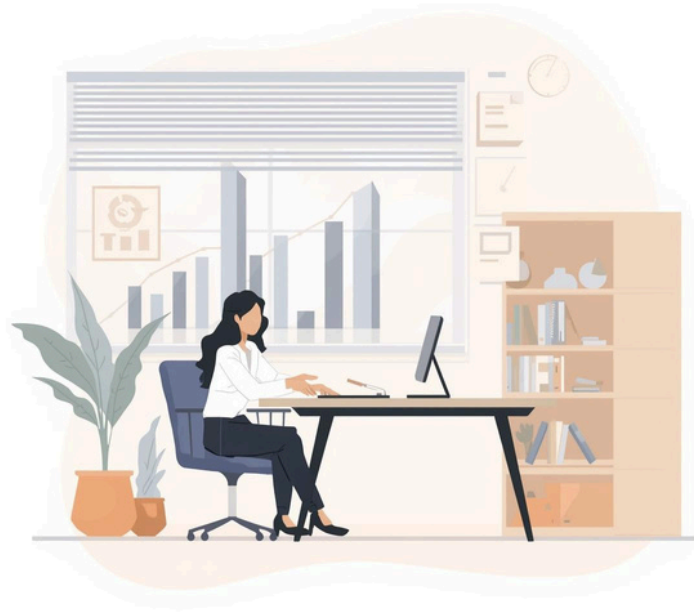
TUESDAY'S TOP TIP

SHARD Business Services

OUR WEEKLY DOSE OF SMART BUSINESS AND FINANCE TOP TIPS



Update Financial Risk Appetite & Tolerances Annually

Why?

Strategic Direction

- Define acceptable levels of financial risk
- Align decisions with organisational priorities

Governance & Consistency

- Ensure consistent approach to decision-making
- Support board-level discussions and oversight

Benefit

Clearly defining financial risk appetite enables leaders and governors to make consistent and informed decisions. It provides a framework for balancing risk and opportunity, particularly when making strategic or high-value decisions.

This strengthens governance by ensuring that decisions align with the organisation's tolerance for risk. It also provides clarity and confidence when evaluating financial options, supporting long-term sustainability and strategic planning.

Useful Resources

- DfE Governance Handbook
- ESFA risk and assurance guidance
- Institute of Risk Management
- CIPFA risk management frameworks

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