



# RCN Group Risk Policy

April 2023

Version 2.0

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

Document name <b>RCN Group Risk Policy</b>
Purpose and description of the document The aims of this policy are to underline the process for risk management across the RCN Group. RCNi, RCN Foundation and RCN are accountable for their own risk management processes, with the RCN Executive Team also responsible for the Group risk register and associated management process.
Who does this policy apply to? This applies equally to: <ul style="list-style-type: none"> <li>• all staff across the group (including agency and temporary staff)</li> <li>• any Group elected or appointed member or volunteer (including external advisors, board members and trustees)</li> <li>• any other person authorised to use RCN Group systems, such as students or trainees, those on temporary placements, off-payroll workers, contractors' staff, and computer supplier employees.</li> </ul>
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Circulated for comment and input to:  Director, RCN Foundation -Deepa Korea Corporate Business Manager, RCNi – Denise Rea Head of Business Unit, RCN – Jason Gregory  RCN Council – 27 April 2023 Group Audit Committee – after approval by RCN Executive Team – 24 April 2023 RCN Executive Team - April 2023 RCNi Executive Team – March 2023 RCN Foundation Senior Leadership Team – February 2023
Other policies across RCN Group that should be considered in conjunction with this policy: <ul style="list-style-type: none"> <li>• RCN Group Whistleblowing staff* and members policy**</li> <li>• RCN Business Continuity Policy (to note, the new Group policy will be available summer 2023)**</li> <li>• RCN Group IT Policy **</li> <li>• RCN Data Protection Policy **</li> <li>• RCN Group Confidentiality Policy **</li> </ul> <p>* RCN Group intranet (access for RCN Group staff only) ** RCN website</p>
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<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

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## Contents

Section no	Section title	Page
<a href="#">1</a>	Purpose and Scope	3
<a href="#">2</a>	Responsibility and accountability for risk management across the RCN Group	4
<a href="#">3</a>	Risk management across the RCN Group <ul style="list-style-type: none"> <li>• <a href="#">Risk appetite and threshold</a></li> <li>• <a href="#">Areas of risk to consider</a> that potentially have greatest impact on the RCN Group</li> <li>• <a href="#">Management of local risks</a></li> <li>• <a href="#">Reporting and monitoring</a></li> <li>• <a href="#">Escalating and Deescalating risks</a></li> </ul>	4
<a href="#">Appendix A</a>	Roles and responsibilities for risk management across the RCN Group	13
<a href="#">Appendix B</a>	Definitions	20
<a href="#">Appendix C</a>	RCN Group risk appetite matrix	21
<a href="#">Appendix D</a>	RCN Group management of risks – flowchart	24
<a href="#">Appendix E</a>	Criteria for escalating to RCN Group risk register	25

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## RCN Group Risk policy

### 1 Purpose and scope of the policy

This policy underlines the process for risk management across the RCN Group. RCNi, RCN Foundation and RCN are accountable for their own risk management processes, with the RCN Executive Team also responsible for the Group risk register and associated management process.

The aim of risk management is to identify foreseeable risks, assess them and where appropriate reduce or eliminate them, see figure 1 below.

A robust risk and control management plan/framework will help establish procedures to identify and mitigate against potential risks and threats, minimising any potential impact. Strong corporate governance principles that focus specifically on risk management enables organisations to manage uncertainty and ensures that the financial and other implications of risks to the delivery of plans are considered.

Figure 1

### Risk Management framework



<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

## 2 Responsibility and accountability for risk management across the RCN Group

Risk management across the RCN Group is embedded in Group policies and procedures. RCN Council, RCNi Board and RCN Foundation Board are jointly responsible for management of RCN Group risks. RCN Council and the Boards will produce an annual statement on Group risks. See [Appendix A](#) for more details on the annual statement.

RCN Council is the owner of RCN risk management and responsible to its members for ensuring all reasonable measures are in place to manage identifiable risks.

The RCNi Board is the owner of RCNi risk management and responsible for ensuring all reasonable measures are in place to manage identifiable risks.

The RCN Foundation Board is the legal owner of RCN Foundation risk management and responsible for ensuring all reasonable measures are in place to manage identifiable risks. Additionally, the RCN Foundation must comply with Charity Commission regulations regarding the management of risk.

RCN Council, RCNi Board and RCN Foundation Board delegate day to day responsibility for managing RCN Group risks to the General Secretary and Chief Executive. They will be supported by the RCN Executive Team, RCNi Executive Team and RCN Foundation Senior Leadership Team to ensure effective risk management is part of the robust internal control systems in place across the RCN Group to give assurance to the 3 entities in pursuit of their strategic objectives.

This policy will provide clarity on risk management across the Group, **including at entity level**. For a detailed breakdown of risk management accountability across the RCN Group please click [Appendix A](#).

