RISK MANAGEMENT FRAMEWORK AND POLICY

Referred to as Appendix F in the Fèis Rois Business Plan 2025 - 28

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Guidance Consulted	Creative Carbon Scotland website (Green Arts, Environmental Reporting and Resources)
	Highland Community Waste Partnership Year 1 Report
	Highland Good Food Partnership website
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INTRODUCTION

1.1 As a charity, Fèis Rois Ltd and its directors take steps to ensure the safe and effective running of the organisation. This includes regularly reviewing and assessing the risks we face in all areas of our work. With the support of the Chief Executive, we also plan for the management of those risks. We understand that risk is an everyday part of charitable activity and managing it effectively is essential for the directors to ensure that the organisation achieves our key objectives and safeguards Fèis Rois' funds and assets for the future.

1.2 This policy seeks to:

- outline our approach to risk management,
- identify the major risks that apply to Fèis Rois,
- support the organisation to make decisions about how to respond to the risks we face.

1.3 The risks that Fèis Rois faces are similar to many other charitable organisations and depend very much on our size, and the nature and complexity of the activities we deliver. The risks we face also depends on our finances, the funding climate, and the support for the arts more generally. To put this into context, it is helpful to understand our place in the third sector:

- The average annual turnover for the period 2020 to 2023 was £859,246. This is expected to grow to up to £950,000 per annum in the period 2025 to 2028.

- Our asset base is low as we do not own property, often work remotely, and have few long-term liabilities.

- We have a mixed model of income, including from local authorities, Creative Scotland, trusts and foundations, other public sector sources, donations and social enterprise funding.

- We are one of the largest traditional music organisations in Scotland in terms of turnover, and the number of participants reached each year (close to 7,000 young people and adults).

- We have a stable and effective staff team of 6 FTE posts.

- Founded in 1986, our core activities are well established and have been operating for many years.

- We have a dedicated pool of volunteers and a committed team of non-executive directors to support our work.

- Our work with children and young people carries with it additional responsibilities to ensure that those in our care are safe and protected from harm.

RELEVANT LEGISLATION

Relevant Legislation includes:

Charities and Trustee Investment (Scotland) Act 2005

Charities (Regulation and Administration) (Scotland) Bill 2023*

The Charities Accounts (Scotland) Regulations 2006

Charity SORP (Statement of Recommended Practice) 2005

Charity SORP (Statement of Recommended Practice) 2014 - FRSSE and FRS 102

The Employment Rights Act 1996

The Equality Act 2010

The Health and Safety at Work Act 1974

This list is not exhaustive, but it does comprise the most relevant legislation.
*The Charities (Regulation and Administration) (Scotland) Bill passed in June 2023 became an Act on 09 August 2023. This Bill made changes to the Charities and Trustee Investment (Scotland) Act 2005. It:

- Gives OSCR wider powers to investigate charities and charity trustees
- Amends the riles on who can be a charity trustee or senior office-holder in a charity
- Increases the information that OSCR holds about charity trustees
- Updates the information which needs to be included on the Scottish Charity Register
- Creates a record of charities that have merged.

RISK MANAGEMENT STATEMENT

2.1 Feis Rois is committed to understanding and actively managing the risks that the organisation faces. We do this by having in place a Risk Management Policy and a set of checks and balances between the board and the Chief Executive, and in turn, between the Chief Executive and the wider staff team, freelancers and other third parties.

2.2 The responsibility for the management and control of the charity lies with the non-executive directors. This responsibility includes risk management and the non-executive directors, through adhering to this policy, are able to fulfil their duties in this regard.

2.3 Much of the day-to-day running of the organisation is delegated to the Chief Executive and the staff team, however, the board of directors is kept fully informed of any risks or changes to the risk register at its regular meetings. Risk is a standing item at quarterly Board meetings.

2.4 There are a range of areas of potential risk for Feis Rois and broadly speaking, examples of these are:

- Strategic - failure to create a deliverable strategic plan, failure to identify and respond to major external issues.

- Financial - failure to secure adequate income, fraud, failure to use resources effectively.

- Operational - injury to a beneficiary, project/activity delayed or not delivered, loss of premises.

- Reputational - damaging media coverage, unable to articulate a clear engaging message.

- Legal/Compliance - significant breach of data protection, safeguarding failing, health & safety incident.

- Governance - lack of effective oversight, loss of key trustees, not managed effectively.

