



City of London Corporation Risk Management Protocol for Charities

Effective:

Approved/endorsed by:

Version 1.1 Draft – 10 December 2021

Contents

1. Introduction.....	3
2. Purpose	4
3. Charity Governance.....	4
4. Formal risk management approach & roles and responsibilities.....	5
5. Risk process	6
6. Escalating/ de-escalating risks criteria.....	Error! Bookmark not defined.
7. Recording, updating, and reporting risk information.....	7
8. Timing of risk management activities.....	7

DRAFT

1. Introduction

- a. The City of London Corporation (City Corporation) has a long history and experience of undertaking philanthropic activity. This has manifest through its strong relationships with other stakeholders as well as direct action, including through its trusteeship of various charities (or through its powers of trustee nomination or appointment).
- b. The aim of this Risk Management Protocol (Protocol) is to set out the framework for the effective management of risk for all Charities associated with the City Corporation and for which this Protocol has been adopted: See **Appendix 1** for a complete list of Charities in scope. (“the Charities”)
- c. This Protocol sits underneath the [City Corporation’s Risk Management Strategy](#), endorsed by the City Corporation’s Audit and Risk Management Committee in May 2021, and which has been adopted by the City Corporation¹ across all of its functions, including as charity trustee. The Protocol applies the principles and approach set out in the City Corporation’s Risk Management Strategy to managing risk as it relates to the Charities within its scope.
- d. In addition, the Protocol reflects the guidance set out in [CC26 Charities and risk management guide](#) issued by the Charity Commission (2017), and risk management guidance published by the Institute of Risk Management Charity Special Interest Group.
- e. The Protocol acts as a communication tool to ensure that all those involved in the administration of the Charities in scope are aware, in the management of risk, of:
 - i. The purpose of using a formal Risk Management approach.
 - ii. The risk roles and responsibilities within the risk management process.
 - iii. The risk management process that is being adopted.
 - iv. The tool that is being used to record the risks/controls and report on them.
 - v. How the risk management process will be managed and monitored.
- f. This Protocol will be reviewed annually and presented to Audit and Risk Management Committee for their review and endorsement for the City Corporation as charity trustee at regular intervals.
- g. For completeness it is noted that there may be charities for which the City Corporation is not the corporate trustee and which each have their own responsible trustee body of individual trustees. Where those charities have been listed in **Appendix 1**, the trustee body will have decided to adopt this Protocol, having considered it to be in their charity’s best interests to do so; and the Protocol will be applied in accordance with that charity’s own governance and as relevant to the City Corporation’s support for the charity which has been agreed. Those charities will be clearly distinguished in **Appendix 1**. Where the Protocol is

¹ Excluding the City of London Police

reviewed, or substantive changes made to it, these will be referred to that trustee body for their information so that the trustees can consider the implications of the changes for their charity and take relevant decisions, including whether to continue to adopt the Protocol for their charity in its best interests.

2. Purpose

- a. Through the effective application of the risk management process this Protocol supports effective charity governance and internal control for the Charities consistent with a charity trustee's duties *inter alia* in running their charity to – act in their charity's best interests; manage their charity's resources responsibly; act with reasonable care and skill; and ensure that their charity is complying with the law, is well run and effective.
- b. By managing risk effectively², trustees can help ensure that:
 - i. Their charities' aims and objectives are achieved more successfully.
 - ii. Their charity's assets and resources are protected.
 - iii. Significant risks are known and monitored enabling trustees to make informed decisions and take timely action.
 - iv. Transparency, with assurances and accountability, are built into the risk management process.
 - v. Charity governance and other legal requirements are met.
- c. The Protocol applies to all the charities where the City Corporation acts as the Trustee. There are a number of charities with individual trustee bodies which avail themselves of the City Corporation support. These charities, highlighted in appendix 1 will be asked to endorse and adopt this Protocol.

3. Charity Governance

- a. The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a common law corporation, is the charity trustee for those Charities identified in **Appendix 1**, unless otherwise indicated. The City Corporation is the trustee acting by the Court of Common Council of the City of London in its general corporate capacity, other than in respect of four charities associated with the City of London Schools³, where the charities' governing document expressly provides that the trustee is the City Corporation acting by the relevant School's Board. All the charities are unincorporated charitable trusts and thus it is the City Corporation as the corporate trustee which holds a charity's property on trust for the benefit of the charity (and its beneficiaries) and enters into all contracts as trustee. The City Corporation also makes its resources, including staff, systems, and premises, available and the reasonable costs of doing so are recovered from each charity.

