Risk Management Policy

Version and Date		Author	Committee Responsible	Review frequency	Approval	Next Review Due
1.0	26.03.2014	Dr J Swaffield	L&M	3 yearly	Approved by the L&M Committee on 29.04.2014	28.04.2017
1.1	.03.2017	Dr J Swaffield	L&M	3 yearly	Approved by the L&M Committee on 16.05.2017	15.05.2020
1.2	31.01.2020	Miss J Evans	F & A	3 yearly	Approved by the Finance & Audit Committee on 10.02.2020	10.02.2023
1.3	15.03.2023	Miss M Duval	FAR Committee	3 Yearly	Approved by the FAR Committee	22.03.2026

Contents

1.1 Background

The Risk Management Policy aims to ensure that the Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Trust.

1.1. The requirements can be summarised as:

- The Trustees acknowledge responsibility for the system of internal control

- An ongoing process is in place for identifying, evaluating and managing all significant risks

- An annual process is in place for reviewing the effectiveness of the system of internal control

- There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

1.2. In assessing what constitutes a sound system of internal control, consideration should be given to:

- The nature and extent of the risks facing the organisation

- The extent and categories of risk which it regards as acceptable

- The likelihood of the risks concerned materialising

- The organisation's ability to reduce the incidence and impact of the risks that do materialise

1.3. 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.

1.2 Risk Management objectives

The objectives for managing risk across the Academy are:

- To comply with risk management best practice;

- To ensure risks facing the Academy are identified and appropriately documented;

- To provide assurance to the Trustees that risks are being adequately controlled, or identify areas for improvement;

- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

1.3 Risk Management strategy

The strategy aims to:

- Outline the roles and responsibilities for risk management.

- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored

- Ensure appropriate levels of awareness throughout the Trust

1.3.1 Roles and responsibilities

The Trust Senior Leadership Team (TSLT) has overall responsibility for managing risk. The Chief Finance Officer has lead responsibility for risk management processes and the Trust-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes

- Ensuring that appropriate controls are in place to manage identified risks

- Preparation of periodic reports to the Finance, Audit and Risk (FAR) Committee

The Risk Register is formally reviewed termly by the Chief Finance Officer. The Risk Register is a standing item on the FAR Committee's agenda, and will monitor the identification and mitigation of risk within the Trust. The FAR Committee's review of the Risk Register forms part of that Committee's report to the Board of Trustees.

1.3.2 Identification of risks

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.

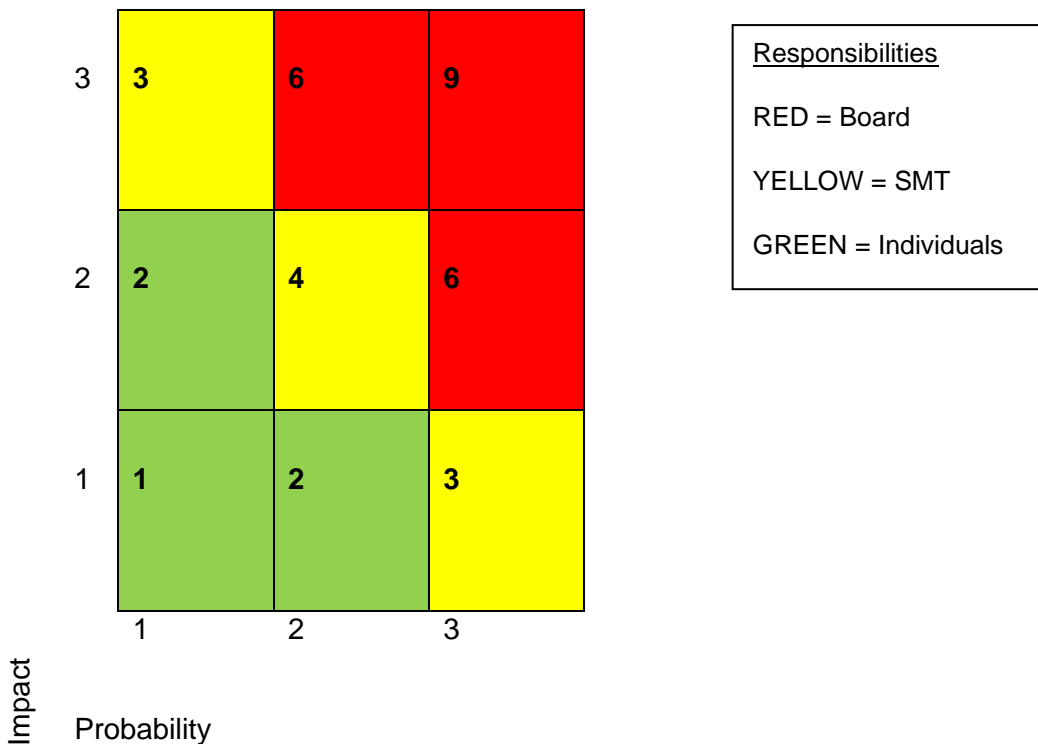Our approach to risk management is linked to six key aims:

