
LEYTON THEATRE COMPANY

Governance Code

Leyton Theatre Company Governance Code

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Leyton Theatre Company Governance Code

This governance code defines the roles of the Trustees, Directors and staff of the Leyton Theatre Company and related companies and charities. It should be read in conjunction with the Charity Commission's Guidance, CC3 - The Essential Trustee, CC10 - The Hallmarks of an effective Charity and CC8 - Internal Controls for Charities.

The Leyton Theatre Company group is subject to the law of England and Wales, particularly the Charities Act 2006 and the Companies Act 2006 inter alia.

1. Governing Documents and Formal Constitution

Leyton Theatre Company is a charitable trust established under the laws of England and governed by a scheme of the Charity Commissioners of 10 November 1981, as amended by schemes dated 10 May 1988 and 9 March 2001. Leyton Theatre Company is registered with the Charity Commission, Charity Registration No 312162.

Under the scheme of 9 March 2001 Leyton Theatre Company has a corporate trustee, Leyton Theatre Company Trustee Limited (LTTL) which is a company established under the laws of England with company number 04093862. The governing documents of LTTL are the Memorandum of Association and Articles of Association, both of 13 October 2000.

LTTL is a company established to act as Trustee and the company Members (the Directors) act as Trustees of Leyton Theatre Company. LTTL is a company without share capital limited by the guarantee of its Members with the liability of each Member limited to the amount of one pound sterling.

2. Aims and Activities of Leyton Theatre Company

The objectives for which the Leyton Theatre Company is established are stated in the governing document of 10 November 1981 as:

The provision of accessible, quality theatre, specifically new writing for local audiences and schools; touring within the UK and co-productions, and work done by school children and local communities.

Providing dramaturgical support for new writers.

These objectives are met by the operation of a theatre on Leyton High Street in London, and by related educational and other activities.

3. Board of Trustees of Leyton Theatre Company¹

The Board of Trustees are the Members and Directors of LTTL, and are by this office considered de facto Trustees of Leyton Theatre Company.

Primary Responsibilities of Board

The Board of Trustees have the legal responsibility to ensure that the assets held on trust are applied to the charitable objectives.

The Board is collectively responsible for the success of the organisation, for setting the strategic aims of the Theatre, ensuring that necessary resources are in place to meet its objectives and monitoring performance.

The Board defines the values and standards of the Theatre, including the mission statement and exhibition policy. Once the Board has agreed on strategy and policies, it will defer responsibility for execution to the executive and will assume a monitoring and supporting role.

Scrutinise the performance of management in meeting agreed goals and objectives and ensure that the Theatre's controls and systems of reporting are robust.

Secondary Responsibilities of Board

Confirmation of the appointment of senior staff selected by the Director, this responsibility may be exercised by the Chairman on behalf of the Board.

Ensure transparency and accountability in the Theatre's activities being mindful of the support from public funds

Review and approve the Risk Management Policy once a year to ensure that it reflects changes inside and outside the organisation.

Review and approve this Governance Code once a year to adhere to best practice, relevant charities, companies and other legislation

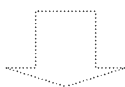
Review and approve the Mission Statement once a year

Review and approve the theatre programme proposed by the Director.

Summary division of Responsibility between the Board and Management

¹ Further information about the responsibilities of the Trustees can be found in Appendix ii of this document

Board	Management
Have overall responsibility for the strategic direction of the Theatre	Run the Theatre on a day-to-day basis
Agree on the values of the organisation	Ensure values are upheld
Monitor the strategic plan for the Theatre	Prepare the strategic plan and ensure that it is carried out
Monitor the management structure	Develop the structure and use to inform day-to-day running of the Theatre
Delegate the responsibility for the day-to-day running of the Theatre to the Director and Senior Management Team and monitor their progress	Make the organisation perform and deal with the practicalities and operational aspects of running the Theatre
Ultimately are accountable to stakeholders and legislators	Accountable to the Board of Trustees



Schedule of Matters Reserved for the Board (and its Sub-Committees, as delegated)

