Name of Policy: **RISK MANAGEMENT**

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To be reviewed by: December 2020

Approval Signature: _____
Chair of the Board

Date:

Policy Contents:

Changes to Policy since last review

Relevant Section	Change made	Page Number

Consultation on this Policy

Consultation was conducted with the following groups on the dates below. All comments received were considered and changes incorporated. Future versions will see changes made, outlined in the above section for quick reference.

1. Background

1.1 The Risk Management Strategy aims to ensure that the Trust complies with risk management best practice and with the requirements of the Turnbull guidance and sets out the current processes and responsibilities for risk management.

1.2 The Turnbull guidelines for Corporate Governance were published in 1999; the 'Turnbull Report'. The disclosure requirements under Turnbull can be summarised as:

a) The Trust Board acknowledges responsibility for the system of internal control
b) An ongoing process is in place for identifying, evaluating and managing all significant risks
c) An annual process is in place for reviewing the effectiveness of the system of internal control
d) There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

1.3 In assessing what constitutes a sound system of internal control, the Turnbull report states that consideration should be given to:

a) The nature and extent of the risks facing the organisation
b) The extent and categories of risk which it regards as acceptable
c) The likelihood of the risks concerned materialising
d) The organisation's ability to reduce the incidence and impact of the risks that do materialise

1.4 Risk Management best practice is encapsulated in the Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector.

2 Risk Management definition and objectives

2.1 Risk is the effect of uncertainty on objectives and good risk management allows the Trust to:

a) have increased confidence in achieving its desired outcomes
b) effectively constrain threats to acceptable levels; and
c) take informed decisions about exploring opportunities

2.2 Risk needs to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen. Risk management includes identifying and assessing risks and then responding to them.

2.3 The Trust uses the following risk categories to minimise possibilities of missing risk:

a) Financial
b) Legal/Regulatory
c) People
e) Operational and
f) Strategic

2.4   Risk is unavoidable, however, the Trust needs to manage risk in a way that it can justify to a level that is tolerable. The amount of risk that is judged to be tolerable and justifiable is the risk appetite.

2.5   When responding to risks, each Academy will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises. The Academy will adopt one of the four risk responses outlined below:

2.6
Avoid	Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the Academy and Trust
Transfer	The risk is transferred to a third party, for example through an insurance policy.
Mitigate	The response actions either reduce the likelihood of a risk developing, or limit the impact on the Academy and Trust to acceptable levels.
Accept	We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring.

2.7   Should necessary controls become disproportionate in terms of time, effort and cost, the Board will decide how Academies respond to the risk. This decision will be minuted.

2.8   The objectives for managing risk across the Trust are:

a) To comply with risk management best practice, including the Turnbull guidelines;
b) To ensure risks facing the Trust are identified and appropriately documented;
c) To provide assurance to the Trust Board that risks are being adequately controlled, or identify areas for improvement;
d) To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

3   Risk Management policy and responsibilities

3.1   This policy aims to:

a) Outline the roles and responsibilities for risk management in the Trust
b) Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
c) Build a risk aware culture
d) Inform the Trust's business continuity planning

3.2   Roles and responsibilities - The Trust Board has overall responsibility for risk management. This responsibility includes:

a) Monitoring the performance of risk management processes
b) Ensuring that appropriate controls are in place to manage identified risks
c) Receiving periodic reports
d) Establish risk appetite
e) Oversee the development of a risk culture

3.3   The Trustee (with responsibility for risk management) will prepare and review the risk management plan for the Board annually in September and more frequently if necessary.

This will enable the Trust Board to understand:

a) The risks facing the Trust and each Academy
b) The effectiveness of the risk management processes
c) That the Trust has published a risk management policy covering risk management philosophy and responsibilities

3.4   The Finance & Audit Committee support the Board in discharging its financial risk oversight and obligations. Trust appointed Responsible Officers will review each Academy's risk register.

3.5   Each academy owns and operates controls with respect to day to day risk. Each Headteacher must appoint a risk manager, who will be an existing senior member of staff who will administer and champion risk management in each establishment so that:

a) Individual members of staff are aware of their accountability of individual risks
b) Individuals report promptly to senior management any perceived new risks or failure of existing control measures

3.6   The aim of reporting risk is to provide assurance to the Trustees, Governors, Senior Leadership and Internal Auditors that each Academy is effectively managing its risks and has a robust system of internal controls.

3.7   The reporting mechanism will be each Academy's Risk Register and Risk Management Plan. This will highlight the key risks facing the School, as well as a breakdown for each key strategic aim. The Risk Management Plan will be monitored by Trust Board at each meeting. The Risk Management Plan is automated via the Trust's online Risk Management system. Risk managers are responsible for updating the online system.

