

RISK MANAGEMENT STRATEGY

The Academies Financial Handbook 2018 states but is not limited to:

1.6.1 The Trust **must** have a Chief Financial Officer (CFO), appointed by the Trust's board, who is the Trust's Finance Director, business manager or equivalent, and to whom responsibility for the Trust's detailed financial procedures is delegated. The CFO should play both a technical and leadership role

1.6.2 The Trust's finance staff must be appropriately qualified and/or experienced. Trusts should assess whether the CFO, and others holding key financial posts, should have a business or accountancy qualification and hold membership of a relevant professional body, dependent on the risk, scale and complexity of financial operations. While a formal accountancy qualification may serve as a proxy for the necessary skills and experience required for this role, there is no presumption that there will always be a perfect match. Many CFOs combine financial responsibilities with other support and leadership duties where a formal accountancy qualification may be less relevant. The Institute of School Business Leadership's Professional Standards indicate the main disciplines that the CFO role may cover.

1.6.3 The CFO need not discharge all of their duties personally. The Trust may decide that its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time.

2.6 Risk management

2.6.1 The Trust must manage risks to ensure its effective operation. The Trust should maintain a risk register. The Trust's management of risks must include contingency and business continuity planning.

2.6.2 The Trust must have adequate insurance cover in compliance with its legal obligations or be a member of the academies risk protection arrangement (RPA). Not all risks are covered in the RPA.

2.6.3 The Trust should consider the RPA unless commercial insurance provides better value for money. If the Trust is not a member of the RPA, it should determine its own level of commercial insurance cover to include buildings and contents, business continuity, employers' and public liability insurance and any other cover required.

2.6.4 The Trust must cooperate with risk management auditors and risk managers, and implement reasonable risk management audit recommendations made to them.

2.9 Internal scrutiny

The Trust must have a process for checking its financial systems, controls, transactions and risks.

Audit committees

2.9.1 The Trust must establish a committee, appointed by the board of Trustees, to provide assurance to the board over the suitability of, and compliance with, its financial systems and operational controls, and to ensure that risks are being adequately identified and managed.

2.9.2 Trusts with an annual income over £50 million must have a dedicated audit committee. Other Trusts can either establish a dedicated audit committee or include the functions of an audit committee within another committee.

2.9.3 Employees should not be members of an audit committee but the accounting officer and

other relevant staff should routinely attend to provide information and participate in discussions. Where the Trust operates a combined finance and audit committee, employees may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions.

2.9.4 The committee must agree a programme of work to provide its assurance on financial controls and risks. In MATs, the audit committee's oversight must extend to the financial controls and risks at constituent academies.

2.9.5 Oversight must ensure that information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims completed by the Trust and (in the case of MATs) by constituent academies, is accurate and in compliance with funding criteria.

Delivering assurance through independent challenge (internal audit)

2.9.6 The Trust should manage this programme of risk review and checking of controls in the way most appropriate to their circumstances. Options include:

- the appointment of an internal audit service (either in-house, bought-in or provided by a sponsor)
- a supplementary programme of work by the external auditor
- the appointment of a non-employed Trustee with an appropriate level of qualifications and/or experience to check the Trust's internal controls, who neither charges nor is paid by the Trust for their work
- a peer review, with the work being performed by the chief financial officer, or a suitably qualified or experienced member of the finance team, from another Trust

2.9.7 The Trust may combine the above options. The Trust must confirm in its governance statement, accompanying its annual accounts, which of the options it has applied and why. The outcome of the work should also inform the accounting officer's statement of regularity in the annual accounts.

2.9.8 The findings from the above programme of work must be made available to all Trustees promptly. The Trust must also provide ESFA, on request, with the findings.

2.9.9 The requirements in section 2.9 apply to all Trusts.

1. Introduction

What is Risk Management?