General

1. Approval of the overall policy and strategic objectives of the company
2. Approval of policies, which include
 - ┆ Investment
 - ┆ Reserves
 - ┆ Child Protection
 - ┆ Risk Management
 - ┆ Health and Safety
 - ┆ Material Environmental Matters
3. Review of the adequacy of compliance with statutory and regulatory obligations
4. Review of the adequacy of internal controls
5. Approval of the acquisition, disposal or granting of any interest in land
6. Approval of the overall levels of insurance, including Trustees' Indemnity Insurance.
7. Approval of any ex gratia payment made by the company, including those made in settlement of legal disputes
8. Approval of the formation of any new charities or companies or the disposal or dissolution of any charity or company, including the appointment and removal of the directors of any such company or trustees of any charity or company (except in the case of Leyton Theatre Company Ventures Limited, which will elect its own board notwithstanding the provisions of company law)
9. Approval of the initial prosecution or defence of any litigation potentially involving material impact on the company's finances or reputation and of any settlement of such litigation
10. Annual review of the Board's effectiveness and performance that of its

committees and individual directors

Appointment

11. Appointment and removal of Trustees
12. Appointment and removal of the Chairman, Deputy Chairman and Treasurer
13. Appointment and removal of the members and chairmen of the Board's committees and approval of the terms of reference of all such committees
14. Appointment, removal, terms of employment and remuneration of (the Director)
15. Appointment and removal of the Company Secretary
16. Approval of broad policy in relation to all aspects of staff remuneration
17. Consideration of succession planning to and within the board and senior executive structure
18. Appointment and removal of the external auditors

Finance Control and Reporting

19. Approval of the annual budget and material departures from it
20. Approval of the Annual Report and Financial Statements
21. Approval of the Business Plans
22. Approval of the significant changes in accounting practices and policies
23. Approval of transactions not in the ordinary course of business having a value in excess of (Å)
24. Approval of the terms of any bank or other borrowing

Note

- a) The Board may delegate any matter reserves to it to a committee of the Board comprising, exclusively, members of the Board, or to a nominated member of the Board

Note

- b) The Director and Managing Director / or (Company Secretary) will bring to the Board for discussion or decision as required any other matter not specified in this schedule which might have a major impact on the reputation, operation or financial viability of the company

Note

- c) This schedule is not exclusive and does not attempt to cover all matters on which the Board is asked to take decisions. The board is able to do anything it is empowered to do by its Memorandum and Articles of Association and Trust Deed

Composition and Appointment of Trustee Board

New Trustees are appointed by the Board of Trustees

Trustees are appointed for an initial term of four years which can be renewed by re-election for a further four year term, followed by annual renewal for up to four further years (i.e. four further terms of one year). Whilst it is technically possible for a Trustee who retires after the full twelve years to serve again such re-election would be exceptional and would have to be carefully considered by the Trustees, and if desired the memorandum and articles of LTTL would need to be altered by special resolution.

The Board should consist of between 10 and 18 Trustees who are representative of the beneficiaries, the local communities and the funders and between them possess the range of skills, expertise and experience required. Trustees should consider any gaps in representation and skills when making appointments of new Trustees and should seek to have a diverse Board. The Trustees should seek and value the opinion of the Theatre's Artistic Director and Arts Council England in this respect.

On appointment, Trustees should receive a letter from the Chairman, or Company Secretary on the Chairman's behalf, stipulating what is expected of them in terms of time, committee membership and involvement outside board meeting.

The Board should discuss annually the commitment required by the Board and whether the Trustees are able to make that commitment.

Decision Making and Meetings

Whilst Board decisions are made by a simple majority with the Chairman having a second casting vote the Board under the leadership of the Chairman should seek consensus.

Trustees however must accept that they may at times have to take difficult decisions for the long term benefit of the Theatre and the fulfilment of its charitable aims and objectives

The Artistic Director, Executive Director and, where appropriate, for all or part of the meeting, other senior staff are normally invited to participate in Board meetings.

The Auditors are invited to one Board meeting per year to present the Annual Audit.

The Board should meet at least once per year without the Artistic Director or staff so as to consider their performance.

Where the Company Secretary is not a Trustee the Board should consider meeting at least once per year without the Company Secretary present to consider their performance. It would be necessary to appoint a temporary Secretary from amongst the Trustees for this meeting.

Responsibilities of Individual Trustees

Individual Trustees are expected to contribute to the development of the Theatre, supporting and helping the Board, the Chairman and the Artistic Director but also challenging actions and decisions in a constructive manner.

Act as an advocate for the Theatre and contribute to the Theatre's fundraising efforts.