- IT - cyber-attack, virus, loss of systems or data.

- People - loss of key people, unable to recruit adequate staff/volunteers, a serious HR issue, a poor/toxic culture.

2.5 The Risk Register (see appendix 1) should be read in conjunction with the business plan, and our annual reports.

HOW WE MANAGE RISKS

3.1 Risks are actively managed by the Chief Executive and the Board on a regular basis. For the more significant risks we have more frequent discussion and interaction between the chair, the board, and the chief executive, and for the risks we are more familiar with i.e. they are an inherent part of our activities, we have routine and regular discussion when the risk register is presented to the board.

3.2 The following steps outline how we identify, assess and manage the risks we face.

Step 1 - Identifying Risks

We are faced with a huge range of risks, and we have categorised them into the following areas - strategic, financial, operational, reputational, legal/compliance, governance, IT/cyber, people, and any other areas that may be relevant at the point of identifying new risks.

Step 2 - Assessing the Risk

Once we have identified the risks that matter most to us, we then assess these. Risk assessment has two components. Firstly, the probability the risk will happen, and secondly, the impact if it did. Often the key risks are not those with greatest impact, but those that have a reasonably high impact and a reasonable probability of happening.

We use a simple risk assessment framework to illustrate the probability of the risk occurring and the impact of the risk occurring using numbers.

1. Impact = How severe would the outcomes be if the risk occurred?
2. Probability = How likely is the risk to happen?
3. Impact multiplied by probability gives a score which can be mapped against the assessment framework below.

	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Severe
5 Almost Certain	5 – Medium	10 – High	15 – Very High	20 – Extreme	25 – Extreme
4 – Likely	4- Medium	8 – Medium	12 - High	16 – Very High	20 – Extreme
3 – Moderate	3 – Low	6 – Medium	9 – Medium	12 – High	15 – Very High
2 – Unlikely	2 – Very Low	4 – Low	6 – Medium	8 – Medium	10 - High
1 – Rare	1 – Very Low	2 – Very Low	3 – Low	4 – Medium	5 – Medium

Step 3 – Managing the Risk

There are 4 basic risk management options, and these are:

1. **Avoid -** eliminate the cause of a risk.
   For example, switching off computers at the end of the working day to remove the risk of these catching fire, or not running an event if the circumstances don't allow us to do it safely.

2. **Mitigate -** reduce the impact if a risk does occur.
   For example, have fire equipment and evacuation procedures in case of fire, or put measures in place to protect young people from harm.

3. **Accept -** if it's too small to merit committing resources, or uncontrollable/can't reasonably be foreseen, create a contingency plan. For example, a contingency plan if our premises become uninhabitable due to the fire.

4. **Transfer -** have a third part take on responsibility.
   For example, ensuring that you have adequate insurance policies in place, or that a third party does the vetting/background check process.

SWOT Analysis

STRENGTHS	WEAKNESSES
• Fèis Rois offers a clear ladder of progression for musicians in Scotland • Fèis Rois is a leading and well-respected organisation, particularly in the field of music education (both in the formal sector and in the community), evidenced by partnerships with Local Authorities. • Fèis Rois is an organisation that others want to work with. It has developed successful collaborative projects locally, nationally and internationally. • A clear strategic plan underpins the work of the organisation. • Strong governance and financial management in place • Low staff turnover results in a skilled and knowledgeable team to deliver the programme. • Ability to earn income through courses, merchandise sales and a strong track record of contract delivery. • Significant employer of freelance musicians, particularly those living in rural communities • Gender balance achieved across programming. • Breadth of engagement. EDI Action Plan to extend reach further. • Effective use of social media to grow reach.	• A lack of Gaelic speaking staff. This can be developed through training and CPD. • An ageing instrument bank becomes increasingly expensive to maintain. Fèis Rois will encourage volunteers to help maintain the service and members of the community to donate instruments through an "instrument amnesty." • Geographic spread of activities can pose environmental challenges, e.g. lack of public transport meaning musicians often have to travel in rural communities by car. Leasing electric cars may help in the future.