- 1.1 Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.
- 1.2 Risk management is about taking a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the assets or financial and organisational well-being of the Trust. It is a means of minimising the costs and disruption to the Trust caused by undesired events. The aim is to reduce the frequency of risk events occurring, wherever possible, and minimise the severity of their consequences if they do occur.
- 1.3 Risk management covers the whole spectrum of risks and not just those associated with finance, health and safety and insurance. It also includes risks associated with, public image reputation, projects, partnership working, the environment, technology, breach of confidentiality, etc.

- 1.4 Risk management is not about being risk averse, it is about being risk aware. Risk is ever present and some amount of risk-taking is inevitable if the Trust is to achieve its objectives.
- 1.5 Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being 'risk aware' the Trust is in a better position to avoid threats and take advantage of opportunities.
- 1.6 Risk management is an essential component in all organisations. The Trust also has a statutory responsibility to have in place arrangements for managing risks, as stated in the following legislation :

- School Standards & Framework Act 1998

"A School shall be responsible for ensuring that its financial management is adequate and effective and that the School has a sound system of internal control which facilitates the effective exercise of that School's functions and which includes arrangements for the management of risk."

- The Health and Safety at Work etc. Act 1974

In addition to placing duties of a general character on employers, manufacturers, employees and the self-employed and others, the Act provides a wide regulation-making power. Part I provides for securing the health, safety and welfare of people at work: protecting other people against risks to health or safety arising from the activity of people at work

Employers must safeguard so far as is reasonably practicable, the health, safety and welfare of people who work for them.

Employers must, so far as reasonably practicable, have regard for the health and safety of self-employed or contractors' employees who may be working close to their own employees; and also for the health and safety of the public who may be affected by their firm's activities

Employers must, so far as reasonably practicable, conduct their activities so as to ensure that people other than their employees, for example, pupils or members of the public, are not exposed to risks to health and safety.

Employees have a duty under the Act to take reasonable care to avoid injury to themselves or to others by their work activities, and to co-operate with employers and others in meeting the statutory requirements.

- Civil Contingencies Act 2004

"The act places a Risk Assessment duty on Category 1 Responders, Local Authorities. The purpose of the duty is to ensure that they have an accurate and shared understanding of the risks they face so that planning has a sound foundation and is proportionate to the risks"

"To enable them to provide an accessible overview of the emergency planning and business continuity planning context for the public and officials"

1.7 The Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Trust as a whole, e.g.

- Improved strategic management

- Greater ability to deliver against objectives and targets
- Improved operational management
- Reduction in interruptions to service delivery
- Reduction in managerial time spent dealing with the consequences of a risk event having occurred
- Improved health and safety of employees, pupils, and visitors to the Trust.
- Improved financial management
- Better informed financial decision-making
- Enhanced financial control
- Reduction in the financial costs associated with losses due to service interruption, litigation, damage, theft or fraud.
- Reduction in insurance premiums.
- Improved customer service.
- Minimal service disruption to customers and a positive external image as a result of all of the above.

2. The Trust's Risk Management Aims and Objectives

2.1 The aims of risk management are to:

- Contribute to attainment of the Trust vision.
- Protect service delivery and its quality.
- Protect the reputation and image of the Trust.
- Secure the Trust's assets.
- Secure the earning capacity and funding of the Trust.
- Secure the well-being of employees, pupils, visitors and other users of services.
- Ensure the integrity and resilience of Trust information systems.
- Ensure probity and sound ethical conduct.
- Avoid criminal prosecution or civil litigation.
- Avoid financial loss through fraud or corruption.

2.2 The objectives of the Multi Academy's risk management strategy are to:-

- Integrate risk management into the day to day workings of the Trust and all of its services, activities and functions.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Prevent injury, damage and losses and reduce the cost of risk.
- Raise awareness of the need for risk management by all those involved with the delivery of Trust services, activities and functions.

2.3 These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Trust for risk management.
- Providing opportunities for shared learning on risk management across the Trust.
- Reinforcing the importance of effective risk management as part of the everyday work of employees through training and briefings.
- Incorporating risk management into key corporate activities e.g. joint/partnership working involving other Schools, relevant local authorities and other organisations, the School improvement planning process, project management, procurement, equalities, etc.
- Pro-actively monitoring progress in delivering the strategy and reviewing the risk management arrangements on an on-going basis.