Before accepting the position of Trustee careful consideration should be given to the commitment required and the expectations of the Trustees and the institution.

Trustees should be aware of the general and specific requirements as Trustees with regard to actual conflicts of interests, particularly in regard to declaration.

Where there is an apparent or potential conflict of interest then Trustees should discuss the position with the Chairman, the Chairman himself should discuss with another Trustee, and to decide whether a declaration is in the best interests of Leyton Theatre Company.

Before appointment a Trustee should declare all Trustee and Directorships and employment. After appointment a Trustee should discuss with the Chairman any new trustee and Directorships or employment prior to their acceptance and to declare them once accepted². The Chairman himself should discuss the same with any other Trustee.

Trustees should refer to Charity Commission publication CC3 for guidance on their obligations under the Charities Act.

Trustees should be aware of the terms under which they can be automatically dismissed from office for successive and unauthorised non-attendance of Trustees Board meetings set out in the memorandum and articles of L.T.T.L.

Induction and Development of Trustees

The Chairman is responsible for ensuring that there is a comprehensive induction programme for all new Trustees, supported by the Artistic Director and Company Secretary.

The Chairman should address the development needs of the Board as a whole with a view to enhancing its effectiveness including regular revision sessions on subjects such as legal status and responsibilities.

The performance of the Board, its committees and individual members, including the Chairman, should be evaluated at least once a year. This process should be included in the Annual Report.

² An example of the Declaration form is included in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance.

The Chairman should consider whether the Board should meet in addition to the regular meeting to enable a more expansive discussion of key strategic issues.

Trustees who resign or whose term of appointment has come to its natural end would be expected to discuss their leaving the Board with the Chairman and other Board members for the future benefit of the Board and the Theatre.

4. Chairman of Board of Leyton Theatre Company³

Primary Responsibility

Provide leadership of the Board and set its agenda.

To represent the Theatre together with the Artistic Director.

Secondary Responsibility

Ensure the provision of accurate, timely and clear information to Trustees and ensure the effectiveness of individual Trustees and the Board as a whole. Ensure that trustees are given sufficient time to consider critical issues and given realistic deadlines for decision-making.

Ensure that the Board concentrates on strategy and the monitoring of decisions delegated to management.

Review the performance of the Trustees and Artistic Director once a year.

Appointment

The Trustees may appoint and remove a Chairman from amongst themselves by simple majority.

At a meeting of the Trustees if the Chairman is not able to attend then the Deputy Chairman must undertake their duties.

³ Further information about the role of the Chairman can be found in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance.

5. Deputy Chairman of Board of Leyton Theatre Company

Responsibilities

In the event of the Chairman being absent at a meeting, the Deputy Chairman must undertake all chairing duties and ensure the objectives of the meeting are met

The Deputy Chairman may deputise for the Chairman in all other duties as required

Appointment

The Deputy Chairman is appointed and removed by the Trustees from their existing members, usually on the recommendation of the Nominations Committee.

6. Treasurer of Board of Leyton Theatre Company⁴

³ Further information about the role of the Chairman can be found in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance.

⁴ Guidance on the role of the Treasurer is in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance

³ Further information about the role of the Chairman can be found in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance.

Responsibilities

Chair the Finance Sub-Committee.

Advise the Board on all matters relating to finance and investments.

Appointment

The Trustees have the power to appoint a Treasurer from existing Trustees, usually on the recommendation of the Nominations Committee.

7. Company Secretary of LTTL⁵

⁵ Guidance for the role of Company Secretary is in Appendix iii of this document. This appendix is a fully adopted element of the Code of Governance

The Company must have a Secretary. The Trustees have the power to appoint a Secretary of the Company in accordance with the Companies Acts from either amongst themselves or a deputy who is not a Trustee.

Where there is a suitably qualified senior administrative employee, such as the Executive Director, then the Trustees would normally consider them for this role.

The Company Secretary is responsible to the Board of Trustees.