Definitions of risk terms are listed in the glossary at appendix B. Click – [Appendix B](#)

## 3 Risk management across the RCN Group

The RCN Group recognises its responsibility to carry out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and put appropriate mitigation strategies in place as a result.

Responsibility for managing and reviewing risks, including documenting decisions, will be with the risk owners and they will determine the stress testing and mitigation strategies that are needed, conforming with this policy.

The RCN Group recognises that having a risk management framework is best practice and that, to be truly effective, risk management must be integrated into the organisation's culture and its other management processes. It ensures the knowledge of those risks forms part of our business intelligence, project planning and budgeting, as well as other decision-making activities.

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Table 1 below shows how integral risk management is to an organisation’s strategic approach and its success at achieving its objectives and goals.

Table 1

## key components of managing risk strategically



### Risk appetite and threshold

Risk appetite is defined as ‘the amount and type of risk that an organisation is prepared to pursue, retain or take’<sup>1</sup> in pursuit of its strategic objectives. It represents a balance between the potential benefits of innovation and the sum of risk exposures that change inevitably brings, and therefore should be at the heart of an organisation’s risk management strategy – and indeed its overarching strategy.

It’s essential that the RCN Group has a clear approach to risk appetite and how it should be applied so that the RCN Executive Team, RCNi Executive Team and RCN Foundation Senior Leadership Team can be confident that the approach taken will enable RCN Council, RCNi Board, RCNF Board and Committees to make consistent and well-informed decisions that do not expose the RCN Group to erratic or inopportune risk taking.

Figure 2 below is a model from the Good Governance Institute which shows how to apply risk appetite.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

Figure 2



The RCN Group’s risk appetite is presented as a matrix in [Appendix C](#). The matrix is flexible enough that each risk can be assessed independently against the matrix to enable risk owners to agree their appetite level. Therefore, the matrix will allow the RCN Group decision makers to articulate their appetite and tolerances to arrive at the Group view.

The annually agreed risk appetite levels for the Group, RCN, RCNi and RCN Foundation will be attached to this policy on the RCN website.

Below are more details on how risk appetite will be applied across the Group.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register



### Risk appetite at Group level

An annual risk appetite 5 scale of between Low - High will be set for each risk type at Group level ([appendix C](#)).

The RCN Executive Team, in consultation with RCNi Executive Team and RCN Foundation Senior Leadership Team will make a recommendation to RCN Council, RCNi Board and RCN Foundation Board on the proposed appetite scale to be used for the risk types at Group level.

The appetite scales will be agreed at the beginning of the year and will be reviewed annually. If circumstances require the scales to be changed mid-year, these will be done with agreement of RCN Council, RCNi Board and RCN Foundation Board.

The RCN Executive Team will agree with the RCN Council, RCNi Board and RCN Foundation Board the appetite level within the agreed scale for each Group risk.

### Risk appetite at RCN

The Group appetite scales will be applied across the RCN, unless the RCN Executive Team and RCN Council agree to alter this for specific risk types. Any changes will be documented and attached to this policy on the RCN website.

### Risk appetite at RCN Foundation

The RCN Foundation will set their own appetite scales. These will be agreed by the RCN Foundation Board and Senior Leadership Team. Their appetite levels will be attached as an appendix to this paper.

### Rick appetite at RCNi

RCNi will set their own appetite scales. The RCNi Board and Executive Team will agree their levels to meet their higher appetite for investment. Their appetite levels will be attached as an appendix to this paper.

### Areas of risk to consider that have greatest impact on RCN Group

- Financial / Economic (including commercial activities)
- Reputation
- Governance and Management
- Legal
- Our Membership
- Compliance/Regulation
- Technology/Infrastructure
- Our people

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

- Business continuity

[Appendix D](#) shows how all risks are managed across the RCN Group and below is some narrative to support this diagram.

### Management of local risks

Local registers<sup>1</sup> should be held across all parts of the RCN Group and should contain all risks, not only the escalated risks across the RCN Group. This will include at RCNi, RCN Foundation, Country/Regional and/or Directorate level, as well as for specific projects and programmes underway.

Elsewhere in this policy we explain how to escalate a risk from a local register to another register or the Group risk register. However, escalated risks should remain on their local registers<sup>1</sup>.

When a new risk is added to a risk register, setting the overall gross risk score of the new risk should not be set in isolation. The gross risk scores for existing risks on the register should be factored in so the overall gross risk score is comparable to the scores of existing risks. For example, if the gross risk score of a new risk is set at 16, which would be RED rag rated, the management or senior leadership team responsible for the risk register should satisfy itself that this is not an outlier compared to the gross risk scores of the other risks on the register.