3. Roles and Responsibilities

- 3.1 In determining roles and responsibilities, consideration has been given to the need to ensure that risk management is embedded into policy approval (Strategic) and into service delivery (Operational).
- 3.2 The table below outlines the key roles within the 'Risk Management Framework':

Trustees	To oversee and monitor the effective on the whole Trust of risk.
Chief Financial officer	To champion and provide a direct link between Trustees and the Audit Committee on all significant matters relating to the management of risk. To ensure that the Trust manages risk effectively through the development of a comprehensive 'Risk Management Strategy'
Local Business Manager	To champion an individual Academy approach to risk management and act as a conduit between the various Sections of the 'Risk Management Framework' within the Trust.
Faculty Heads/Business Support Managers	To ensure that risk is managed effectively within their Section/business support area in accordance with the agreed strategy and that all operational risks within their Section/business support areas are properly assessed and monitored and that any identified actions contained in 'Risk Reduction Action Plans' that relate to their Section/business support area are properly implemented
Audit Committee	To ensure that the strategic actions & processes identified within the risk management strategy are effectively implemented and embedded
Section Managers	To identify and manage risks effectively in their particular sections
Employees	To identify and manage risk effectively in their job

- 3.3 The detailed responsibilities associated with the roles in the table above are given at Appendix 1.
- 3.4 An Audit Committee is to be established for the Trust to ensure that the strategic actions & processes identified within the risk management strategy are implemented at an operational level and comprises of the following core representatives, or their nominated deputies:
- Chief Financial Officer
 - Chair of the Trustees
 - Two Other Trustees nominated.

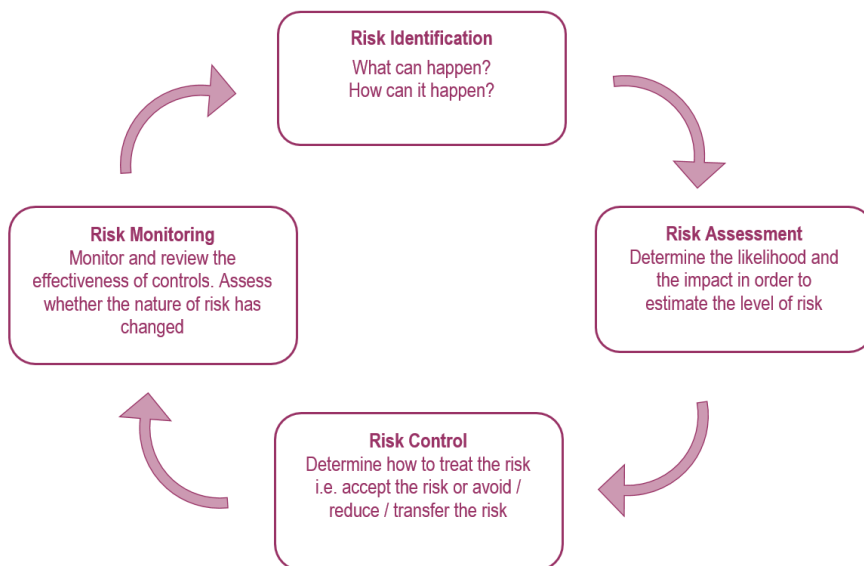
The Local Academy Audit Committee to include the above plus:

- Head Teachers
 - Local Governor Body Chair Of Governors
 - Chair of Finance
 - Others as and when required to discuss and address specific risk issues
- 3.5 The Audit Committee responsibilities include:
- Identifying areas of overlapping risk
 - Sharing good practice on all aspects of risk management
 - Feeding into strategy development and review process
 - Implement & update the Strategy Implementation Plan
 - Prepare Risk Management Monitoring Reports for the Leadership Team and Finance and Premises Committee
 - Produce 'Risk Reduction Action Plans' as required to address those risks with a 'Risk

Rating' of 10 or more.