The role of the Company Secretary is to:

- Ensure lawful governance of the organisation and to provide comprehensive legal and administrative support and guidance to the Board so as to promote robust standards of governance.
- Ensure compliance with Company statutory and regulatory requirements and to ensure timely submission of accurate information to Companies House.
- Ensure compliance with Charity statutory and regulatory requirements and the timely submission of Annual Returns, Annual Reports and Trustee Reports to the Charity Commission.
- Maintain the company register of Members (Trustees).
- Maintain Company books and records and to comply with the requirements of the Auditor.
- Ensure that all company meetings comply with relevant rules, statutes and regulation.
- Ensure Members and Auditors receive notice of all meetings and to supply them with the relevant documents for the meeting.
- To keep and circulate minutes.

8. Board of Trustees - Sub-Committees

The Board of Trustees have the power to delegate any of their functions to sub-committees which consist of at least two Trustees and other persons the Trustees consider appropriate.

- The Board of Trustees is responsible for the membership, remit and powers of sub-committees.
- Sub-committees must report their proceedings promptly to the Board of Trustees.
- Sub-committees may only make decisions or binding actions within the remit of the powers delegated to it.
- Any decisions or binding actions by a sub-committee are the responsibility of the Trustee members. At least two member Trustees must be present and they must be supported by a majority of the Trustee members present.
- Sub-committees are expected to decide by consensus. Any serious disagreements between Trustee members or between Trustee and non-Trustee members must be brought promptly to the attention of the Board of Trustees. Trustee members should be mindful of the need for consensus decisions and if there is no consensus should consider taking the advice of the Chairman of the Board of Trustees before making binding commitments on important matters. Where the Chairman is a sub-committee member the Trustee members should consider putting the matter to the full Board of Trustees.
- Other Trustees who are not members of a sub-committee may attend its meetings as observers unless the Board has set special rules in relation to attendance for that sub-committee. Observers would normally indicate in advance to the Chairman of the sub-committee their wish to attend.

9. Finance Sub-Committee (FSC)

The Theatre will have a Finance Sub-Committee chaired by a Trustee, usually the Treasurer, plus at least one other Trustee, plus an independent external member who is not a Trustee, but should be a charity finance specialist

The FSC should meet quarterly, in advance of the quarterly trustees meetings.

The FSC should consider the following areas of the Theatre's business and to make recommendations to the Board of Trustees on these matters:

- Budget, management accounts and financial control
- Cash flow and treasury funding
- Debtors and bad debts
- Strategic and business planning
- Accounting policies
- Audit
- Financial systems
- Banking
- Investment management
- Financial performance of Leyton Theatre Company Ventures Ltd
- Any other matters or issues that may have a material financial effect.

The FSC has the power to make decisions and binding actions within the parameters set by the Board of Trustees on the following matters:

The investment of the designated investment funds

Recommendations to the finance team in respect of treasury funding and deposits

The FSC requests the attendance at meetings of the Theatre's Artistic Director, the Theatre's Executive Director, the Development Director and senior staff from the Finance and Administration departments to assist in the sub-committees consideration of these matters.

Other Trustees who are not members may attend as observers.

10. Leyton Theatre Project Building Committee

The Leyton Theatre Project Building Committee was instigated by the Board of Trustees to manage the Leyton Theatre Project, the rebuilding and refurbishment of the Theatre, in terms of space planning, RIBA design stages, procurement, construction schedule, and management and revenue projections.

Membership of the Leyton Theatre Project Building Committee may consist of any number of Trustees or external persons who the Trustees believe to have expertise in aspects of capital projects.

The Committee is empowered to make decisions and binding actions in relation to the management of the design and construction of the Project within the remit and parameters defined by the Board of Trustees.

Decisions and binding actions are the responsibility of the Trustee Members.

11. Nominations Committee

The Nominations Committee consists of the Chairman, Artistic Director and one other Trustee, with the Company Secretary as secretary for the group.

The group meet once per year and make recommendations to the Board on:

- The appointment of new Trustees
- The re-appointment or otherwise of existing Trustees whose periods of office have lapsed

They also:

- Perform a Skills Audit of Trustees at least annually
- Plan for and make recommendations to the Board for succession planning
- Recommend to the Board people to join the sub-committees and Board of Leyton Theatre Company Ventures Limited.

12 Development Council

The Development Council is a working group established by the Trustees to advise Trustees and Senior Managers on fundraising. The Development Council is effectively currently operating under the auspices and name of the Theatre Plus Committee.

Membership of the Development Council may consist of any number of Trustees, staff or external people and are made by the Chairman in consultation with the Artistic Director and the Development Director.