### Reporting and monitoring

The RCN Group Audit Committee has agreed that all risk registers should be reviewed quarterly, by the relevant management or senior leadership teams. All decisions made at these review meetings, including decisions resulting in no change to the risk (s), should be documented by the risk owner(s) in the online risk tool, so the organisation has a comprehensive audit history.

The online risk management tool was rolled out to the organisation at the end of 2021. This tool is the repository of all risk registers across the RCN Group and ensures that a consistent approach to reporting and monitoring risks takes place across the Group. A record of risk reviews and any subsequent action taken will be captured in the tool and presented to the Group Audit Committee twice yearly from 2023.

The tool enables risk owners to record decisions made at the review meeting, including changes to risks ratings. The tool can be accessed at <https://risk.rcn.local/> (for RCN and RCNF staff) and <https://rcni-risk.rcn.local/> (for RCNi staff). User guides and hints and tips are available [here](#). (available to RCN Group staff only)

From mid 2023 the online risk tool will alert staff when the review date is due. Risk and register owners receive an email 2 months since the risk was last updated in the tool. They are reminded that the risk should be reviewed, and the outcome of the review updated in the tool.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

## *RCN registers*

- *RCN Country and regional risk registers*

County and Regional Boards are the custodians of their risk registers. Country and regional risk registers should be submitted to each Board meeting for their review (3 or 4 times a year). Decisions taken by the Boards, including no change to the risk, should be captured and added to the audit history in the online risk tool.

- *Directorate / Programme and all other RCN risk registers*

The relevant Director or head of department/function should be involved in the risk review and agree the outcome of the review. Decisions taken during the review, including no change to the risk, should be captured, and added to the audit history in the online risk tool.

Ultimately, the ET lead for each RCN register is accountable to the General Secretary and Chief Executive for ensuring management of risks comply with this policy and the Group's framework.

## *RCN Foundation risk registers*

The RCN Foundation is the custodian of the RCN Foundation risk registers.

The RCN Foundation risk register is managed and reviewed by the RCN Foundation Senior Leadership Team.

The RCN Foundation risk register should be submitted to their Board for them to review. Decisions taken by the Board, including no changes to the risk, should be captured and added to the audit history in the online risk tool.

Additionally, the RCN Foundation must comply with Charity Commission regulations regarding the management of risk.

## *RCNi risk register*

The RCNi Board is the custodian of the RCNi risk register.

The RCNi risk register is managed and reviewed by the RCNi Executive Team.

The RCNi risk register should be submitted to their Boards for them to review. Decisions taken by the Boards, including no changes to the risk, should be captured, and added to the audit history in the online risk tool.

## *Group risk register*

RCN Group Audit Committee will review the Group risk register at each RCN Group Audit Committee (4 times a year). The Group Audit Committee will report their findings to RCN council, RCNi Board and RCN Foundation Board and react to any risk-related actions/decisions arising from council and/or the Boards.

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RCN Council will receive the Group risk register quarterly for review, including the findings from the Group Audit Committee review. RCN Council will inform the RCN Foundation Board, RCNi Board and Group Audit Committee of their comments or decisions regarding Group risks. In addition, Council meeting minutes will record any risk-related actions arising from the meetings.

RCN Foundation will receive the Group risk register at its board meetings for review, including the findings from the Group Audit Committee review. The Board will inform RCN Council, RCNi Board and RCN Group Audit Committee of their comments or decisions regarding Group risks.

RCNi Board will receive the Group risk register at its board meetings to review, including the findings from the Group Audit Committee review. The Board will inform RCN Council, RCN Foundation Board and RCN Group Audit Committee of their comments or decisions regarding Group risks.

Critical updates to the Group risk register outside the formal review process will be circulated to the above bodies, so they are kept informed of the high-level risks across the Group.

Decisions taken by RCN Council, RCN Foundation Board, RCNi Board and Group Audit Committee, including no changes to the risk, should be captured and added to the audit history in the online risk tool. This will include any areas they have identified for audits, based on risk

Risk owners are responsible for ensuring the risk status and overall and mitigated ratings are up to date for all risks that they are assigned to.

For more details on the roles and responsibilities of risk management across the RCN Group, please see [appendix A](#).

Escalating and de-escalating

### RCN Group risk register

There are 2 ways for risks to be added to the Group risk register:

a) Escalation from local risk register

The assumption is that risks will be managed and monitored at local level, following the monitoring and reporting process above.

b) However, if the risk owner and management / senior leadership team feel the risk direction is accelerating and now meets one of the criteria for escalation to the Group register, see [Appendix E](#) for the criteria, then the relevant RCN Executive Team member, RCNi Managing Director or RCN Foundation Director should present this at the next RCN Executive Team meeting. If the Executive Team agree, the risk will be placed on the Group risk register.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

There may be times where a new risk is so significant that the Executive Team agree it should immediately be added to the Group risk register. An example of this was the Covid-19 pandemic in 2020.

