

This is the Risk Management Policy for Number Sense ('the Charity' 'the organisation' or 'we' or 'us'). It sets out how the charity identifies and manages risks to the fulfilment of its strategic objectives.

This policy was updated and approved by the trustees of the Charity on 13 November 2019, and for each subsequent calendar year should be reviewed and updated by the year end. The previous version was approved on 3 September 2019.

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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 Sense 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 statistically predictable 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 Sense operates changes, so will the risks faced by the organisation. For example, Trustees recognize that factors such as a fee for delivery of an intervention intended to be used as key revenue stream for the organisation will change the risk outlook, once charged to partner schools. It is therefore envisaged that 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 once defined, 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 Sense's 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.
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 Sense's 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.

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 **potential impact** of each risk item identified
3. The charity will define the **probability** of each risk item materializing
4. The charity will agree overall **risk score** for each item, which will be derived on the basis of risk 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 Sense risk management model:

Risk Categories

- Strategic, focusing on the ability to achieve the organisation's stated objectives
- Governance, related primarily to the Board's activities and effectiveness of its leadership
- Law and Regulatory, related to the legal and regulatory environment in which the organisation operates and its related obligations
- Environmental, as related to the Charity sector in general, and educational charities in particular
- Child Safety/Safeguarding, focusing on preventing any harm to the children
- Reputational, focused on negative perception or publicity, reduction in social capital
- Quality of the Intervention, concerned with effectiveness of the programme devised to improve children's performance in maths
- Technology, concerned with data loss, privacy, effectiveness of electronic communications, stability and accessibility of the organisation's systems and electronic platforms/tools
- Organisational, related to day-to-day activities of the organisation, including staff interaction
- Operational, encompassing processes such as volunteer sourcing, training, placement and on-going activities
- 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

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

Frequency

Term	Context: likelihood of occurrence
Remote	Possibility of occurring in rare/exceptional circumstances; less often than every 5 years
Unlikely	May take place under specific rare circumstances; more often than every 5 years, but less often than every 2 years
Possible	Expected to occur in some circumstances; more often than every 2 years, but less 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 Frequency 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 1-5 for Impact and Frequency dimensions, 5 representing the highest degree of outcome for each dimension. The individual scores for each dimension will be multiplied to obtain a total score for each risk item. 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					
Minor					
Moderate					
Major					
Extreme					

Course of Action

Term	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 stopping the cause/activity from transpiring, or by distancing itself from the

	cause. Most appropriate for measurable impact/probability items outside the charity's control.
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.
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 and will be reviewed and updated by the Board at least twice a year. Where the review indicates that a risk is not adequately managed, the Board will take appropriate action.