

Risk Management Policy and Procedure

Key document details

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Purpose

The purpose of this policy and procedure is to outline The Trust's risk management strategy.

The Trust sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.

"Risk" is used in this policy and procedure to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting: [SEP] operational performance, [SEP] achievement of aims and objectives; or meeting the expectations of stakeholders.

"Major risks" are those risks that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of The Trust.

Scope

This policy and procedure apply to the risk management strategy for The Trust as a whole.

Key Principles

The Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

Rationale

The Academy Trust has a responsibility under charity law to state in its annual accounts 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.

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the Trust's strategic plan.

Policy

The Trust's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Board of Trustees is responsible for making a statement on risk management in the annual accounts of The Trust. In order to be able to make the required statement with reasonable confidence the Trustees should ensure that:

- The identification, assessment and mitigation of risk is linked to the achievement of The Trust's vision and strategic goals as set out in the Development Plan;
- The process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- The process produces a risk exposure profile that reflects the Trustees' views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.

The Board of Trustees is responsible for overseeing the development and implementation of the risk management strategy.

The Trusts Executive Team has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust. The Executive Team will provide an annual review on risk management to the Trust Board

The Executive Team are responsible for ensuring that they take personal responsibility for championing risk assessment and management across The School and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to The Trust Board that: ^[L]_[SEP]

- Risks are correctly evaluated
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating effectively
- Management is properly reporting the status of key risks and controls.

Policy In schools

Each School within the Trust will adopt this policy and the procedures set out. They will use the same format to look at and assess the unique risks that each school faces.

As stated in the Trusts Scheme of delegation the Local Governing Body will establish and monitor the Risk Register at school level and can report back to the Trust Board on any issues they feel need to be reported.

The Head Teacher and Senior Leadership Team are responsible for ensuring that they take personal responsibility for championing risk assessment and management across The School and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Local Governing Body that: ^[L]_[SEP]

- Risks are correctly evaluated
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating

- effectively
- Management is properly reporting the status of key risks and controls.

Procedure

Risk Identification

The process of risk identification will involve both Trustees and the Executive Team.

Consideration will be given to the following factors: [L]
[SEP]

- The vision, beliefs, values and strategic goals; [L]
[SEP]
- The nature and scale of the Trust's activities, both current and planned;
- External factors that may affect the Trust such as legislation and regulation
- The Trust's reputation with its key stakeholders; [L]
[SEP]
- The operating structure, e.g. functions and issues that The Trust may face due to transition to Academy status.

See Appendix 1– Typical Categories of Risk

Assessment

- Discuss and agree that all involved are satisfied with the list of risks;
- Determine the appropriate response to each risk;
- Assess existing controls and determine appropriate action;
- Allocate responsibility for action; and
- Agree future reporting and review procedures.
- Taking each of the risks in turn, discuss and rate them in terms of likelihood e.g. 1 = Exceptional Circumstances to 5=Very Likely and impact, e.g. 1= No Consequence to 5= Major.

A risk matrix (see Appendix 2) will be used to plot each risk.

The assessment of each risk will take into consideration the consequences of each risk the control procedures currently in place to manage the risk. The procedures identified will be assessed to determine whether they are an appropriate mitigation of the risks identified. With this exercise complete, the Trustees will decide what their risk appetite is, (what level of risk they are willing to tolerate).

Action Planning/Risk Register

All identified risks will be recorded in a risk register (see Appendix 3). The actions required to produce an acceptable control system will be identified and documented. Clear responsibilities should be allocated to these actions along with the committee responsible for overseeing the risks

A final version of the register will be circulated to all senior members of the Trust so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

Monitoring and Review

The Trust risk register will be a standing agenda item on for the Finance, Audit and Risk Committee who meet termly. The individual school Risk Register will be a standing item on the Local Governing Board agenda who also meet termly. The committees will review the Risk register with Head Teachers and Senior Leaders to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

Appendix 1 - Typical Risks in an Academy Trust

Corporate/Strategic

- Lack of strategic planning, no link to financial planning
- Reputation
- IT Risks

Governance

- Responsibilities not defined
- Too much/little delegated to Headteacher and Senior Executive Leaders
- Unable to attract Trustees
- Nonattendance at meetings by Trustees

Academic

- Unable to achieve targets
- Staff recruitment and retention

Pupil Support

- Welfare of pupils
- Safety of pupils

Contractual/partnership

- Over-dependency on a relationship, liabilities arising

Financial

- Changes in funding
- Changes in pupil numbers
- Internal control breakdown/Fraud
- Inaccurate financial reporting

IT

- Security risks
- Business continuity
- Obsolescence of current systems

Physical

- Legislation- DDA, fire safety etc.
- Loss, damage or theft of assets

Commercial

- VAT/taxation exposure

Political

- Failure to maximise opportunities

Legal

- Child Protection
- Admissions
- Employment Legislation,
- Data Protection, FOI etc.
- Contracts etc.

Appendix 2 - Risk Management Procedure and Matrix

Guidance on the Definition of Likelihood and Impact

Likelihood

5 Very Likely

There is little doubt that it will happen soon

4 Likely

Strong chance it will happen in the coming years

3 Unlikely

There is a chance this will happen in the coming years

2 Very Unlikely

Not expected to happen in the coming years

1 Exceptional Circumstances

Almost impossible

Impact

5 – Major

Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long-term consequences; extensive coverage in press; major financial loss then threatens existence

4–Significant

Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage

3 – Moderate

Some disruption to operations for 48 hours; short term illness/injuries; some damage to reputation; financial loss than can be managed within budget

2- Minor

Limited short-term disruption to operations; minor injuries/illness; small financial loss **15 –**

1-No Consequences

Not a noticeable effect on the school; no injuries; no damage to reputation

Risk Matrix

LIKELIHOOD	5 Very Likely					
	4 Likely					
	3 Unlikely					
	2 Very Unlikely					
	1 Exceptional Circumstances.					
		1 No Consequences	2 Minor	3 Moderate	4 Significant	5 Major
		IMPACT				

Appendix 3 – Risk Register Template

<p>Risk Register</p> <p>Date of last review;</p>

Specific Risk	Current Control Measures in Place	Likelihood of occurring 1=Low 5=High	Impact 1=Low 5=High	Response (based on current control measures)	Additional Control measures to be put in place	Person Responsible	Date to be actioned