

## Paper 4: Camphill Scotland Risk Register

It is recommended that all charities take time annually to think about any risks that the organisation faces and what could be done to mitigate those risks. Trustees last reviewed our risk register in February 2018 where it was decided, given the risks to the organisation, to undertake another risk register in December 2018. The table below is based on a risk register format suggested as good practice by the Charity Commission (OSCR's equivalent in England), but we have adapted the wording to suit our particular situation. Each risk that we have identified is given one score for **Probability** and one score for **Impact**.

Both scores are between one and five, as noted below:

<u>Probability</u>	<u>Impact</u>
1 – Remote	1 – Insignificant
2 – Unlikely	2 – Minor
3 – Possible	3 – Moderate
4 – Probable	4 – Major
5 – Highly probable	5 – Extreme/catastrophic

These two scores are then multiplied together to give an overall score for that risk (out of a maximum of 25). To help give an overall impression of the severity or otherwise of the risks, we have used a traffic lights system to colour code the risks as follows:

- 1 – 8 points      **green**      (keep going) no action required
- 9 – 12 points      **amber**      (slow down) trustees should be mindful of this risk
- 13 – 25 points      **red**      (stop) immediate action is required

Where we are already taking action to address the risk this is noted in the final column of the table as are any suggestion on how we might manage the risks going forward.

### Summary

The three red risks identified in February were: 1) conflicts of interest 2) staff turnover 3) reliance on communities' contribution. These risks are in fact entwined with each other as follows. We rely on 11 members for our funding. We rely on those same members to nominate our 11 trustees. There is therefore always a potentially significant challenge for the Camphill Scotland trustee to navigate their responsibilities toward Camphill Scotland and the expectations of the member community that nominated them. In turn this may create governance challenges for Camphill Scotland that may lead to difficulties in managing and delivering the service.

In February, Council decided to undertake trustee training as a way to mitigate the risk posed by trustee conflict of interest. Despite this, the organisation entered a period of crisis in May that almost resulted in the loss of its Director. Council subsequently took steps to underline the responsibility trustees have to Camphill Scotland. In view of this action, the risk of staff turnover has been reduced from red to amber. It would seem prudent, however, given the inbuilt risk profile of the organisation that these three areas are always considered together as associated areas of risk for the organisation.

Once again, trustees are invited to consider the risk register, in particular the 'red' risks and suggest any risks which should be added or scoring which should be changed; comment on any necessary actions.

1) GOVERNANCE RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
1a) Lack of direction and forward planning	<p>The organisational identity of Camphill Scotland has been made much clearer over recent years. This gives Council much clearer parameters in which to decide strategy. In turn this enables the Director and staff to plan more effectively.</p> <p>Feedback from some members over the last year indicate that some are not as comfortable as others with the emphasis on policy and influencing. It would seem likely that there will continue to be some level of discomfort.</p> <p>This risk factor therefore remains at amber.</p>	<p>3</p> <p>2012:3 2014: 3 2015: 2 2018 (Feb): 3</p>	<p>3</p> <p>2012:4 2014: 3 2015: 3 2018 (Feb): 3</p>	<p>9</p> <p>2012:12 2014: 9 2015: 6 2018 (Feb): 9</p>	<p>As indicated in February, we created a more comprehensive operational plan to flesh out the strategy. We will do so again for the next financial year.</p> <p>Trustees have agreed to take more responsibility for explaining their strategic decision making to members at the AGM and other forums.</p> <p>As before, the work report, our ebulletin, the website, annual review and other communications take care to group our work around the strategic areas agreed by Council. Where request to undertake work that is not aligned with the strategy staff and trustees much be vigilant and explain why these are not appropriate.</p>
1b) Trustee body lacks relevant skills or commitment	<p>As noted in February, over the last two years, five new trustees have joined the Board. There seems to be a good blend of experience and fresh perspective on the Board. We have got much clearer about the sorts of skills</p>	<p>3</p> <p>2012:3 2014: 3 2015: 3</p>	<p>3</p> <p>2012:4 2014: 3 2015: 3</p>	<p>9</p> <p>2012:12 2014: 9 2015: 9</p>	<p>The trustee induction encourages new trustees to identify any skills gaps.</p>

