

Risk Appetite

This statement considers the most significant risks to Common Purpose and outlines the approach taken in order to mitigate and manage these risks in pursuit of achieving organizational objectives. Understanding and setting clear risk appetite levels is essential to achieve effective risk management. Common Purpose is exposed to a number of different risks that cannot be totally eliminated and the purpose of the policy is to support the development of a consistent approach to managing risk.

The organization groups risk appetite into the following categories: a) Reputation b) Business c) Legal and Compliance, d) IT, e) Financial and f) People

Common Purpose has a low tolerance for risk that will adversely affect our relationship with the charity commission our clients and the wider organization. Therefore Common Purpose has a clear and effective risk management strategy in place so that we can actively monitor the potential impact of current and emerging risks. Common Purpose may choose to accept a differing level of risk appetite for certain areas of the business.

Any breaches of the Risk Appetite will be dealt with by the senior leadership team. If you have any concerns or are aware of any breaches please contact [Lloyd Fleming](#), Group Finance Director & Company Sec. The Risk Appetite is subject to change and may be adapted depending on the organizational environment and business conditions.

The risk appetite scale defines each level from Eager to Averse so that each risk category is rated accordingly based on the definitions.

Risk Appetite Scale:

Averse Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

Minimalist Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

Cautious Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

Open Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of

successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Eager Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk

Risk management framework

The Risk Management Framework sets out the controls and or mitigations, to ensure an effective process is in place to manage risks within the organization. Risk management is an integral part of Common Purpose and effective risk management underpins the Organization's long-term success. Risk management is incorporated into all key organization processes, including but not limited to strategy, business planning, operations, and programme and project management. It applies in both business and learning environments.

Common Purpose strives to embed a culture where risk management is a key component in all its decision-making and it is the responsibility of all employees to uphold the culture of the organization.

The Board of Directors has overall responsibility for risk management, sets the tone for risk management within the Organization and takes an overall perspective of compliance with the Organization's policies. The Board of Directors determines the Organization's overall parameters for the institution's risk appetite and tolerance. The Council assures itself that risk management requirements are consistently and rigorously applied through receipt of risk reports considered by the Senior Management Team, the committees reporting to The Board of Directors or The Board of Directors itself. The Board of Directors is assisted in fulfilling its responsibility for risk management by the Audit and Risk Committee.

Coverage

The risk appetite of Common Purpose is driven to be in good standing with the Charity Commission and stakeholders including The Board, Trustees, participants, external speakers, and employees. The risk appetite towards Reputational, Business and Legal and Compliance, IT, Financial and People risks are outlined below.

Reputational

Common Purpose has adopted a cautious appetite for reputational risk, with a preference for safer delivery options. Common Purpose will tolerate a cautious degree of residual risk, choosing the option most likely to result in successful delivery, thereby enhancing our reputation for delivering high quality programmes. Common Purpose seeks to manage the reputational risk by minimizing the impact that events can have through scenario planning and ongoing crisis management. The Risk Register presented to the board each quarter has been developed to record any area of risk that presents a threat to the aims or objectives of the organization. Reputational risk is included in the register and is reviewed each month to identify the level of risk and the agreed actions being taken to manage and mitigate the impact. Furthermore, when initiating any operational or strategic changes we ensure that our long term reputational risk is considered. Any concerns had for the reputation will be discussed at the monthly risk meeting and quarterly board meeting.

The organization strives to embed a culture where risk management is a key component in all its decision-making and it is the responsibility of all employees to uphold the culture of Common Purpose. All employees should also adhere to the high organizational standards set in regards to regulatory compliance in order to maintain the cautious appetite that Common Purpose has to reputational risk.

Business (ie winning new clients etc)

Common Purpose has adopted an open appetite for Business Risk, with reference to attracting new clients, seeking to consider all options and making decisions based upon the likelihood of success. Our sales and delivery teams focus on evolving the business strategy and product offering to ensure we can meet client requests and meet our business priorities. The organization is willing to carry risk and to challenge current working practices in the pursuit of important business objectives with demonstration of the benefit to the client and the alignment with organizational standards and governance. All new business strategies and objectives will be monitored and reviewed by the risk committee to ensure client needs and the organizational priorities are not compromised.

Legal and compliance Risk

Common Purpose has adopted a minimalist appetite for Legal and Compliance risk, and seeks to manage this by ensuring organizational and regulatory compliance controls are in place to prevent and mitigate any concerns. Activities undertaken will only be those considered to carry a low degree of inherent risk, with little considerations given to the potential benefit or return that could be offered. We maintain a minimalist appetite by having clear plans, priorities and oversight of decision-making and performance. Appropriate organizational controls and processes maximize fraud prevention and detection ensuring the organization can operate with a low risk appetite. All operational, strategic and business decisions follow internal processes with clear oversight from the senior leadership team to ensure any legal and compliance risk is detected and dealt with quickly and efficiently.

IT

Common Purpose has adopted a cautious appetite for Technology risks, willing to tolerate a degree of inherent risk when selecting technology systems to achieve organizational key deliverables, where we have identified scope for improvement. Technological activities undertaken by Common Purpose may have a degree of inherent risk but are deemed controllable to a large extent through the systems and controls that are in place.

Common Purpose is open to developing systems and technology to enable improved delivery and success for the wider organization. We are willing to consider and challenge current technology systems in the pursuit of enabling operational delivery. Common Purpose has tight internal control processes including; specific monitoring of firewalls, proactive simulations of potential failures, altering and monitoring tools covering uptime/productivity. Regular reviews are carried out on our IT processes and controls through our monthly risk meetings to better understand areas of risk that are stable and those they may need greater ongoing support. The IT team monitor current and future risks, identifying any that may have an adverse impact on the organization well as potential new systems that will enhance and enable operational delivery.

Financial

Common Purpose has adopted a cautious appetite for financial risks with reference to core running costs, seeking safer delivery options that have a low degree of inherent risk and a limited potential for benefit. Our financial and regulatory decisions are heavily scrutinised and we remain compliant in financial reporting ensuring all requirements and constraints are followed by the finance team. The monthly risk meeting with senior members of the organization is used to analyse the financial landscape of the organization and to agree on the mitigations for financial risks. The board receives ongoing assurance from the quarterly risk board meetings that policies are in place with relevant guidance from the senior leadership team.

People

Common Purpose has adopted a cautious appetite to People risks, seeking safe and standard people policy while decision making is generally held by senior management. We are willing to tolerate a degree of risk with new talent to achieve business needs where scope has been identified for improvement. Common Purpose efforts focus on engagement and effective leadership from all organizational levels and to create an inclusive and respectful culture complying with all relevant employment legislation.

Common Purpose works directly with employees to ensure we manage employment issues appropriately and handle them consistently and fairly. We focus on supporting employees through our internal performance management systems and the use of personal development plans to help ensure sustainable succession.



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Approval and Maintenance

This policy is approved by the Board of Directors and will be reviewed annually to make sure that it continues to be relevant to the organization's current and planned activities.

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Last reviewed:

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