4. Arrangements for Managing Risks

- 4.1 To manage risks effectively, they need to be systematically identified, analysed, controlled and monitored. The 4 stages in the risk management cycle are illustrated in the diagram below:



- 4.2 The risk management methodology and associated document templates to be employed within the Trust are shown at Appendix 2.
- 4.3 The same hazards and risks may face one or more faculty/service within the Trust e.g. vandalism and security. Formal whole Trust working through the Audit Committee will help to identify and manage these overlapping risks.

5. Monitoring Arrangements

- 5.1 Processes and controls for managing risks will be monitored and reported on so that losses are minimised and intended actions are achieved. Reporting upwards is necessary on the whole spectrum of risks in the risk profile – not just on those being controlled. This ensures there is a mechanism for monitoring the level / types of risks that the Leadership Team, Section Leaders and Section Managers are proposing to tolerate.
- 5.2 A 'Strategic Risk Register' for each Academy will be maintained with input from the Finance Committee, Leadership Team, Section Leaders and Section Managers to record all risks.
- Where necessary 'Risk Reduction Action Plans' will be produced by the Audit Committee on a termly basis for monitoring by the Leadership Team and Finance Committee.
 - The Audit Committee will immediately report on high priority strategic risks that are causing concern.
 - Each term the Audit Committee will produce 'Risk Management Monitoring Reports' together with details of any high priority risks that have been identified during the period or remain unresolved from an earlier period, for consideration by the Leadership Team and Finance Committee.
- 5.3 The Audit Committee will carry out an annual review of the Trust's risk management arrangements to provide independent assurance as to their effectiveness.

- 5.4 The school, with assistance if required, from the CFO, will undertake a regular, termly, risk audit, to verify the existence of up to date risk assessment documentation within each faculty/service area and that any specific faculty/service responsibilities identified within strategic risk management action plans have been properly implemented.

6. Training & Communication Arrangements To Support Implementation Of The Strategy

- 6.1 Training in the risk management methodology and techniques will be provided to those employees and Trustees with direct responsibility for / involvement in driving the risk management process i.e. representatives from:
- Audit Committee
 - Finance Committee
 - Leadership Team
 - Section Leaders
 - Business Support Managers
- 6.2 General risk awareness sessions will be provided for relevant employees.
- 6.3 Bulletins on risk management will be provided on SIMS, through the staff briefing process, the weekly student bulletin and/or the internal email system, as appropriate.

7. Funding Of Risk Management

- 7.1 Initially funding of risk management will be from within existing budgets. If specific budgets become necessary, approval will be sought from the local Academy Finance Committee through the budget process or through the Head Masters/CEO use of delegated powers in urgent situations.
- 7.2 All bids for additional funding prepared as part of the budget process shall include an assessment of risk using the specified methodology.

8. Action Planning and Review of Risk Management Strategy

- 8.1 To ensure that risk management is embedded within the day to day workings of the Trust a 'Strategy Implementation Plan' has been developed to guide this work. This is included at Appendix 3.
- 8.2 In recognition of the dynamic nature of risk management, this strategy will also be reviewed every two years to ensure its continuing relevance to prevailing Trust structures and activities.

9. Conclusion

- 9.1 Risk management is critical to the effective overall management of the Trust.
- 9.2 In addition to offering cost savings, risk management can reduce service disruption and enhance the experience of stakeholders dealing with the Trust. It can also help minimise the exposure of the Trust to negative publicity and costly litigation. Risk management can also be used to identify positive risks that help encourage innovation, on the basis that risks are reduced to acceptable levels, e.g. collaborative working with other schools and obtaining external funding for additional services and activities.
- 9.3 Many of the skills and resources needed to manage risk effectively already exist in the Trust. This strategy offers a more structured approach to risk management.