### De-escalation of Group level risks

A request should be made to the Executive Team If a risk owner and management / senior leadership team feel that the:

- risk direction has decreased significantly that the risk can be deescalated at Group level, or
- the risk has not materialised and can be removed from all Group registers,

Escalation and de-escalation requests will usually take place at the next formal 1/4ly Group risk review. However, critical risk updates will be presented to the Executive Team outside of the formal review process.

When a risk has been added to the Group risk register, an estimated date for removal from the Group risk register should be provided and this will be monitored to ensure that risks on the Group risk register are only those which meet the significant harm criteria.

The process and templates for Group risk escalation and de-escalation is available on the risk management [home page](#) (*available for RCN Group staff only*).

From January 2022, all risk registers across the Group, including the Group risk register, are on the new online risk management tool. Registers can be exported from the tool into a heatmap report.

### All other registers

As above, the assumption is that risks will be managed and monitored at local level. However, there may be an existing or new risk that is significant enough that it needs to be escalated upwards but not to the Group risk register.

Examples could be:

- At RCN level, a risk on an England region's risk register that needs to be escalated to the England risk register, or a local pay risk register that has a risk to be escalated to the Country or UK pay risk register.

If the current risk owner and the owner of the risk register that it is proposed the escalation should move to, agree the risk is significant enough to be escalated up, then this can be done via the admin option in the online tool.

For more details on the RCN escalation and de-escalation process, please refer to risk management [page](#). (*available for RCN Group staff only*). For details on escalation and de-escalation within the RCNi and RCN Foundation, please contact the RCNi's Corporate Business Manager and the RCN Foundation Director.

There is also the option to transfer the risk ownership. More details on transferring risks are available in the risk tool guidance, available on the Risk Management [page](#). (*available for RCN Group staff only*)

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Other useful policies and guidance:

- RCN Group whistleblowing policies staff \*, members \*\*
- RCN Group risk management tool – user guidance \*
- RCN Group business continuity policy \* – *please note, this policy is being reviewed and will be relaunched in 2023. The current policy is RCN only*
  
- RCN Group IT Policy \*\*
- RCN Data Protection Policy \*\*
- RCN Group Confidentiality Policy \*\*

\* RCN Group intranet (*access for RCN Group staff only*)

\*\* RCN website

Appendices:

Appendix A – Roles and responsibilities for risk management across the RCN Group

Appendix B – Definitions of risk terms

Appendix C – RCN Group risk appetite matrix

Appendix D – Risk Group management of risks (diagram)

Appendix E - Criteria for escalating risks to the Group corporate register

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## Appendix A

# Roles and responsibilities for risk management across the RCN Group

### Risk management at RCN Group level

1. RCN Group risk management is jointly owned by RCN Council, RCNi and RCN Foundation Boards
2. Once a year, a deep dive of RCN Group risks will be undertaken at an RCN Group meeting. Those in attendance will include Chairs of RCN Council, RCNi and RCN Foundations Boards, General Secretary and Chief Executive, Director of RCN Foundation, RCNi Managing Director, Chief Operating Officer, Deputy Chief Executive (*RCN ET lead for Group risk management*) and Head of Business Unit, (*RCN organisational lead for Group risk management*). The Chair of the RCN Group Audit Committee will be invited to take part in this risk discussion.
3. The outputs of this deep dive will be an annual Group statement on risk.

### RCN Group Audit Committee

4. The Group Audit Committee will review the risk report at each meeting (4 times a year) and seek assurance that the Group is adhering to its risk policy statement.
5. Their review may include feedback from RCN Council, RCNi and RCN Foundations Boards on their comments or decisions on Group risks.
6. The Group Audit Committee will report their review and recommendations to RCN Council, RCNi Board and RCN Foundation Board.
7. Critical updates to the Group risk register outside of the formal review process will be circulated to the above bodies so they are kept informed of the high-level risks across the Group.
8. The Group Audit Committee will undertake a deep dive of at least 3 Group risks per year.
9. Once a year the Group Audit Committee will undertake a horizon scanning session.
10. The Group Audit Committee will oversee the annual internal audit programme and hold the General Secretary & Chief Executive and the RCN Executive Team to account. This authority is delegated to them from RCN Council, RCNi Board & RCN Foundation Board.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

### RCN Council

11. RCN Council will review and note the Group risk register quarterly, via the risk reports from the Group Audit Committee. Council will also bring its own judgement to bear, feeding its opinions into the framework.
12. RCN Council will inform the Group Audit Committee of their comments or decisions regarding Group risks.
13. RCN Council will allow for sufficient time to be focussed on risk management to enable them to execute their responsibility. This will include an annual deep dive of Group risk management, possibly facilitated by external bodies.
14. Every 2 years, the newly elected RCN Council will receive a development session on risk to equip them with the skills and knowledge they will require to execute their accountability towards Group risk management. This will be delivered by June of the first elected year.

