THE KENNET & AVON CANAL TRUST
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Risk management policy

In line with their duties under company and charity law, and in accordance with the guidance issued by the Charity Commission, the Trustees have adopted the following policy on risk management. It sets out the Trust's underlying approach to risk management, documents the role of the Board and outlines key aspects of the risk management process. The policy forms part of the Trust's internal control and governance arrangements.

The framework applies to all risks arising from the Trust's activities. However, more detailed policies apply to the management of safety risks, which are contained in a separate policy.

Approach to risk management

1. Trust Council, as the Board of the Kennet and Avon Canal Trust, has responsibility for overseeing risk management, and acknowledges its responsibility for identifying and managing the risks facing the Trust. These include risks in the following areas:
    - governance
    - operations
    - finances
    - environmental or external factors
    - compliance with the law and regulations.
2. The Appendix sets out matters which may be relevant under each heading.
3. Trust Council will discharge its responsibility by:
    - ensuring that a culture of risk management is embedded throughout the Trust's activities;
    - setting the level of risk appetite and risk tolerance for the organisation as a whole and in specific circumstances;
    - communicating the charity's approach to risk and set standards of conduct expected of staff (employees and volunteers);
    - ensuring that risk management is included in the development of business plans, budgets and when considering strategic decisions;
    - approving all major decisions affecting the charity's risk profile or exposure, after consultation with members if the decisions have novel or contentious features;
    - satisfying itself that less fundamental risks are being actively managed and controlled; and
    - regularly reviewing the Trust's approach to risk management and approve any changes to this.

Risk appetite

4. Trust Council recognises the importance of delivering public benefit and in particular protecting the heritage assets owned or managed by the Trust. Accordingly, it will seek to manage risks in a way which minimises the likelihood of outcomes which threaten the viability of the Trust. It will do this by:
   - identifying and mitigating major risks arising from current activities;
   - taking decisions which change the scope or scale of the Trust's activities only after considering the potential risks and being satisfied that they are manageable; and
   - keeping external factors under review to identify any potential new risks.
5. In order to keep risk to a tolerable level, the Board will review whether risks can be:
   - avoided: by ceasing an activity or action;
   - transferred: by passing responsibility to a third party (e.g. through insurance, outsourcing etc); or
   - limited: by improving systems to reduce exposure

   before deciding to accept any remaining risk.
6. Trust Council has zero tolerance for breach of legal requirements, including in particular those relating to health and safety. If any such breaches occur, it will take all reasonable necessary steps to ensure that they do not recur.
7. In respect of financial risks, the Trustees will maintain reserves in accordance with a published reserves policy, which will be kept under review. Assets owned by the Trust or its trading subsidiary, or managed by the Trust (eg items on loan from other museums), will be insured where the value is material. The Finance Manual sets out procedures to be followed before expenditure is committed, and goods and services procured, which are designed to minimise the risk of fraud or of expenditure being incurred inappropriately.

Risk management process

8. The Trust's risk management process involves the following elements:
   - a review of risk management over the previous year, including any corrective action taken to improve risk management;
   - a 'risk identification' exercise for the year ahead, recorded and monitored using a risk register which covers all the types of risk identified in the Appendix;
   - evaluation of identified risks using a structured risk assessments;
   - management of risks through identification of mitigating actions, assigned to specific individuals; and

- review of the framework and issues arising, including the effectiveness of mitigating actions, at meetings of Trust Council at least quarterly, with a written risk report annually as an input to the update of the Business Plan.

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Responsible Trustee: Chris Bolt

Date approved by the Trust Council: 24 January 2022

Review Date: July 2023

Appendix

Types of risk

Risk category	Examples
Governance risks	• inappropriate organisational structure • trustee body lacks relevant skills or commitment • conflicts of interest
Operational risks	• lack of beneficiary welfare or safety • poor contract pricing • poor staff recruitment and training • doubt about security of assets
Financial risks	• inaccurate and/or insufficient financial information • inadequate reserves and cash flow • dependency on limited income sources • inadequate investment management policies • insufficient insurance cover
External risks	• poor public perception and reputation • demographic changes such as an increase in the size of beneficiary group • turbulent economic or political environment • changing government policy
Compliance with law and regulation	• acting in breach of trust • poor knowledge of the legal responsibilities of an employer • poor knowledge of regulatory requirements of particular activities (eg fund-raising, running of care facilities, operating vehicles)

(Extract from Charities and risk management (CC26), Charity Commission for England and Wales)