Appendix 1

Roles & Responsibilities within the Risk Management Framework

1. Management Arrangements
 - 1.1 Definitions for and examples of strategic risks are provided in Appendix 2.4
 - 1.1.2 Each Section Leader will be responsible for managing the risks faced by their faculty/service.
 - 1.1.3 Risk assessments will be a key element of the curriculum/service planning process.
 - 1.2 The Audit Committee will ensure that the strategic actions & processes identified within the risk management strategy are fully implemented operationally by Section Leaders.
2. **Identifying Risks in the Decision Making Process**
 - 2.1 In all of its decisions, the Trust should be able to demonstrate that it took reasonable steps to consider the risks involved in a decision. Risks must therefore be addressed within reports to Trustees and the Leadership Team. For major new projects and partnership working, the specific risks should also be identified and shared with other relevant and interested partners.
 - 2.2 In considering risk, a balance must be struck between efficient decision making and the consideration of risk. All reports requiring 'key decisions' from the Board of Trustees, including new and amended policies, procedures and strategies, should include a section to demonstrate that risks have been assessed and addressed.
3. **Risk Evaluation Responsibilities**
 - 3.1 The Audit Committee will ensure that effective risk management is in place in all Section areas. All employees should be made aware of their responsibilities in managing risks and contributing to the Trust's overall strategies. Where specific procedures are in place to manage risk, these should be clearly communicated to all relevant employees by the Section Leaders or their nominated deputy.
 - 3.1.2 The roles and responsibilities of individual employees are shown in Appendix 1.1
 - 3.3 Risk Assessments will be reviewed by Section Leaders at least annually for existing activities / operations and at the planning stage in respect of new initiatives, partnerships and projects. More frequent assessments shall be required if unanticipated events or incidents occur, e.g. delays in delivering a project or an accident resulting in injury. The Strategic Risk Register should be updated by the Audit Committee to clearly indicate ongoing actions and review even if previous assessments and outcomes remain unchanged.

Appendix 1.1 Roles and Responsibilities within the Risk Management Framework

Group/Individual	Role	Responsibilities
Trustees	<ul style="list-style-type: none"> To oversee and monitor the effective whole Trust management of risk through the Audit Committee. 	<ul style="list-style-type: none"> To gain an understanding of risk management and its benefits To require the Local Governing Body to develop and implement an all-encompassing strategic approach to risk management To approve the risk management strategy Receive regular update reports from the Audit Committee and consider any strategic recommendations arising from issues raised To consider risk reduction measures that have additional budgetary implications To undertake an 'Annual Risk Audit' to ensure compliance with the requirements of the strategy
Chief Financial Officer	To ensure that the Trust manages risk effectively through the implementation and development of a comprehensive strategy	<ul style="list-style-type: none"> To gain an understanding of risk management and its benefits To develop the risk management strategy To monitor and review the effectiveness of the risk management strategy To agree any inputs and resources required to support the work corporately To identify and ensure that risk assessments are undertaken to reflect the requirements of the Civil Contingencies Act 2004
Local Business managers	To champion a whole school approach to risk management and act as a conduit between the various Sections of the 'Risk Management Framework'	<ul style="list-style-type: none"> To be the professional adviser at the Audit Committee To compile the risk management strategy on behalf of the Leadership Team To promote, support and lead on the implementation of risk management within the school.

Group/Individual	Role	Responsibilities
Faculty Heads/ H&S Manager/ Co-ordinators & Section Leaders	To ensure that risk is managed effectively within their Section in accordance with the agreed strategy	<ul style="list-style-type: none"> • To feed into the development of the risk management strategy from a Section/service specific perspective through the Audit Committee as necessary • Ensure that all operational risks within their faculty/service areas are properly identified, assessed and monitored and that any identified actions contained in 'Risk Reduction Action Plans' that relate to their Section/service area are effectively implemented • To undertake investigations into incidents, near misses and accidents including management action to minimise the risk of future recurrence and to record details of such incidents, etc. on the 'Well Worker' Online Accident & Incident Reporting System • To identify, manage, implement and monitor control measures for any risks that are Section specific which have not been explicitly addressed in the 'Strategic Risk Register' • To promote risk management and ensure that the strategy is implemented effectively across their Section. • To liaise as appropriate with external agencies in identifying and managing risk • To disseminate the detail of the strategy and allocate responsibilities for implementation to Section Managers and Employees • To establish the training requirements of Section Managers and Employees with regard to strategy implementation & deliver appropriate training programs • To work with the Business Manager in assessing the Schools insurance requirements