### RCN Foundation Board

15. RCN Foundation Board will review and note the Group risk register 4 times a year, via the risk report from the Group Audit Committee.
16. The Board will inform the Group Audit Committee of their comments or decisions regarding Group risks.

### RCNi Board

17. RCNi Board will review and note the Group risk register at each board meeting, via the risk reports from the Group Audit Committee.
18. The Board will inform the Group Audit Committee of their comments or decisions regarding Group risks.

### RCN General Secretary and Chief Executive

19. RCN Council, RCNi Board and RCN Foundation board delegate to the General Secretary and Chief Executive Day to day responsibility for fulfilling the group risk policy and for sustaining a culture across the Group where risks are openly identified, analysed, and managed.
20. The General Secretary and Chief Executive will be supported by the RCN Executive Team, RCNi Executive Team and RCN Foundation Senior Leadership Team in executing this accountability at Group level.

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register



RCN Executive Team (including the General Secretary and Chief Executive)

21. The Group risk register will be reviewed quarterly by the RCN Executive Team, prior to submission to RCN Group Audit Committee, RCN Council, RCNi Board and RCN Foundation Board.
22. Critical updates to the Group risk register outside of the formal review process will be made by the Executive Team and circulated to RCN Group Audit Committee, RCN Council, RCNi Board and RCN Foundation Board so they are kept informed of the high-level risks across the Group.
23. The Executive Team will provide a Group risk report to RCN Group Audit Committee, RCN Council, RCN Foundation Board and RCNi Board meetings. This report will identify significant changes in risk impact, likelihood or preparedness since the previous report.
24. The Executive team will ensure an annual risk based internal audit programme is undertaken across the Group.
25. The Executive Team along with the RCNi Executive Team and RCN Foundation Senior Leadership Team will ensure that Group risks are assessed for potential impact on the delivery of the Strategies, Annual Plans and business Priorities across the Group.
26. The Executive Team will ensure that each year the group reviews the contribution that risk management has made to good business decision making. Risk management processes will be updated to reflect any findings.
27. The Executive Team will ensure that this policy is reviewed at three yearly intervals and that amendments are communicated to employees.

Head of Business Unit

28. The Executive Team lead for risk management is the Director of Transformation, Innovation and Digital. Day-to-day control and implementation of Group and RCN risk management is delegated to the Head of Business Unit, from the General Secretary and Chief Executive.

Performance, Risk and Assurance Manager

29. They will support RCN Council, RCNi and RCNF Boards, Committees, Group executives, and the Head of Business Unit in their risk management roles and maintain the Group risk register.

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## Risk management at RCN

### RCN Council

30. RCN Council is the owner of the overall RCN risk management and ultimately responsible to members for ensuring all reasonable measures are in place to manage identifiable risks.

### RCN General Secretary and Chief Executive

31. RCN Council holds the General Secretary and Chief Executive accountable for implementing appropriate risk management measures across the RCN.

### RCN Executive Team

32. The RCN Executive Team are accountable to the General Secretary and Chief Executive for implementing appropriate risk management measures across the RCN.

33. The Executive Team will annually review the contribution that risk management has made to good business decision making. Risk management processes will be updated to reflect any findings.

34. They will ensure that the risk registers held in their Countries/Regions and/or Directorates, functional areas (e.g. Health & Safety), or by group-wide projects meet the requirements of this policy. Those risk registers must be on the online risk tool, so that significant local risks can be escalated up into the group risk register. Where significant local risks are incorporated into the group risk register, they should not be removed from the local register: instead, the risk should co-exist on both documents - with the local register indicating that ownership of the risk has passed to the group executives.

### Country and regional level

#### *Country and Regional Boards*

35. All governance arrangements, including risk management, for the 12 country and regions are delegated from RCN Council to each Country or Regional board.

36. RCN Country and Regional Boards are the owners of their country and regional risk management and ultimately responsible to its members for ensuring all reasonable measures are in place to manage identifiable risks.

37. Country and Regional Board risk registers will be reviewed at each meeting.

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### *Country and Regional Directors*

38. Management of the risk across the 12 countries and regions are delegated to the 4 Country Directors and 9 Regional Directors, who are held accountable to their individual Board for implementing appropriate risk management measures.
39. Country and Regional management teams will review their Risk register quarterly.
40. They will regularly communicate with their teams to ensure risk responsibilities are understood and are being embedded into the organisational culture.
41. They will ensure their Countries/Regions dedicate appropriate staff resources to the identification, management, and monitoring of local risks.