1) GOVERNANCE RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
	<p>and commitment which we outlined in the trustee job description.</p> <p>On the other hand, it has been a difficult year which has involved some stress in Board relationships. We also have a new Chair so this will be a time of transition and some uncertainty.</p> <p>Our constitution requires one trustee from each community and, for smaller communities this means a smaller pool of people able and willing to take on the role.</p> <p>The score therefore remains at 9 (amber).</p>	2018 (Feb): 3	2018 (Feb): 3	2018 (Feb): 9	<p>Each new trustee received our induction material and met with the Director as part of their introduction to the role. This includes a trustee code of conduct.</p> <p>Four trustees have signed up for online training on governance.</p> <p>The constitution allows Council to seek additional trustees on the basis of skills and knowledge. We could consider looking for people with a policy and communications background.</p>
1c) Trustees benefiting from charity	As in February, no trustees are remunerated by Camphill Scotland. If Council wished in future to remunerate trustees, we have learned lessons about the importance of having very clear written agreements in place and ensuring that the appropriateness of the payment is reviewed regularly by Council. Our constitution allows us to remunerate trustees.	<p>2</p> <p>2012:5</p> <p>2014: 2</p> <p>2015: 2</p> <p>2018 (Feb): 2</p>	<p>3</p> <p>2012:1</p> <p>2014: 3</p> <p>2015: 3</p> <p>2018 (Feb): 3</p>	<p>6</p> <p>2012:5</p> <p>2014: 6</p> <p>2015: 6</p> <p>2018 (Feb): 6</p>	
1d) Conflicts of interest	As noted in February having trustees drawn from each member community gives Camphill Scotland credibility with the membership and allows Council to draw upon trustees' direct experience of living and working in Camphill. This is very valuable. However, it can also create a conflict of interest for trustees between Camphill	<p>3</p> <p>2014: 3</p> <p>2015: 3</p> <p>2018 (Feb): 4</p>	<p>5</p> <p>2014: 4</p> <p>2015: 4</p> <p>2018 (Feb): 5</p>	<p>15</p> <p>2014: 12</p> <p>2015: 12</p> <p>2018 (Feb): 20</p>	<p>Four trustees are undertaking charity governance training.</p> <p>Trustees have formally agreed to take more responsibility for explaining their strategy to members</p>

1) GOVERNANCE RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
	<p>Scotland (and all its members) and the individual community that nominated them and/or the various other Camphill groups they may have an allegiance with.</p> <p>Over recent years we have worked hard to address this and made various constitutional and structural changes to underline the identity of Camphill Scotland as a membership organisation. Trustees increasingly recognise the individual and collective challenge in negotiating their responsibility to Camphill Scotland with their other allegiances.</p> <p>It remains an area of risk, however, especially when relations between Camphill Scotland and some of its members becomes strained.</p> <p>In June Council recognised that individually and collectively they needed to take more responsibility for the organisation – in particular, explaining their strategy to members and acting as ambassadors for it. This serves to reduce the probability of this risk factor but not the potential impact.</p> <p>This risk factor has therefore reduced from 20 to 15 but remains at red.</p>				and acting as ambassadors for the organisation.
1e) Ineffective organisational structure	<p>As stated in February, the organisation is now much more clearly structured with functionally distinct and specialised roles. Now there is a Director, a Policy and Engagement Manager and an Administration and Communications Officer. These roles support the organisational identity of Camphill Scotland as a national policy, influencing and communications organisation.</p> <p>This risk remains at 6 and green.</p>	<p>2</p> <p>2012:3 2014: 2 2015: 3 2018 (Feb): 2</p>	<p>3</p> <p>2012:4 2014: 3 2015: 4 2018 (Feb): 3</p>	<p>6</p> <p>2012:12 2014: 6 2015: 12 2018 (Feb): 6</p>	

2) OPERATIONAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
2a) Member satisfaction	<p>As communities fund Camphill Scotland, it is vitally important that they are satisfied with the work that we do.</p> <p>We continue to build our links with the membership and give them an opportunity to comment upon and evaluate what we do. For example, we now hold our staff meetings and team meetings in member communities.</p> <p>We collect compliments and suggestions from the membership throughout the year. We present our achievements and performance in an annual review and present it to the members at the AGM. We attend the Scottish Neighbourhood Meeting and the Aberdeen Liaison Group. We have established an Influencing group to get members involved in the policy work. We produce a regular newsletter and update our website regularly.</p> <p>The fee review of 2017-18 involved some welcome scrutiny of the value members get from membership of Camphill Scotland and how well we use the resources available to us. It is important that we remain constantly vigilant to finding ways to demonstrate our value and ensure that members are happy with what we do and how we do it.</p> <p>This risk factor therefore remains at amber, despite the additional measures we have put in place to reduce it as described above.</p>	<p>3</p> <p>2012:2 2014: 3 2015: 3 2018 (Feb): 3</p>	<p>4</p> <p>2012:4 2014: 4 2015: 4 2018 (Feb): 4</p>	<p>12</p> <p>2012:8 2014: 12 2015: 12 2018 (Feb): 12</p>	<p>The various controls listed in the second column continue to apply.</p> <p>We also collect quantitative data to demonstrate value – numbers of volunteers attracted by our website, the number of followers on twitter, the number of hits on our website and so on.</p>
2b) Member Engagement (community involvement)	<p>Our new organisational identity allows us to take the initiative more in forging opportunities to influence the external environment and we have been very successful in that recently. It is still very important to engage members and lack of engagement is still a risk factor.</p>	<p>3</p> <p>2012:3 2014: 3 2015: 3</p>	<p>3</p> <p>2012:4 2014: 3 2015: 3</p>	<p>9</p> <p>2012:12 2014: 9 2015: 9</p>	<p>We have established an influencing group and a policy link role in each community to support the influencing work.</p>

2) OPERATIONAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
		2018 (Feb): 3	2018 (Feb): 3	2018 (Feb): 9	<p>Our practice of holding team and staff meetings in communities is proving a very positive development in building member engagement.</p> <p>We now regularly attend the Aberdeen Liaison Meeting.</p> <p>There are other important points of engagement with the membership such as the leadership and succession project and the finance group, for example.</p>
2c) Staff turnover	<p>The three posts in Camphill Scotland are permanent positions and each has a clear and differentiated role and tasks. There seems to be a good fit between the individuals and the respective roles. The team seems to be gelling well. All this tends to reduce the risk of staff turnover.</p> <p>The fee review and subsequent members meeting had an impact on staff morale and confidence in the organisation. This has been addressed to some extent by Council as outlined above.</p> <p>This risk factor has reduced from 16 to 12 and is now amber rather than red.</p>	<p>3</p> <p>2012:3</p> <p>2014: 4</p> <p>2015: 4</p> <p>2018 (Feb): 4</p>	<p>4</p> <p>2012:4</p> <p>2014: 3</p> <p>2015: 4</p> <p>2018 (Feb): 4</p>	<p>12</p> <p>2012:12</p> <p>2014: 12</p> <p>2015: 16</p> <p>2018 (Feb): 16</p>	<p>We have up to date contracts, job descriptions and person specifications which will be helpful in the event of seeking replacement staff.</p> <p>Good support and supervision, development/training opportunities and competitive salaries are in place and will help to keep existing staff in post.</p> <p>There is money in the restricted reserves to cover recruitment costs if they arise.</p>

2) OPERATIONAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
2d) Employment issues	<p>In February the funding of the organisation was in question and potentially Council faced having to consider how to meet its obligations as employers.</p> <p>This risk appears to have receded and is rated at 6 and green rather than amber.</p>	<p>2</p> <p>2014: 2 2015: 2 2018 (Feb): 3</p>	<p>3</p> <p>2014: 3 2015: 3 2018 (Feb): 3</p>	<p>6</p> <p>2014: 6 2015: 6 2018 (Feb): 9</p>	<p>All staff have regular support and supervision, which should act as an early warning system for any issues. Job descriptions are clear.</p> <p>Annual appraisals are planned for January 2019.</p> <p>The organisation now has 6 months running costs to manage winding up of the organisation should this become necessary.</p> <p>The Staff Handbook should be updated to reflect changes in legislation and current best practice.</p>
2e) Disaster recovery and planning	<p>As noted in February, staff now work at our respective homes so are no longer vulnerable to office flooding or other similar localised event. This risk factor has been downgraded in probability as having files in the cloud increases security. It is now green instead of amber.</p>	<p>1</p> <p>2012:2 2014: 2 2015: 3 2018 (Feb): 2</p>	<p>3</p> <p>2012:4 2014: 4 2015: 4 2018 (Feb): 4</p>	<p>3</p> <p>2012:8 2014: 8 2015: 12 2018 (Feb): 8</p>	<p>All of our 'live' work is stored online.</p> <p>In the case of fire or flood in our respective homes there would be risk only to limited amounts of paper documents. We have very limited 'hardware' (PCs, furniture etc) which would be covered by our insurance.</p>

3) FINANCIAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
3a) Budgetary control and financial reporting	As noted in February, staff and the Treasurer bring suggested budgets to Council for approval. Spend against budget is reported on at each Council meeting and a budget forecast is produced during the financial year. Accounts are independently examined annually.	2 2012:2 2014: 2 2015: 2 2018 (Feb): 2	4 2012:4 2014: 4 2015: 4 2018 (Feb): 4	8 2012:8 2014: 8 2015: 8 2018 (Feb): 8	Council may wish to consider the option to have a fuller audit of the accounts, for example every three years, as the independent audit process is less thorough than a full audit.  We now have a full review of our financial plan including use of reserves before we set the annual budget.
3b) Fraud or error	The ACO is responsible for day to day financial matters, overseen by the Director. The majority of our financial transactions take place online; two signatories are required for transactions over £500.  Management accounts are produced bi-monthly and are checked by the Director and Treasurer before being presented to Council. Accounts are independently examined annually.  We have now added the chair as a signatory to the current account.  The risk profile remains the same as in February.	2 2012:2 2014: 2 2015: 2 2018 (Feb): 2	4 2012:4 2014: 5 2015: 4 2018 (Feb): 4	8 2012:8 2014: 10 2015: 8 2018 (Feb): 8	The only scenario which presents a risk is where the ACO makes cumulative small transfers from our account and does not include these in the management accounts. It would be possible for the Director to check the online banking balances/transactions once a month when approving the salary payment as a way to mitigate this (minimal) risk.



3) FINANCIAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
3c) Reliance on members' contributions	<p>All of our funding comes from members' contributions. This reliance will always be a source of significant vulnerability for us especially as we have only eleven members. It only takes one or two to withdraw and we will be in serious difficulty. The fee review process has again underlined our vulnerability here.</p> <p>The probability has gone down since February as the fee mechanism seems to have been largely accepted by the membership. The potential impact is assessed as major rather than extreme because Council has increased operational reserves to help manage major impacts on income.</p> <p>The risk is now amber rather than red.</p>	<p>3</p> <p>2012:3 2014: 3 2015: 4 2018 (Feb): 5</p>	<p>4</p> <p>2012:5 2014: 5 2015: 4 2018 (Feb): 5</p>	<p>12</p> <p>2012:15 2014: 15 2015: 16 2018 (Feb): 25</p>	<p>As noted in February, the best way to mitigate this risk is to demonstrate value for money. We do this in a variety of ways – our newsletter, annual review, AGM, by meeting members in each community every month to explain how what we do makes a difference.</p> <p>Good governance plays a strong part too as staff and trustees must be clear about the way the organisation creates value and act as ambassadors for it.</p> <p>In 2018 we did a great deal of work analysing and comparing our financial performance over time and comparing Camphill Scotland with other organisations. This information is obviously available to both staff and trustees.</p>