- Aspire, Accomplish, Achieve
- Outstanding staff, leadership and management
- Outstanding infrastructure
- Financial strength
- Inspiring and supportive culture
- Strong community and partnerships

The structure and organisation of the Trust's risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

1.3.3 Evaluation of risks

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

The Trust uses a 3x3 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:

		Probability	
3	3	6	9
2	2	4	6
1	1	2	3
	1	2	3

Impact (vertical axis) / Probability (horizontal axis)

Responsibilities

RED = Board

YELLOW = SMT

GREEN = Individuals

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

Impact of risk occurring

Impact	Description
High	The financial impact will be significant [in excess of £50,000]
	Has a significant impact on the Academy's strategy or on teaching and learning. Has significant stakeholder concern
Medium	The financial impact will be moderate [between £25,000 and £49,999]
	Has no more than a moderate impact on strategy or on teaching and learning
	Moderate stakeholder concern
Low	The financial impact is likely to be low [below £24,999]
	Has a low impact on strategy or on teaching and learning.
	Low stakeholder concern

Probability of risk occurring

Probability	Description	Indicator
High	Likely to occur each year, or more than 25% chance of occurrence within the next 12 months	Potential of it occurring several times within a 4-year period. Has occurred recently
Medium	Likely to occur within a 4-year time period or less than 25% chance of occurring within the next 12 months	Could occur more than once within a 4-year period. Some history of occurrence
Low	Not likely to occur within a 4-year time period or less than 5% chance of occurrence	Has not occurred Is not likely to occur

1.3.4 Risk appetite

The term risk appetite describes the Trust's readiness to accept risks and those risks it would seek to reduce. The Trust's risk threshold is the boundary delineated by the red shaded area (represented by scores of 6 and above) in the risk matrix in paragraph 3.3. Above this threshold, the Trust will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

1.3.5 Addressing risks

When responding to risks, the Trust will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises.

The Trust will adopt one of the 4 risk responses outlined below:

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 business
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 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. |

1.4 Risk Reporting and Communication

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

1.4.1 Risk register

The reporting mechanism will be the Trust's Risk Register. This will highlight the key risks facing the Trust, as well as a breakdown for each key strategic aim. The Risk Register will be monitored by the FAR Committee on an termly basis.

Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk will be recorded on the risk register as it occurs. Any new or increased risks identified by Trust SLT, Trustees or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

1.4.2 Communicating Risks

The FAR Committee monitors the risk register each year. The Chief Finance Officer will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the FAR Committee, along with a summary of actions taken.

The Chief Finance Officer will endeavour to raise awareness that risk management is a part of the Trust's culture and seek to ensure that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to senior management any perceived new risks or failure of existing control measures.

1.4.3 Risk review and assessment

The Responsible Officer/Internal Scrutiny Auditor's review provides a annual assessment of the effectiveness of the Trust's management of financial risk.

The Chief Finance Officer will prepare a termly review of risk for the FAR Committee. This will enable the FAR Committee to report to the Board of Trustees on:

- The significant risks facing the Trust
- The effectiveness of the risk management processes
- That the Trust has published a risk management strategy covering risk management philosophy and responsibilities

1.5 Areas for improvement

Any areas identified as being in need of improvement will be discussed and agreed each term at the FAR Committee.