### Directorate and function level

#### *The RCN Executive Team*

42. The Executive Team are accountable to the General Secretary and Chief Executive for implementing risk management measures across their directorate and/or functions.
43. All RCN risk registers will be reviewed quarterly.  
The relevant Director or head of department/function should be involved in the risk review and agree the outcome of the review. Decisions taken during the review, including no change to the risk, should be captured, and added to the audit history in the online risk tool.
44. The Executive Team will regularly communicate with their teams to ensure risk responsibilities are understood and are being embedded into the organisational culture.
45. They will ensure their Directorates dedicate appropriate staff resources to the identification, management, and monitoring of local risks.

### Risk management at RCN Foundation

#### RCN Foundation Board

46. RCN Foundation Board is the legal owner of RCN Foundation risk management and ultimately responsible for ensuring all reasonable measures are in place to manage identifiable risk. They will actively seek assurances that a robust risk management framework is in place which meets the requirements of its auditors and complies with accepted best practice. Additionally, the RCN Foundation must comply with Charity Commission regulations regarding the management of risk

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47. The Board will review the RCN Foundation risk register at every meeting.
48. The Board work programme will allow for sufficient time to be focussed on risk management to help them executive their responsibility. This will include an annual deep dive of RCN Foundation risk management.
49. Additionally, the RCN Foundation must comply with Charity Commission regulations regarding the management of risk.

#### Director of RCN Foundation

50. Management of the RCN Foundation risks are delegated to the Director of RCN Foundation.

#### RCN Foundation Senior Leadership Team

51. The RCN Foundation Board hold the Director and senior leadership team accountable for implementing appropriate risk management measures for the RCN Foundation.
52. The Senior Leadership Team will review the RCN Foundation risk register quarterly.
53. The Senior Leadership Team will annually review the contribution that risk management has made to good business decision making. Risk management processes will be updated to reflect any findings.
54. They will ensure that the risk registers held across RCN Foundation meet the requirements of this policy. Those risk registers must be on the online risk tool, so that significant local risks can be escalated up within RCN Foundation and up to the Group risk register. Where significant local risks are incorporated into the Group risk register, they should not be removed from the local register; instead, the risk should co-exist on both documents, with the local register indicating that ownership of the risk has passed to the Group executives.

#### Risk management at RCNi

##### RCNi Board

55. RCNi Board is the owner of RCNi risk management and ultimately responsible for ensuring all reasonable measures are in place to manage identifiable risks. They will actively seek assurances that a robust risk management framework is in place which meets the requirements of its auditors and complies with accepted best practice.
56. The Board will review the risk register quarterly.

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57. The Board work programme will allow for sufficient time to be focussed on risk management to help them executive their responsibility. This will include an annual deep dive of RCNi risk management.

#### RCNi Managing Director

58. Management of the RCNi risks are delegated to the RCNi Managing Director

#### RCNi Executive Team

59. The RCNi Board hold the Managing Director and the RCNi Executive Team accountable for implementing appropriate risk management measures for RCNi.
60. The RCNi executive team will review the RCNi risk register every 2 months.
61. They will annually review the contribution that risk management has made to good business decision making. Risk management processes will be updated to reflect any findings.
62. They will ensure that the risk registers held across RCNi meet the requirements of this policy. Those risk registers must be on the online risk tool, so that significant local risks can be escalated up within RCNi and up to the Group risk register. Where significant local risks are incorporated into the Group risk register, they should not be removed from the local register; instead, the risk should co-exist on both documents, with the local register indicating that ownership of the risk has passed to the Group executives.

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## Appendix B

### Definitions

- Risk is the exposure to an uncertain event in the future that if realised, could have a harmful consequence, such as sudden loss of income or negative impact on reputation.
  - Risk is characterised and rated by considering two characteristics:
  - Probability or likelihood (L) of occurrence
  - Likelihood is a qualitative description of probability or frequency.
  - and
  - Consequence (C) of occurrence.
  - Consequence is the outcome of an event, being a loss, injury, disadvantage or gain.
  - This is expressed as  $R \text{ (risk)} = L \text{ (likelihood)} \times C \text{ (consequence)}$ .
- Risk control means taking action to first eliminate identified risks so far as is reasonably practicable, and if that is not possible, minimising the risks so far as is reasonably practicable.
- Risk Assessment is the process of evaluating and comparing the level of risk against predetermined acceptable levels of risk.
- Risk Management is the application of a management system to risk and includes identification, analysis, treatment and monitoring.
- Risk Owner is the person(s) responsible for managing risks and is usually the person directly responsible for the strategy, activity or function that relates to the risk.

