



Risk Tolerance Statement

Rationale

This document describes our attitude towards tolerating risk as an organisation and it assists us to understand if our risk exposure is acceptable. It will help us make informed choices by considering risk more effectively in our decision making.

Overall Risk Tolerance

Brook RED is a lived experience organisation supporting people with their mental health and/or disabilities. We consider our work to be socio-political in nature and that our very existence is born of a desire to see things done differently and to challenge existing norms and systems. Accordingly, we see ourselves as by necessity taking certain types of risk as core to our being. We find different types of risk very differently acceptable and overall have either a very high level of tolerance or very low level of tolerance depending on the type of risk being considered.

Our front line service delivery is relatively risk tolerant because we believe that taking risks is a part of human growth and that the realities of eliminating risk also serve to eliminate genuine and authentic human experiences. This translates to our staff as we believe that giving them the space to take risks facilitates individual learning.

With regards to legal and financial matters we are generally risk adverse. We work to be compliant with regulations and regularly consult with external entities for advice around legal and financial issues and we tend to err on the side of conservatism. This is due to Brook RED previously being in a precarious financial situation and does not wish to find ourselves in that situation again.

In terms of our reputation, we are mid-way between adverse and tolerant. As a lived experience organisation, we feel a strong sense of obligation to remain faithful to our values and to be a leader amongst employers of peer and lived experience workers. We walk a line of considerable tension between being attractive to government and other institutional funders while pressing the agenda that the status quo in service delivery is unacceptable and insufficient.

Please see the table below which expands on this:

Risk Category	Relative Level of Risk Tolerance	Risk Tolerance Statements
	Adverse Tolerant	
People		We have a high appetite for allowing people to self-determine and having a significant level of dignity of risk. We are invested in relationships and building trust with participants, this means advocating for people and taking risks where needed.

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Reputation		<p>We have a moderate to high tolerance with risks associated with our reputation. We understand that when it comes to our reputation we are working to two main and very distinct audiences: The purchasers of our services and those who access and use our services. As a lived experienced organisation, we value our unique ability to work from a non-traditional perspective and understand that this is facilitated through our funding arrangements. However, it is often the case that what our purchasers want and need is not the same as what those who use our services want and need. We have a low level of willingness to compromise on delivering services that are responsive to end users and understand that at times this negatively impacts how we are seen by purchasers. We are unwilling to modify our lived experience approach beyond a point where we consider our fidelity to be at risk and it is not a priority for us to be a going concern if we are unable to maintain fidelity to our work.</p>
Systems		<p>We have a moderate to high risk tolerance associated with systems including IT, structures, documentation, etc. We consider that systematising our business is frequently in conflict with our ability to be agile and responsive to our community and to prioritise our values and being unwilling to sacrifice on the latter we must accept a certain amount of risk with the former.</p>
Financial		<p>We have a low financial risk tolerance. This is driven by a strong desire to be resilient and self-reliant as an organisation. We understand that a strong financial</p>

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		position supports our ability to take risk in other areas such as reputation where it is important to us that we do not compromise on our ethics and values.
Legal		We have a low tolerance to legal and regulatory risk. As a rights based organisation we believe in adhering to legislation and regulation which supports oversight, safety, employee rights, etc.

This document is to be reviewed annually to determine changes in risk appetite in response to changes in priorities. The Brook RED Organisational Risk Register is used to record individual risks, analysis and treatments.

Definitions of Terms Used

Risk Tolerance

The level of risk that an organisation believes is acceptable to achieve a specific objective or manage a category of risk.

References

Brook RED Organisational Risk Management Policy - Governance Manual
Brook RED Organisational Risk Register

Document Control and Record of Changes

Version	Effective Date	Approved by	Summary of Change	Date of Next Review
Version 01	June 2020	Eschleigh Balzamo	Introduction of new statement	June 2021
Version 02	June 2021	Eschleigh Balzamo	Review and Update	June 2023

The General Manager has overall responsibility for this statement. If there are any questions regarding these guidelines, please direct these to the Business Services Manager or General Manager.