3) FINANCIAL RISKS					
Risk	Notes	Probability	Impact	Total score	Controls
					We included a summary of this work in our annual review and will do so again in future.
3d) Pricing policy	<p>We noted in February that the five year financial plan had served to gradually bring contributions up to the level required to meet core costs. This has been achieved earlier than expected due to a decrease in operating costs.</p> <p>Now Council can consider each year what emphasis to place on constraining any increase to the total annual fee and what emphasis to place on additional project work.</p>	<p>2</p> <p>2014: 4 2015: 2 2018 (Feb): 2</p>	<p>4</p> <p>2014: 4 2015: 4 2018 (Feb): 4</p>	<p>8</p> <p>2014: 16 2015: 8 2018 (Feb): 8</p>	<p>Camphill Scotland has successfully kept its total annual fee under tight control, well below the rate of inflation.</p> <p>It is important that trustees and staff understand the financial history and performance of the organisation and are able to convey this to members.</p>
3e) Reserves policy	<p>Our undesignated reserves are used for two purposes: 1) to control any increases to the total annual fee 2) to add value to the core work of CS through projects. Each year decisions are made by Council on which of these aims they wish to prioritise and therefore what to do about the total annual fee and the project budget.</p> <p>We are clear on the designated reserves and include a summary of our reserves in the annual review. This is used in practice by Council to plan the forthcoming financial year.</p>	<p>2</p> <p>2014: 4 2015: 2 2018 (Feb): 2</p>	<p>3</p> <p>2014: 3 2015: 3 2018 (Feb): 3</p>	<p>6</p> <p>2014: 12 2015: 6 2018 (Feb): 6</p>	<p>The reserves policy will be reviewed annually, to ensure that it is fit for purpose.</p> <p>Our annual review will summarise the policy and the amount we hold in reserve and for what purpose.</p>

4) ENVIRONMENTAL RISK					
Risk	Notes	Probability	Impact	Total score	Controls
4a) Public perception	<p>As noted in February, the Why Research report provided strong evidence to show that Camphill is a strong brand in Scotland with very favourable impressions of the quality of service, the dedication of staff and many other things.</p> <p>Camphill Scotland is seen as a very important organisation linking communities with others and giving them a voice in the national conversation. This year our involvement and impact in the external environment has been greater than ever before. We are included in many more forums and our views sought much more often. We have succeeded in developing stronger links with the two key regulatory bodies. We are at the forefront of two key policy debates in Scotland– Brexit and social security.</p>	<p>2</p> <p>2012:3 2014: 4 2015: 4 2018 (Feb): 2</p>	<p>4</p> <p>2012:5 2014: 4 2015: 4 2018 (Feb): 4</p>	<p>8</p> <p>2012:15 2014: 16 2015: 16 2018 (Feb): 8</p>	<p>We are much more active in building the image and reputation of Camphill in Scotland with much more engagement in the political process. Our website is more coherent and effective in promoting Camphill.</p> <p>We published the Why Research summary leaflet which has been well received by members and others. We are currently working on a shorter, more marketing-oriented version.</p>

5) COMPLIANCE RISK					
Risk	Notes	Probability	Impact	Total score	Controls
5a) Regulatory reporting	At present our only regulatory reporting is to OSCR. This is not too onerous and allows nine months for reporting.	<p>1</p> <p>2012: 1 2014: 1 2015: 1 2018 (Feb): 1</p>	<p>4</p> <p>2012:4 2014: 4 2015: 4 2018 (Feb): 4</p>	<p>4</p> <p>2012:4 2014: 4 2015: 4 2018 (Feb): 4</p>	Accounts are independently examined annually. The Director takes a lead on both the independent examination of accounts and reporting to OSCR, to ensure consistency.

5) COMPLIANCE RISK					
Risk	Notes	Probability	Impact	Total score	Controls
5b) Financial reporting	As a charity with an income of less than £500,000/year we are not required to have our accounts independently audited, and to send a copy of these accounts to OSCR.	1 2014: 1 2015: 1 2018 (Feb): 1	4 2014: 4 2015: 4 2018 (Feb): 4	4 2014: 4 2015: 4 2018 (Feb): 4	Accounts are independently examined annually. The Director oversees the independent examination of accounts and reporting to OSCR, to ensure consistency.
5c) Taxation	We are not registered for VAT. Our NI and income tax figures are calculated for us by an external payroll company.	2 2014: 2 2015: 2 2018 (Feb): 2	4 2014: 4 2015: 4 2018 (Feb): 4	8 2014: 8 2015: 8 2018 (Feb): 8	

Neil Henery,  
December 2018