² Charity Commission CC26 and IRM Charity SIG

³ CLS Bursary and Awards Fund (276654), City of London School for Girls Bursary Fund (Charity no: 276251), City of London School for Girls Scholarships and Prizes Fund (Charity no: 276251-5), City of London Freeman's School Bursary Fund (Charity no: 284769)

- b. The City Corporation administers each charity in accordance with that charity's governing document and the law, within its own corporate governance framework. This provides for delegation by the Court of the administration and management of each charity to committees of the Court, being ultimately responsible to the Court for the City Corporation as Trustee (other than for the four Schools charities mentioned at 3.a. above where the named committee remains ultimately responsible). A committee will be given express delegated authority for the management and administration of a charity for the City Corporation as trustee, including its business and financial affairs, as set out in the committee's terms of reference. This includes management of risk⁴, and exercising the powers of the City Corporation as trustee in running the charity. Under the City Corporation's committee delegation arrangements, other committees also have responsibilities for the trustee relevant to their corporate oversight role for the City Corporation, such as Audit and Risk Committee, Policy & Resources Committee and Finance Committee.
- c. Specifically in relation to risk management, the responsible committee will retain oversight of risk for their charity⁵, with officers under their relevant delegated authority in the operational management of the charity having day-to-day responsibility for managing and controlling risk. The trustee should review risks (on a regular basis) to gain assurance that risks are being effectively managed. Sufficient information should be included in the Risk Management statement within the charity's annual report to demonstrate that risks have been identified and are being properly managed.
- d. Not all charities are required to have their accounts⁶ audited, and the City Corporation has adopted an approach whereby all the Charities will have their accounts externally audited or independently examined. For this process, evidence will be required that there is a robust and effective risk management framework in place for each charity.

3. Formal risk management approach & roles and responsibilities

A formal management of risk approach will be taken and is set out below. The following roles and responsibilities are taken from the City Corporation's Corporate Risk Management Strategy and adapted for these purposes, subject to the progress of the Target Operating Model and Corporate Governance Review.

Officer structure

Each charity will have a nominated Chief Officer (and staff) who will be responsible for the day-to-day management of that charity. Other Chief Officers may, under the City Corporation's corporate governance framework, also retain some responsibilities towards each charity as relevant to their professional obligations (e.g., the Chamberlain, Comptroller & City Solicitor, etc) as reflected in the corporate governance framework (such as the Chief Officer Scheme of Delegations, Financial Regulations etc).

⁴ Charities and Risk Management (CC26)

⁵ Risk Governance for Charities – Risk Management structures and accountabilities – The IRM Charity SIG

⁶ Charities (Accounts and Reports) Regulations 2008(?)

- a. Chief Officer – responsible for the day-to-day operational management of the charity and for adequate and appropriate reporting to the committee responsible for the charity’s administration and management. It will be the Chief Officer’s responsibility to ensure that the charity’s risk register is regularly reviewed, updated, and reported to the responsible committee in accordance with the agreed report format and within timescales set out below.
- b. Managing Director of the Bridge House Estate and Chief Charities Officer – The Managing Director of the Bridge House Estate and Chief Charities Officer will delegate responsibility for the following risk management activities:
 - i. Providing guidance on the application of the Protocol to Charities in scope of the Charities Review.
 - ii. Annually reviewing and updating the Protocol framework, including required reporting (to committee or external trustee bodies).
 - iii. Developing and publishing risk guidance for charities in scope and related documents for Members and officers.
 - iv. Providing risk management training as applicable to charities for Members and officers.
 - v. Liaising with the Corporate Risk Manager to ensure that Best Practice in risk management is being followed and where appropriate updating the Protocol as a result.
- c. Charities with individual trustee bodies which avail themselves of City Corporation support and which have adopted this Protocol –
 - i. A Chief Officer will be identified to manage the relationship with that charity.
 - ii. Where requested by the Trustee body, The officer with appropriate delegated authority, may also provide support as stated at paragraph 4.b. above.
 - iii. Other Chief Officers (and their staff) who provide professional support to these charities will also be responsible for managing risks associated with those professional responsibilities, liaising with the Chief Officer within the City Corporation who is responsible as stated at i. above.

4. Risk process

- a. The corporate risk process (as set out in the City Corporation’s Risk Management Policy and Strategy 2021) should be used for risks identification, assessment, management, and monitoring. There are some minor differences in the language used to better reflect the relationship between the City Corporation as trustee and the charity. For example, the most important risks will be called principal (not corporate) risks whilst lower-level risks, where relevant having regard to the size of the charity and its activities, will be called operational (not departmental or service) risks. There have been some changes to the description of the roles and responsibilities to better reflect the status of the charities as functions of the City Corporation as a charity trustee.
- b. A Charity risk management guide (based upon the CoLC RM Strategy) is available here. (Not yet produced). A set of suggested risks which relate to both

grant making an operational activity is also being prepared and will be attached to this guide. In addition, there are number of risk tools that are available on CoLNet's risk management page.

5. **Escalating/ de-escalating risks criteria** Risks may be escalated or de-escalated from one level to another (e.g., from operational to principal level). The guidance below sets out the factors to be taken into consideration when escalation/de-escalation should occur.
- a. **Escalation** - A risk may be moved to a higher level for the charity (escalated) for the following reasons:
- i. The risk becomes unmanageable at current level.
 - ii. The risk is outside of the boundaries of the “appetite for the risk”.
 - iii. The risk remains very high even after control measures have been fully implemented.
 - iv. The risk has impacts beyond the charity and its beneficiaries i.e., for the City Corporation, collaborating stakeholders, etc.
 - v. The risk is directly related to the charity’s ability to fulfil its objects and/or trustee’s duties to the charity.
- b. **De-escalation** – A risk may be moved to a lower level in the charity (de-escalated) for the following reasons:
- i. The risk can be controlled and managed at a lower level.
 - ii. The risk rating has decreased significantly or is not considered to be critical to the charity’s ability to fulfil its objects and/or the trustee’s duties to the charity.
 - iii. The risk is below boundaries of the “appetite for risk”.
 - iv. The risk will only affect the charity and its operation, and is better controlled locally, rather than extending to wider City Corporation functions or impacting upon external stakeholders.

