Organisational Risk Assessment Policy

1 Policy

The Charity Commission expects each registered charity to have a policy about how they manage risk in general, to identify the various risks they face and to consider actively how they can mitigate them. Charity Commission reference CC26 for organisational risks. This set out in Charity Sector Risk Assessment 2025 .

1.1 Scope of the policy

This policy applies to the work of u3a Dacorum. The policy sets out the requirements for the trustees of u3a Dacorum to consider regularly the risks the organisation faces to the operation and its long-term survival, both from internal or external sources.

1.2 Purpose

The purpose of this policy is to set out how the assessment will be done and the issues that would be considered and where appropriate to identify measures to reduce either the overall risk or its potential impact. By considering them in advance, it should enable the Trustees to respond more quickly as they have already considered the options and implemented appropriate mitigating actions.

1.3 General guidelines for Trustees, Committee Associates and Group Co-ordinators

Risk management is the process of identifying, evaluating and controlling risks, and is an important part of future-proofing u3a Dacorum. Identifying and understanding these risks will help u3a Dacorum put the right measures in place to prevent them from happening, or reducing the potential impact. The aim is not to eliminate all risks entirely, as this would be difficult, nor would it be cost effective, or realistic. The object is to reduce the risk to a level that u3a Dacorum is comfortable with.

The risks agreed should be reviewed regularly initially quarterly at Governance Sub-Committee with any changes presented to Committee meeting to ensure nothing omitted or new risks.

1.4 Principles

Definitions

RISK describes the uncertainty surrounding events and their outcomes that may have a significant impact, either enhancing or inhibiting any area of a charity's operations.

Management action (in the form of controls, mitigation activities or sources of assurance) will enhance the outcome e.g. by decreasing the likelihood or impact of a threat.

IMPACT describes the scale of the outcome of a risk, either in financial or other terms.

PROBABILITY describes the likelihood of a risk event happening.

Risk Appetite

The trustees/Committee will adopt an approach to Risk that is appropriate to u3a Dacorum. Based on the following categories, the Committee has decided to adopt an 'cautious' approach to risk.

Avoid	Minimal	Cautious	Open	Seek	Mature
Avoidance of risk and uncertainty is a key organisational objective	Preference for ultra-safe options that are low risk and only have potential for limited reward	Preference for safe options that have a low degree of inherent risk and may only have limited potential for reward	Willing to consider all potential options and choose the one most likely to result in successful delivery while also providing an acceptable level of reward and value for money	Eager to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust

1.5 Potential areas of risk

The risks that a body like u3a Dacorum faces can be broadly identified into the following categories as set out by the Charity Commission:

- Governance
- Financial
- External
- Operational Risk
- Compliance with law and regulation

Risk Category	Examples
Governance risks	• inappropriate organised structure or Constitution • trustee body lacks relevant skills or commitment or sufficient trustees • failure to understand responsibilities of trustees

	• conflicts of interest
Operational risks	• lack of beneficiary welfare or safety • breakdown in internal process (eg not having policies and processes) • doubt about security of assets
Financial risks	• inaccurate and/or insufficient financial information, in order to inform prudent financial decisions • access to bank accounts and statements • inadequate reserves and cash flow • dependency on limited income sources • inadequate investment management policies • TAT insurance does not meet all our risk
External risks	• poor public perception and reputation • demographic changes that impact the number of potential members • turbulent economic or political environment • changing government policy • external digital attacks on either individual trustees or the organisation, including denial of service or fraud
Compliance with law and regulation	• acting in breach of trust • poor knowledge of the legal responsibilities of trustees • poor knowledge of regulatory requirements of running a charity (eg fund-raising,)

Financial resilience can cover issues such as solvency, level of reserves, access to bank account, Committee information to make prudent financial decisions.

Risks to public benefit relates to ensuring that u3a Dacorum continues to deliver its educational objectives, as set out in its constitution and by Third Age Trust. We also need to ensure that no-one is gaining personal benefit.

Governance risks would include ensuring there are sufficient trustees to provide effective governance and run u3a Dacorum with effective decision making and that the Constitution is fit for purpose.

Safeguarding will cover not just safeguarding those members attending events, but also trustees and group coordinators who could be targeted online and so need to consider social media guidance.

Fraud and other financial risks need to be considered to minimise the risk of fraud through external agents exploiting weaknesses in financial governance

Emerging technology and cyber risks may include the use and impact of using generative artificial intelligence, as well as risks associated with phishing scams, or hi-jacking of websites, which may result in the exposure of u3a Dacorum or member data to those not entitled to that access

The Charity Commission has more information on these risks and how to minimise them at Charity Sector Risk Assessment 2025 - GOV.UK

1.6 How to analyse risks and identify mitigation measures

Once a risk is identified we need to consider the likelihood of a risk occurring and the impact it might have. It is important to consider indirect implications of the risk, not just the most obvious.

The trustees will use a 'traffic-light' grid to identify whether a specific risk is high/medium/low impact and whether the risk of it occurring is high/medium/low. This will be done using a 5x5 model for the assessment of likelihood and impact. The criteria for both Probability and Impact will be consistent across all types of risk. The risk scoring will be based on X times Y where X is Probability and Y is Impact in accordance with Charity Commission Guidance (CC26 June 2010). This is a conscious decision to maintain a simple system to apply and understand but this will be kept under review. The resultant map is as follows:

	Probability	Remote	Unlikely	Possible	Probably	Highly probable
Impact		1	2	3	4	5
Extreme	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5

Descriptor	Score	Example
Remote	1	Only occur in exceptional circumstances
Unlikely	2	Occurs in few circumstances
Possible	3	Occurs in some circumstances
Probable	4	Occurs in many circumstances
Highly Probable	5	Occurs frequently and in most circumstances

u3a Dacorum has decided to only use 1,3 or 5 as the scores as far as practical, to avoid over-analysing the risks, while giving a granularity to risk scores. This will be reviewed in light of experience.

a) Criteria for Impact

Descriptor	Score	Example
Insignificant	1	Not dangerous or damaging to u3a's operations and/or reputation, or damage is negligible
Minor	2	Unlikely to be dangerous or damaging to u3a's operations and/or reputation
Moderate	3	Somewhat dangerous or damaging to u3a's operations and/or reputation
Major	4	Mostly dangerous or damaging to u3a's operations and/or reputation
Extreme	5	Very dangerous or damaging to the u3a's operations and/or reputation

This can then be used to identify the priority for identifying how to reduce the risk and its potential impact. The initial score is the level of risk before any mitigation action. Working together the committee can develop ideas to lower the level of each risk as far as practical or to identify actions should a risk materialise.

The Committee may consider the existing controls already in place to reduce the likelihood or impact of a risk. For example, if the risk is fraud, there should already be measures in place (eg dual signatories) that can be considered as mitigating measures. Once the mitigating measures have been identified, then the scores can be re-viewed on the likelihood and impact to get a residual risk score to ensure the mitigation measures are going to be effective in lowering the risk to an acceptable level.

1.7 Monitoring risks regularly

Risks will change over time and these need to be reviewed regularly. The initial review will be by the Governance Sub-Committee, who will then present a recommendation to the full Committee whether additional action, if any, is needed to mitigate or manage risks identified. This would be quarterly, initially, to ensure that risks identified are appropriate and that effective actions to reduce the potential impact have been identified. In the longer term this would need to be done at least annually to consider if there are any new risks.

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Organisation Risk Assessment Policy	u3a Dacorum
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