The work of the Development Council is reported to the Trustees through the Executive Director's Report, prepared quarterly.

Meetings of the Development Council are called as required.

13. Artistic Director of Leyton Theatre Company

The Artistic Director is appointed by the Trustees to manage the activities of the Theatre.

Primary Responsibility

- Developing the Theatre's strategy and vision within the policies and values established by the Board.
- Developing together with the Board a theatre policy and then developing and delivering the theatre programme which reflects the theatre policy.
- Ensuring that the Theatre's operations are within the financial and other objectives set by the Board.
- To represent the Theatre together with the Chairman.

Secondary Responsibilities

- Reporting regularly to the Board on the Theatre's activities.
- Informing and consulting the Chairman on all matters of significance to the Board so that the Chairman and Trustees can properly discharge their respective roles.
- Creating and operating a robust management structure with clear delineation of responsibilities as well as the monitoring and evaluation of this management structure and individual staff members.
- Ensuring that the organisational culture promotes high standards of governance, ethical practices and social responsibility.
- The apportioning responsibilities among senior management and overseeing the establishment and maintenance of appropriate risk management systems and controls.
- Recruitment and Human Resources.
- All other responsibilities contained within the Artistic Director's job description.

14. Other Theatre Staff

Other Theatre staff are responsible to the Artistic Director through the management structure.

All staff should be aware in all their activities that the Theatre is a charity and is supported by substantial public funds.

In the absence of the Artistic Director, the following hierarchy of responsibility exists: this is in order of delegation/deputisation:

- 1) Executive Director
- 2) Development Director
- 3) Finance Director
- 4) General Manager
- 5) Head of Marketing & Press
- 6) Theatre Manager

In the unlikely event of the Artistic Director being absent for more than one month for any reason, the Company Secretary will invite Trustees to consider alternative arrangements to this hierarchy, such as use of an interim Associate Director, as appropriate.

15. Leyton Theatre Company Foundation

Leyton Theatre Company Foundation (LTCF) is a charitable trust established under the laws of England and governed by a Declaration of Trust of 16 March 1984, as amended by Charity Commission Schemes dated 12 August 1988, 30 September 1988, 17 September 1996 and 9 March 2001. Leyton Theatre Company Foundation is registered with the Charity Commission, Charity Registration Number 289122.

The beneficiary of LTCF is Leyton Theatre Company.

Under the scheme of 9 March 2001 LTCF has the same corporate trustee as Leyton Theatre Company, Leyton Theatre Trustee Limited (LTTL).

LTCF was originally set up to hold the proceeds of a charity auction as long term investments and to make an annual donation to Leyton Theatre Company. This structure achieved the aim of ensuring that the money raised from the auction was not rapidly dissipated at a time when the Leyton Theatre Company's finances had been precarious without actually placing any legal restrictions on the funds, for example as a permanent endowment of Leyton Theatre Company. Once the institution finances had stabilised the Trustees of LTCF donated the whole of the assets to the beneficiary without reservation or restriction. LTCF has no assets, no income, no expenditure and no activity. As a dormant charity the Trustees should consider whether the charity should be wound up and dissolved. Since there is no specific consideration for this in the Declaration of Trust this would require the approval of the Charity Commission.

Leyton Theatre Company holds the LTCF donations as unrestricted funds but has designated them as investment funds which are to be invested for the long term benefit of the Charity.

16. Leyton Theatre Company Ventures Limited

Formal Constitution

Leyton Theatre Ventures Limited ('Ventures') is a UK company established under the laws of England with company number 05410846. It is a company limited by shares. The shares are registered in the name of LTTL which holds them as trustee for the benefit of Leyton Theatre Company. The governing document of Ventures is the Memorandum and Articles of Association of 1 April 2005.

Appointments and terminations of membership of the Board of Leyton Theatre Company Ventures Limited are made by the Trustees of Leyton Theatre Company.

Membership of the Board of Leyton Theatre Company Ventures Limited may consist of up to 12 Directors, comprising Trustees, staff and external members with appropriate commercial skills and experience.

The Chairman would ordinarily be the Artistic Director.

The minutes of Board Meetings of Leyton Theatre Company Ventures Limited are reviewed by both the FSC and the Board of Trustees.

Ventures is to undertake appropriate commercial activities which will generate profits which will provide funds for the Theatre.