OPPORTUNITIES	THREATS
• Digital technology presents many opportunities. During the Covid-19 pandemic, Fèis Rois showed its ability to pivot very quickly to online delivery. This could be needed in the future if flooding / adverse weather threatens activity at short notice. There are opportunities to grow audiences on platforms such as TikTok. • Celebrating 40 years of the organisation in 2026, Fèis Rois has the opportunity to increase its engagement with alumni, which will support the future sustainability of the organisation. • Ability to further contribute to talent retention and to the economy of the Highlands and of Scotland by providing opportunities for freelance musicians and creative practitioners. • Building relationships with new funders, including trusts and foundations. • Delivering outcomes that support a number of regional and national strategies, including the National Gaelic Plan and the National Culture Strategy.	• The Scottish Government choosing not to continue investing in the Youth Music Initiative would be a threat to Fèis Rois. This is currently 20% of the organisation's income. • Failing to secure Creative Scotland Multi Year Funding would pose a threat to Fèis Rois as this is 40% of the turnover. • Local Authority funding is under pressure. This is currently 3% of Fèis Rois' core funds. • The mid to long term impact of the Covid-19 pandemic means audiences are slow to return. • The cost-of-living crisis means people choose not to spend money on music activities which reduces earned income and levels of participation for Fèis Rois. • Increased consumer choice means more competition for leisure time / spend. • The impact of Brexit on international working. • Risk of long-serving members of staff moving on and the need for succession planning.

PESTLE ANALYSIS

Politics

- Change in government at upcoming election could change priorities / funding for our sector.
- The possibility that the Scottish Government no longer chooses to fund the Youth Music Initiative.
- Brexit has an impact on ability to continue to work/tour/ perform in Europe, e.g. additional costs of carnets, etc.
- Global instability is a threat.
- There are opportunities for Fèis Rois to work with a number of government departments in addition to culture, e.g. education, health, criminal justice.

Economics

- Funding does not increase at the same rate as inflation.
- Meeting the need to increase wages and fees for freelancers against a background of standstill or reduced funding is a challenge
- Cost-of-living crisis results in fewer people choosing to spend on music / arts activity.

Society

- Population decline in the Highlands and islands results in lower participation and fewer professional musicians in the area to deliver the programme. However, the work of Fèis Rois helps to reverse this problem by attracting people to live and work in the region.
- Following the Covid-19 pandemic, people are hesitant to return to crowded spaces and attend concerts and events.
- Changing demographic of the population in the Highlands and in Scotland. Fèis Rois' EDI plan has clear actions to work with targeted groups.

Technology

- The impact of Artificial Intelligence (AI), both positive and negative.
- Risk of cyber threats, hacking, loss of data, viruses.
- Opportunities presented by technology for on-site donations, etc.
- Technological developments around energy present opportunities, e.g. leasing electric vehicles.

Law

- Child Protection legislation
- Health and safety legislation
- Employment law, Fair Work principles and Equalities legislation
- GDPR legislation
- Intellectual Property and adherence to PRS / MCPS / PPL

Environment

- Climate emergency poses risk to programme delivery in cases of flooding or extreme weather.
- Health concerns. Ongoing mid and long term impact of Covid-19 pandemic.

Fèis Rois Risk Register - Appendix 1

Area of Risk	Risk	Likelihood (1-5)	Impact (1-5)	Score	Mitigation	Likelihood after mitigation	Date Last Reviewed
Strategic	Change in policy direction from government and/or key funders	3	3	9	Stay regularly abreast of key policy areas, attend key strategic meetings, e.g. through Culture Counts, etc	3	05/03/2024
Financial	A downturn in fee income from course participants makes activities uneconomic and may risk the sustainability of classes/ workshops.	4	3	12	Online booking system is used as a tool for identifying problems at an early stage and additional promotion is targeted at lapsed attenders and potential new comers. New models of working introduced to further reduce risk.	4	05/03/2024
Financial	Cutbacks in public funding means that core funders are no longer able to support Feis Rois resulting in insolvency.	3	4	12	FR compiles a database of trusts, foundations and alternative sources of funding and makes applications to as wide a range of sources as possible. In particular funds that are not the traditional arts funders.	9	05/03/2024
Financial	Increased costs of fuel make budgets unsustainable	3	3	9	Develop and maintain an Environmental Policy to minimise consumption of fossil fuels and increase use of recyclables materials. Encourage car sharing and use of public transport where possible.	3	05/03/2024
Financial	Charitable foundations no longer have funds to invest at previous levels due to lower yields on their endowments risking insolvency of Fèis Rois	3	2	6	Do not be overly repliant on charitable foundation income. Have this as one source in the broad mix.	3	05/03/2024