3.8   Senior management need to understand the Trust's approach to managing risk; organise their area of responsibility to ensure risk is effectively managed and controlled; ensure adequate resources to deliver risk management; identify, assess, control, escalate and report risk and losses/ near misses; ensure key risks are owned, reviewed and actively managed; ensure risk management behaviours are embedded, adhere to policies

3.9   Line management need to understand how risks are managed and support communication of risks and controls (policies) and risk appetite; identify and report/escalate significant risks/ incidents/losses and policy breaches; ensure team activities are undertaken in a risk aware way and comply with relevant policies and procedures

3.10   Staff members need to familiarise themselves with the Trust's risk policy; understand how risks are managed and know all relevant controls and how they relate to their role; identify and escalate any significant incidents/losses and near misses and policy breaches to their manager; undertake activities in a risk aware way

3.11   The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.

3.12   The structure and organisation of each Academy's risk register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.
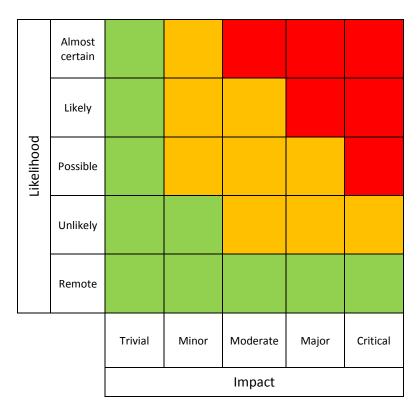
4   **Core Activities**

4.1   The following risk management activities will be undertaken by the Trust

      a) Agree a risk appetite statement which is agreed annually and communicated
      b) Conduct Risk and Control assessments to identify, evaluate and manage risks
      c) Risk management and reporting to ensure prioritised risks are reviewed on a quarterly basis

4.2   Activities to be risk assessed include:

      a) Acquisition, merger or disposal of an Trust owned business
      b) New/existing projects that will significantly change the structure and/or headcount; substantially modify or deploy a new process, system or practice; execute, modify or terminate a key supply arrangement that relates to Trust critical activities; any potential spend over £100,000.

5   **Evaluation of Risks**

5.1   The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation

5.2   The Trust uses a 5x5 matrix, based upon the National Patient Safety Agency's Risk Matrix for Risk Managers, to assess impact and probability as high, medium or low, as illustrated in the diagram below:

Likelihood		Trivial	Minor	Moderate	Major	Critical
	Almost certain	🟩	🟧	🟥	🟥	🟥
	Likely	🟩	🟧	🟧	🟥	🟥
	Possible	🟩	🟧	🟧	🟧	🟥
	Unlikely	🟩	🟩	🟧	🟧	🟧
	Remote	🟩	🟩	🟩	🟩	🟩
				Impact		

5.3   The descriptors for high, medium and low impact and probability can be expanded as follows:

5.4   Impact of risk occurring:

Impact	Description
Critical **(5)**	• The financial impact will be significant [in excess of £150,000] • Has a significant impact on the School's strategy or on teaching and learning • Has significant stakeholder concern
Major **(4)**	• The financial impact will be major [between £100,000 – 150,000] • Has a major impact on the School's strategy or on teaching and learning • Has major stakeholder concern
Moderate **(3)**	• The financial impact will be moderate [between £50,000 and £100,000] • Has no more than a moderate impact on strategy or on teaching and learning • Moderate stakeholder concern
Minor **(2)**	• The financial impact will be minor [between £10,000 and £50,000] • Has no more than a minor impact on strategy or on teaching and learning • Minor stakeholder concern
Trivial **(1)**	• The financial impact is likely to be low [below £10,000] • Has a low impact on strategy or on teaching and learning • Low stakeholder concern

5.5   Probability of risk occurring:

Probability	Description	Indicator
Almost Certain **(5)**	• Will undoubtedly happen/recur each year, possibly frequently	• Greater than 80% chance of it occurring within a one year period
Likely **(4)**	• Will probably happen/recur, but it is not a persisting issue/ circumstances	• between 40% & 80% chance of it occurring within a one year period
Possible **(3)**	• Might happen or recur occasionally	• between 20% & 40% chance of it occurring within a one year period
Unlikely **(2)**	• Do not expect it to happen/recur but it is possible it may do so	• between 10% & 20% chance of it occurring within a one year period
Remote **(1)**	• This will probably never happen/recur	• Less than 10% chance of it occurring within a one year period