An Issue has already happened and need to document how this is being managed

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

## Appendix C

## RCN Group's risk appetite matrix

Risk appetite levels	LOW	LOW TO MODERATE	MODERATE	MODERATE TO HIGH	HIGH
RISK TYPES	Preference for very safe delivery options. Have a low degree of inherent /gross risk and only a limited reward potential	Preference for safe delivery options. Have a low degree of residual risk and only a limited reward potential.	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward	Eager to be innovative and to choose options offering higher business rewards (recognising greater inherent risk attached)	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust
FINANCIAL	<ul style="list-style-type: none"> <li>We have limited appetite for decisions or actions that may result in financial loss</li> <li>VFM is a priority</li> </ul>	<ul style="list-style-type: none"> <li>We are prepared to accept the possibility of limited financial risk.</li> <li>VFM is still a priority though</li> </ul>	<ul style="list-style-type: none"> <li>We are prepared to accept some financial risk if appropriate controls are in place and level is tolerable.</li> <li>Value and benefits considered, not just the cheapest option</li> </ul>	We will invest for the best possible return and accept the level of possible risk has increased	<ul style="list-style-type: none"> <li>We will consistently invest for the best possible return.</li> <li>We recognise the possible substantial gain outweighs inherent risks</li> </ul>
REGULATORY / COMPLIANCE	We have no appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements	We will avoid any decisions that may result in heightened regulatory challenge unless essential	We are prepared to accept the possibility of some regulatory challenge if we can be reasonably confident, we could successful	We are willing to take decisions that will likely result in regulatory intervention, if we can justify these and the potential benefits outweigh the risks	<ul style="list-style-type: none"> <li>We are comfortable challenging regulatory practice.</li> <li>We have a significant appetite for challenge to improve outcomes for sector</li> </ul>
SECURITY & DATA	We will avoid any actions or decisions that may result in compromising our data security	We are prepared to accept the possibility that some of our actions and decision may impact on our data security	We are comfortable that our data security is robust enough to accommodate some identified actions and decision made	We are comfortable that our data security is robust enough to accommodate most actions and decisions made	We are comfortable that our data security is robust enough to accommodate any action and decision made
INNOVATION & STRATEGY EXECUTION	We will avoid anything that may impact on delivery and/or innovation/quality outcomes unless essential.	Our preference is for risk avoidance. However, if necessary, we will take decisions on innovation where there is a low degree of inherent risk and appropriate controls are in place	We are prepared to accept the possibility of short-term impact on quality outcomes with potential for longer-term rewards.	<ul style="list-style-type: none"> <li>We will pursue innovation wherever appropriate.</li> <li>We are willing to take decisions where there may be higher inherent risks but the potential for significant longer-term gains</li> </ul>	<ul style="list-style-type: none"> <li>We seek to lead the way and will prioritise new innovations.</li> <li>We consistently challenge current working practices to drive quality improvement</li> </ul>

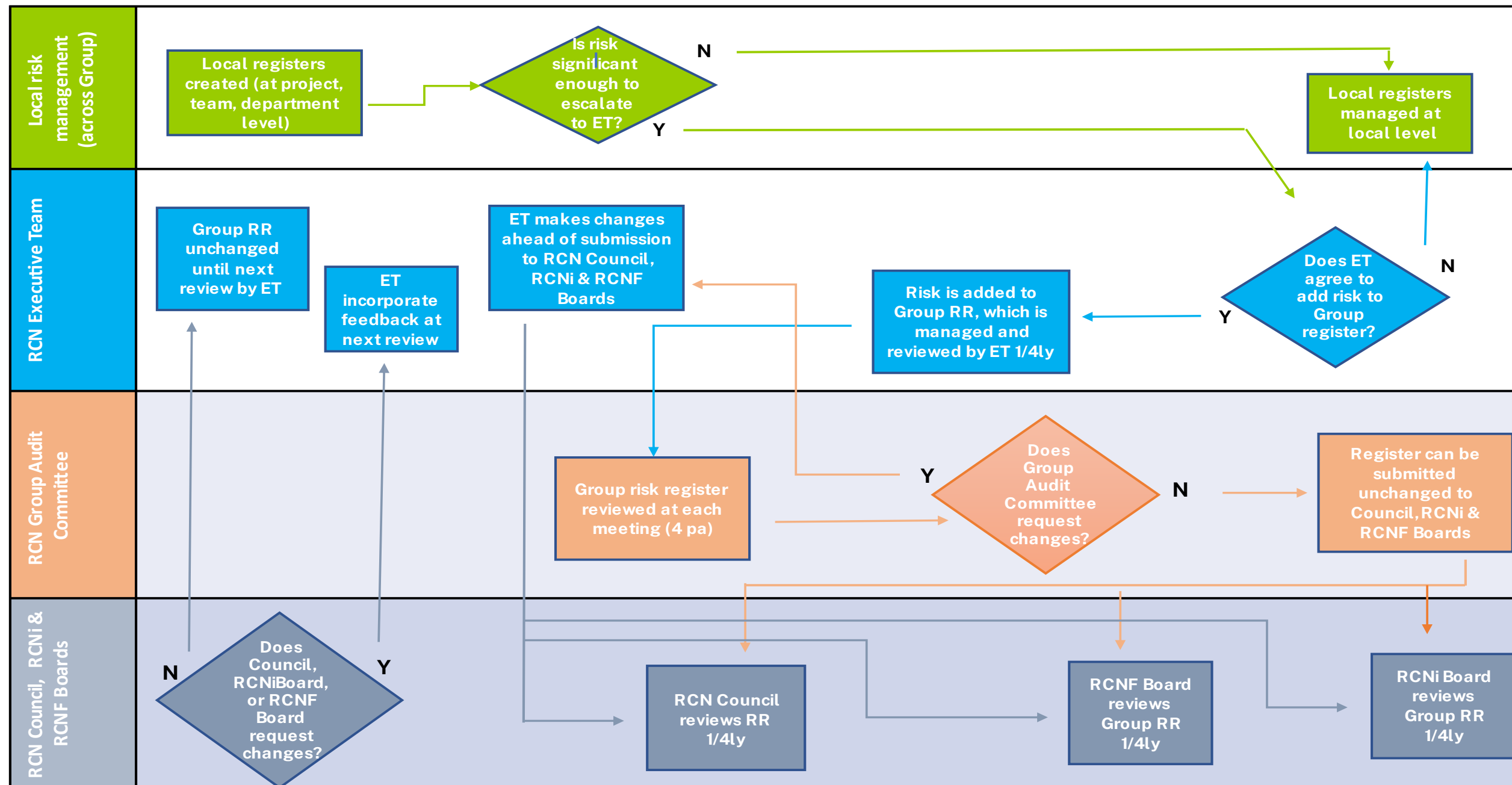
<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