Category	Risk	L	I	Score	Mitigation	Residual	Date
Financial	Fundraising from the public does not yield successfully meaning reduced funds for some workstreams	3	2	6	Set realistic annual fundraising targets. Use the website, social media and the mailing list to consult users about what they want from FR and make sure they understand the true costs, and value, of the services being offered.	3	05/03/2024
Financial	Too much diversification draws energy and focus away from core of business and results in core work streams not delivered resulting in reputational loss and possible financial problems	2	3	6	Ensure focus remains on core work. Continually refer to vision, mission, aims, objectives and values of the company.	4	05/03/2024
Financial	Funding allocated too tightly with insufficient slack for unforeseen circumstances and core work streams not delivered resulting in reputational loss and possible financial problems	2	4	8	Ensure there are adequate reserves available and all projects are budgeted for appropriately.	4	05/03/2024
Operational / Reputational	A project collapses because one of the partners pulls out and project cannot continue risking any funding granted and FR reputation	1	4	4	Have a project development plan for all partnership work which clearly identifies roles and responsibilities and ensures that progress is monitored and difficulties identified at an early stage so that action can be taken to protect FR reputation	2	05/03/2024

Category	Risk	L	I	Score	Mitigation	Residual	Date
Operational	Resurgence of COVID impacting face to face delivery and health and wellbeing of participants.	2	3	6	Adapting our ways of working to match this new environment, including offering online delivery when needed.	2	05/03/2024
Reputational	Poor quality tutor resulting in complaints, loss of reputation, project fails.	2	4	8	Tutors are made aware of what is expected of them, supported in delivery and given feedback on their individual performance. Tutor training is provided.	4	05/03/2024
Legal / Compliance / Reputational	One of the young people is put at risk whilst taking part in a FR activity	2	5	10	All staff PVG checked as appropriate. All staff are made aware of the importance of consistently high standards of child protection and this is constantly renewed to ensure that best practice is being applied across the board.	4	05/03/2024
Legal / Compliance / Reputational	Feis Rois is found to have insufficient policies to cover likely eventualities and FR under threat of legal challenge.	2	5	10	Ensure all policies are in place and reviewed and updated at regular intervals	4	05/03/2024
Legal / Compliance / Reputational	One of the young people suffers injury or damage whilst taking part in a FR activity	2	5	10	Ensure that insurance cover is appropriate for the work being undertaken and ensure that all venues being used for FR are checked in advance and have the appropriate licensing/ public liability cover. Avoid using private premises for public activities. Carry out appropriate risk assessments for all events.	4	05/03/2024

Governance	Inadequate goverance and HR/people skills to deal with board difficulties	3	3	9	Use resources available to the sector via regional and national support organisations such as HIE, SCVO, etc. Consult with company lawyer when necessary. Annual Board training.	3	05/03/2024
Governance	Insufficient board members	2	4	8	Monitor when Board members are due to come off the board. Have appropriate board recruitment in place.	2	05/03/2024
Legal / Compliance / Reputational	Poor behaviour by director	2	4	8	Annual Board training provided to remind Board members of their role and responsibilities.	2	05/03/2024
IT	Significant IT event occurs such as security or data breaches, software flaws, systems' failures	3	5	15	Develop business contingency measures, provide training, ensure IT support provider can review, assess or support most common failures. Have multi factor authentication in place.	6	05/03/2024
IT / Operational / Reputational	Data protection breaches	3	4	12	Review Data Protection Policy and trian staff as required	6	05/03/2024
People	Staff working beyond full capacity and risk of staff illness and/or inability to manage unforeseen issues due to capacity.	3	4	12	This is a real risk as there are continued funding pressures / resourcing implications. Look to ensure staff wellbeing through reducing workloads if beyond capacity. This could mean reducing aspects of the programme.	3	05/03/2024
People	Inadequate HR expertise to deal with staffing	3	3	9	Spot purchase HR expertise when required using company lawyer, ACAS, etc	3	05/03/2024

People / reputational	Poor behaviour by staff	2	4	8	Staff reminded of the conduct expected of them through the detail outlined in this regard in their contracts, including freelance staff. Young People, inc Ceilidh Trail musicians, already sign code of conduct before participating in FR events.	2	05/03/2024
People	Mental health and feeling of isolation is greater following COVID and home working	3	4	12	Monitored through regular supervision. Regular team meetings and away days to reduce isolation.	3	05/03/2024