicity, reduction in social capital
- Operational, related to day-to-day activities necessary to deliver the functions of the charity. This encompasses processes such as the recruitment, training, and support of volunteers, and the annual cycle with schools. It also includes risks specific to the employment of paid employees
- Financial, concerned with sources and uses of the organisation's funds (and potentially other assets)

Impact

Term	Context: impact on charity's ability to function
Insignificant	None
Minor	Slight, immaterial
Moderate	Measurable, but ability to carry on is not at risk
Major	Material but limited to one component, overall ability to carry on is at risk
Extreme	Multiple material impacts, or full shut down, likely to be unable to carry on

Each risk item will be assigned a score, reflecting anticipated Impact as follows: 0 = Insignificant, 1 = Minor, 2 = Moderate, 3 = Major, 4 = Extreme

Probability

Term	Context: likelihood of occurrence
Remote	Possibility of occurring in rare/exceptional circumstances; not more often than every 5 years
Unlikely	May take place under specific rare circumstances; more often than every 5 years, but not more often than every 2 years
Possible	Expected to occur in some circumstances; more often than every 2 years, but not more often than yearly
Probable	Expected to occur in many circumstances, will likely happen; more often than yearly
Frequent	Nearly certain to occur; more often than 3 monthly

Each risk item will be assigned a score, reflecting anticipated Probability as follows: 0 = Remote, 1 = Unlikely, 2 = Possible, 3 = Probable, 4 = Frequent

Overall risk score

The course of action will be determined by a combination of factors, including Impact and Probability scores. As Trustees gain experience with managing risk, they will discuss and agree whether Impact and Probability should automatically determine the overall risk score, or whether a more detailed approach should be defined.

Meanwhile, each risk item captured in the Register will be scored 0-4 for Impact and Probability dimensions, 4 representing the highest Impact or Probability. The risk items will then be plotted into the heat map pictured below, which will be used for regular risk monitoring and prioritization. Trustees may decide to recognise a risk as a higher category than shown in the table, but may not reduce its category.

Heat Map	Remote	Unlikely	Possible	Probable	Frequent
Insignificant	Blue	Blue	Blue	Blue	Blue
Minor	Blue	Blue	Green	Green	Green
Moderate	Blue	Green	Green	Yellow	Yellow
Major	Green	Yellow	Yellow	Red	Red
Extreme	Green	Yellow	Red	Red	Red

Course of Action

For each risk item, a Course of Action will be recorded. This will show the steps we will take to manage the risk. Different approaches for this are given in the table below, and although we will not necessarily assign a specific approach to our management of each risk, we will use the concepts and terminology to inform our discussion and documentation.

Approach	Context: risk management approach
Accept	Risk is identified and acknowledged; no further action is required. Most appropriate for low impact/probability items
Avoid	Risk is identified and acknowledged; the charity will prevent its occurrence by not engaging in a particular activity which could trigger the risk.
Transfer	Risk is identified and acknowledged; the charity will engage another party in dealing with the risk. Most appropriate for measurable impact/probability items where specific subject matter expertise outside the charity's competency is required, or if another party can be more effective in managing the risk – eg insurance.
Mitigate	Risk is identified and acknowledged; the charity will establish a course of preventive measures so that the risk does not materialise.
Monitor	Risk is identified and acknowledged; the charity will monitor the circumstances to establish the course of appropriate action at a later stage.
Actively Manage	Risk is identified and acknowledged; the charity cannot employ any other approach and will establish a specific action to plan to manage the risk and possible consequences.

Risk Register

A Risk Register based on the above Framework will be created. As circumstances may change at any time, Each Board meeting will have an agenda item to allow trustees by exception to initiate a discussion on a particular risk potentially requiring immediate action or on a new risk which has arisen. Such discussions will identify appropriate actions, which may include updating the Risk Register.

At least annually the Board will have an agenda item to review all risks; the Risk Register will be updated to reflect decisions of each of these meetings. Where the review indicates that a risk is not adequately managed, the Board will take appropriate action.