6. Recording, updating, and reporting risk information

The City Corporation uses a risk management information system known as Pentana Risk and is available for all charities to use. The system records risks, related actions and produce risk register reports that can be used for presenting to committees.

The default position for all charities in scope is that the Pentana Risk System will be used to record and report their risks, on a regular basis (see below) to the relevant charity committee.

It is essential that both the preventative and mitigating actions for risks included on the risk register are appropriate to the risk level and that there is robust review and challenge to ensure that risks are being effectively managed.

Timing of risk management activities

Action	Report frequency
Report risk register for all charities.	Report risk register in line with current meeting frequency e.g.,

	every 6 months, quarterly, termly (max no more than 4 times per year)
Charities to undertake an annual assessment of both external and internal factors that may impact upon the charity's delivery of its objects and activities, which may lead to further risks being identified.	Annual

For further information, please contact the Managing Director of the Bridge House Estate and Chief Charities Officer

Protocol endorsed by Audit & Risk Committee

Date endorsed:

Review date: [insert]

DRAFT

APPENDIX 1**List of Charities in scope.**

*Note: Initially the charities which are **not** highlighted are in scope and therefore will be consulted on the adoption of this protocol.*

Those charities highlighted in yellow are Open Spaces Charities which may be in scope later following consultation with Open Spaces management as their risks are already recorded on the Pentana system.

Those highlighted in blue are not included initially as various recommendations are underway as part of the CC Review for these charities. Once the recommendations are either complete/ underway these charities can be consulted on the adoption of the protocol.

Charity	Charity number	Responsible Committee	Trustee (COLC/Individual Trustees)
Ashted Common	1051510	Epping Forest and Commons Committee	COLC
Burnham Beeches & Stoke Common	232987	Epping Forest and Commons Committee	COLC
Epping Forest	232990	Epping Forest and Commons Committee	COLC
Hampstead Heath	803392	Hampstead Heath, Highgate Wood and Queen's Park Committee	COLC
Highgate Wood & Queen's Park Kilburn	232986	Hampstead Heath, Highgate Wood and Queen's Park Committee	COLC
West Ham Park	206948	West Ham Park Committee	COLC
West Wickham and Spring Park Wood	232988	Epping Forest and Commons Committee	COLC
Coulsdon and Other Commons	232989	Epping Forest and Commons Committee	COLC
Sir Thomas Gresham Charities	221982	Gresham (City Side) Committee	COLC
Keats House	1053381	Culture, Heritage & Libraries Committee	COLC
Hampstead Heath Trust Fund	803392-1	Finance Committee	COLC

The City of London Charities Pool	1021138	Finance Committee	COLC
King George's Field – City of London	1085967	Open Spaces and City Gardens - operational management. Otherwise, Finance Committee	COLC
Guildhall Library Centenary Fund	206950	Culture, Heritage & Libraries Committee	COLC
City Educational Trust Fund	290840	Education Board	COLC
City of London Corporation Combined Education Charity	312836	Education Board	COLC
The City of London Corporation Combined Relief of Poverty Charity	1073660	Community and Children Services	COLC
City of London Freeman's School Bursary Fund	284769	Board of Governors of City of London Freeman's School	COLC
Charities administered in connection with the City of London Freeman's School (23)	312120	Board of Governors of City of London Freeman's School	COLC
CLS Bursary and Awards Fund	276654	Board of Governors of City of London School for Boys	COLC
City of London School for Girls Bursary Fund	276251	Board of Governors of the City of London School for Girls	COLC
City of London School for Girls Scholarships and Prizes Fund	276251-5		COLC
Emanuel Hospital	206952	The Emanuel Hospital Management Sub (Court of Aldermen) Committee	COLC
Sir William Coxen Trust Fund	206936	The Committee of Alderman to Administer the Sir William Coxen Trust Fund	Individual Trustees
Samuel Wilson's Loan Charity	206964	Individual Trustees (all Aldermen and the Chamberlain)	Individual Trustees

City of London Almshouses	1005857	Community and Children Services	COLC
Vickers Dunfee Memorial Benevolent Fund	238878	The charity is currently independent of the CoL's governance framework and does not report to a City Corporation committee	Individual Trustees
City of London Police Widows and Orphans Fund	208175	The charity is currently independent of the CoL's governance framework and does not report to a City Corporation committee	Individual Trustees

*= This charity was reviewed by the Board of Governors of City of London School for Boys before the CC Review commenced.

** = Individual charity trustees

+ = The Charities governing document expressly provides that the trustee is the City Corporation acting by the relevant School's Board.