The remit for these activities is set by the Trustee Board and includes;

- On-site catering
- Publishing of books in related fields
- Hire of rooms in the Theatre
- Merchandise and stationery appropriate to the Theatre
- Other commercial activities within the remit approved by the Trustees.

17. American Friends of the Leyton Theatre Company Foundation Inc.

American Friends of the Leyton Theatre Company Foundation Inc. ('American Friends') is an autonomous non-profit organisation based in the United States of America. It has its own Board of Trustees and managing agent and is has 501(c) (3) status.

The board of the American Friends designates any donations received to its beneficiary, the Leyton Theatre Company, and makes them available upon appropriate request.

The Leyton Theatre Company has an agreement to act as introducing agent for the American Friends and to collect monies on their behalf.

Appendix i

Leyton Theatre Company Group Structure

Leyton Theatre Company Group Structure

Leyton Theatre Company
Trustee Limited


Company no. 4093862

*Private, limited by
guarantee.*

Leyton Theatre Company

Charity no. 312162


Unincorporated charity



Leyton Theatre Company
Ventures
Limited

Company no. 5410846

*Private company limited
by share*



American Friends of
Leyton Theatre Company
Inc

Key

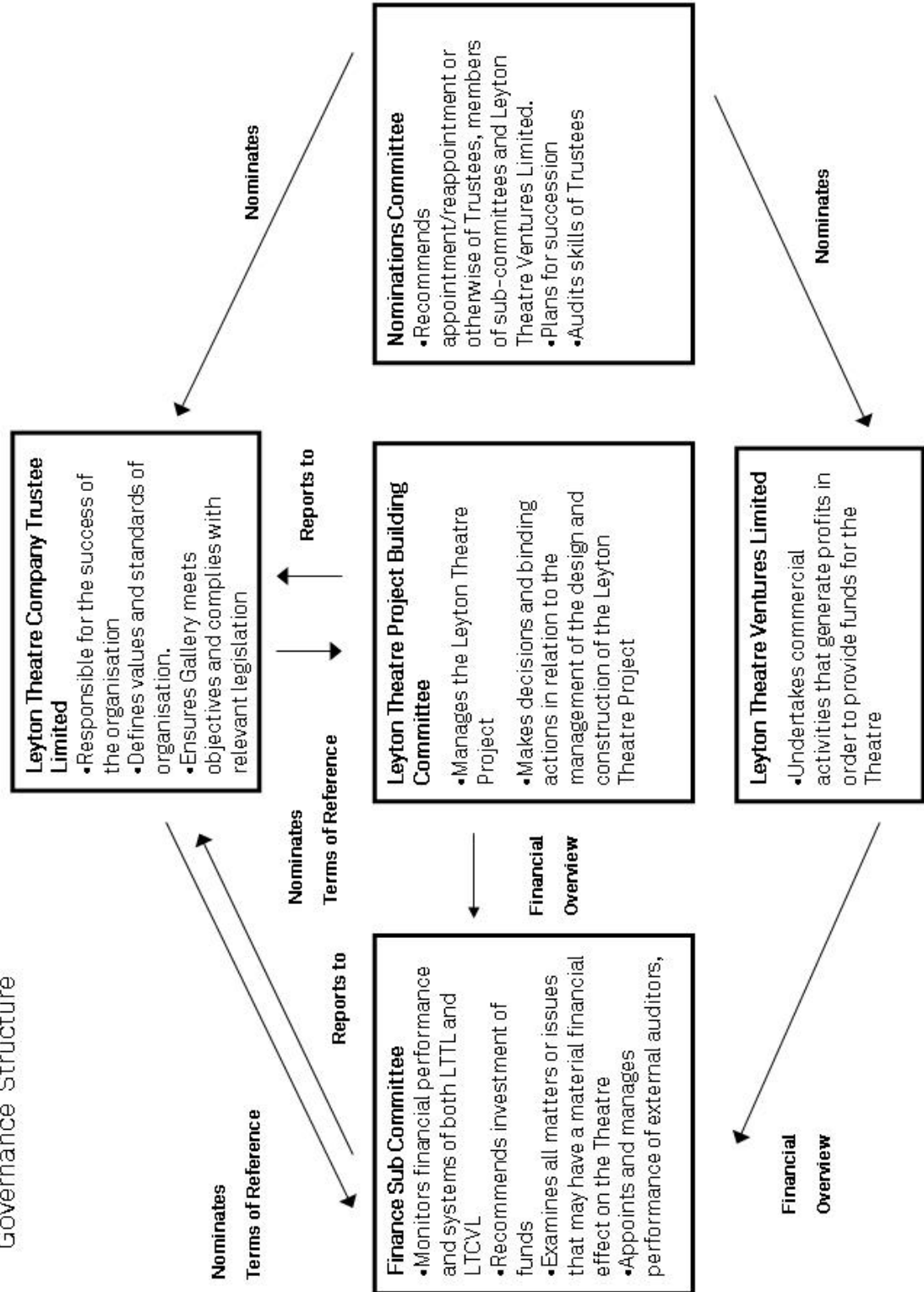
Legal relationship

De facto relationship

Appendix ii

Leyton Theatre Company Governance Structure

Leyton Theatre Company Governance Structure



Appendix iii

Guidance from the Institute of Chartered Secretaries & Administrators (ICSA)

- ICSA Model Role Description for Charity Trustees (England & Wales)
- ICSA Model Code of Conduct for Charity Trustees (England & Wales)
- ICSA Model Role Description for Chair of the Board of Charity Trustees (England & Wales)
- ICSA Model Role Description for a Charity Treasurer (England & Wales)
- ICSA Model Role Description for the Charity Secretary of the Board of Charity Trustees (England & Wales)

Leyton Theatre Company

Risk Management Exercise

June 2009

1. Introduction

- 1.1 This paper invites the Board of Trustees to review and approve the risk management exercise initiated by the Director and Team Leaders.
- 1.2 This format of risk assessment and management was introduced at Leyton Theatre Company in 2004/05 and reapplied, with minor amendments, annually since.

2. Context

- 2.1 A business risk can be defined as an event or action that may adversely affect an organisation. This can arise from failure to exploit opportunities as well as from threats.
- 2.2 The requirement for businesses to undergo risk management exercises has evolved from the impact of several high profile private sector failures of corporate governance, such as Maxwell, Barings, Enron and Parmalat.