Risk appetite levels	LOW	LOW TO MODERATE	MODERATE	MODERATE TO HIGH	HIGH
RISK TYPES	Preference for very safe delivery options. Have a low degree of inherent /gross risk and only a limited reward potential	Preference for safe delivery options. Have a low degree of residual risk and only a limited reward potential	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward	Eager to be innovative and to choose options offering higher business rewards (recognising greater inherent risk attached)	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust
REPUTATIONAL	Our appetite for risk taking is limited to those events where there is no chance of significant repercussions	We are prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout	We are prepared to accept the possibility of some reputational risk if there is the potential for improvement outcomes for our members and customers	We are willing to take decisions that are likely to bring scrutiny on the RCN Group, where potential benefits outweigh the risks.	We are comfortable to take decisions that may expose the RCN Group to significant scrutiny or criticism as long as there is commensurate opportunity for improved outcomes for our members and customers
PEOPLE & CULTURE	<ul style="list-style-type: none"> <li>We will avoid all risks relating to our workforce unless essential.</li> <li>Innovative approaches to workforce recruitment and retention are not a priority and will only be adopted if established and present to be effective elsewhere.</li> </ul>	<ul style="list-style-type: none"> <li>We are prepared to take limited risks with our workforce.</li> <li>Where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision.</li> </ul>	We are prepared to accept the possibility of some workforce risk, as a direct result from innovation if there is the potential for improved recruitment and retention and development opportunities for our staff.	<ul style="list-style-type: none"> <li>We will pursue workforce innovation.</li> <li>We are willing to take risks which may have implications for our workforce but could improve the skills and capabilities of our staff.</li> <li>We recognise that innovation is likely to be disruptive in the short term but with possible long-term gains.</li> </ul>	<ul style="list-style-type: none"> <li>We seek to lead the way in terms of workforce innovation.</li> <li>We accept that innovation can be disruptive and are happy to use it as a catalyst to drive positive change</li> </ul>

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register



### RCN Group management of risks



<sup>1</sup> Local registers are all registers across the Group up to the Group risk register

## Appendix E

### Criteria for escalating risks to the Group risk register

- Damage to RCN Group reputation and brand
- Financial risk to RCN Group (or one of the entities), including commercial
- Member/customer experience
- Compliance and regulation
- Our people and culture
- External events

### Scale

Risk level      Impact on RCN Group      Escalation to Group register

1	The risk to the Group is minimal and can be managed at a local level	No
2	The risk is accelerating but can still be managed locally.	Risk can be managed locally but relevant Executive Team member is alerted, and risk is monitored.
3	<p>The risk cannot be contained at the local level,</p> <p>OR</p> <p>The risk is new and significant enough that it should be added to the register immediately.</p>	<p>Relevant Executive Team member will bring the risk forward to be included on the Group register,</p> <p>OR</p> <p>ET as a group agree to add the new risk</p>

The process for submitting a request to the Executive Team to escalate a risk to and deescalate a risk from the Group risk register is available [here](#) (*available for RCN Group staff only*)

<sup>1</sup> Local registers are all registers across the Group up to the Group risk register