- 2.3 The regulatory reaction to these management failures has been directed by a series of reports, known as the Combined Code, which includes Cadbury, Greenbury and Turnbull.
- 2.4 Key recommendations from the Combined Code have been incorporated in to the reporting requirements of the Charity Commission's Statement of Recommended Practice – revised 2005 (SORP 2005). This includes the requirement that the Trustees' Report comprises "a statement...confirming that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks" [SORP 2005, Para 45]. This requirement is enshrined as a fiduciary duty in the Charities Act 1993.
- 2.5 The Director and Team Leaders have commenced a risk management exercise in order that the Board of Trustees can legitimately make this statement in the Directors' Report for the 2008/09 financial year.

3. Leyton Theatre Company Risk Management Framework

- 3.1 The format of the risk management document is divided into two main sections: 'Risks' and 'Risk Management'.

- 3.2 The Risks section identifies and categorises risks into groups and sub-groups. The probability of the risk's occurrence is assessed as:
- High, likely to happen in the next three years.
 - Medium, could happen in the next three years.
 - Low, surprising if it happened in the next three years.
- 3.3 The impact, in the event of the risk occurring is also assessed as:
- High (catastrophic), seriously threatens the viability of the organisation's operations.
 - Medium (damaging), substantial effect but not threatening the viability of the organisation's operations.
 - Low (noticeable), little effect on operations if not controlled.
- 3.4 The gross risk is calculated as a factor of the probability and impact, and classified as either a primary risk (marked red), contingency/housekeeping risk (yellow) or irrelevant (green). The relative severity of the gross risk informs the approach to managing the risk.
- 3.5 The Risk Management section comprises the risk management strategy and a judgement as to the strength of the strategy, classed as either strong medium or weak. The net risk is a factor of the gross risk and the strength of the risk management strategy.
4. Status of the Exercise
- 4.1 The Risk Management Exercise has been completed in draft. This requires review and potential amendment by the Board of Trustees.
- 4.2 The Auditors will wish to review the work supporting the risk management statement made in the Trustees' Report.
- 4.3 Note that some risks relating specifically to the Leyton Theatre Company Project, such as they still exist, are addressed by the Leyton Theatre Company Project Team meetings and reported to the Building Committee.