Group/Individual	Role	Responsibilities
Audit committee	To ensure that the strategic actions & processes identified within the risk management strategy are fully implemented operationally by Section Leaders	<ul style="list-style-type: none"> • To identify areas of overlapping risk. • Implement the Strategy Implementation Plan. • Produce 'Risk Reduction Action Plans' as required to address those risks with a 'Risk Rating' of 8 or more. • To share good practice on all aspects of risk management. • To assist the Leadership Team in the preparation, ongoing development and review of the Trust risk management strategy. • To encourage and promote the reduction of risks within the Trust's services, activities and functions for the benefit of all Trust stakeholders. • To identify any dedicated inputs and resources required to support the integration of risk management into the work of the Trust. • To prepare, monitor and review the Trust's Strategic Risk Register. • To identify and communicate risk management issues to Sections including the development of internal standards and procedures, documentation and reporting arrangements for the management of risk. • To assist Sections in undertaking risk management activity through training and/or direct support. • To liaise as appropriate with external agencies in identifying and managing risk. • To review the findings of any investigations into incidents, near misses and accidents including management action to minimise the risk of future recurrence. • To report on risk management issues and prepare 'Risk Management Monitoring Reports' to the Leadership Team and Finance Committee as appropriate.

Group/Individual	Role	Responsibilities
		<ul style="list-style-type: none"> To review claims history so as to provide information to assist in negotiating Trust insurance cover in liaison with the Chief Financial Officer.
Business Support Managers	To assist Section Leaders in the identification of operational risks and to manage such risks effectively in their particular sections	<ul style="list-style-type: none"> To feed into the development of the risk management strategy from a Business Support Manager perspective through Section Leaders as necessary. Ensure that all operational risks within their particular sections are properly identified, assessed and monitored and that any identified actions contained in 'Risk Reduction Action Plans' that relate to their particular section are properly implemented. To undertake investigations into incidents, near misses and accidents including management action to minimise the risk of future recurrence and to record details of such incidents, etc. on the 'Well Worker' Online Accident & Incident Reporting System as required by Section Leaders. To identify, manage, implement and monitor control measures for any risks that their particular section which have not been explicitly addressed in the Strategic Risk Register. To promote risk management and ensure that the strategy is implemented effectively across their section. To liaise as appropriate with external agencies in identifying and managing risk as required by Section Leader. To liaise as appropriate with external agencies in identifying and managing risk. To disseminate the detail of the strategy and allocate responsibilities for implementation to employees.

Business Support Managers	To assist Section Leaders in the identification of operational risks and to manage such risks effectively in their particular sections	<ul style="list-style-type: none"> To establish the training requirements of Employees with regard to strategy implementation & deliver appropriate training programs. To assist Section Leaders in assessing the any specific insurance requirements.
Employees	To manage risk effectively in their job and act as 'eyes and ears' in terms of hazard identification & reporting defects	<ul style="list-style-type: none"> To liaise with their line manager to asses areas of risk in their job. To identify new or changing risks in their job and feed these back to their Section Manager. To undertake their job within the risk management guidelines set down for them by their Section Manager To ensure that the skills and knowledge passed to them are used effectively To attend any risk management relating training as required To liaise as appropriate with external agencies in identifying and managing risk Ensure that all hazards, incidents, near misses and accidents are reported to Section Managers

Appendix 2

Risk Management Methodology

Introduction



It is important to recognise that the 4 stages of risk management are part of a cycle. Risk management is dynamic and so the identification phase needs to be carried out continuously.

The process must include an audit trail, therefore following records must be maintained:

- For Risk Assessment – Risk Assessment Forms
- For Risk Control – Risk Reduction Action Plans
- For Risk Monitoring – Risk Registers

1. Risk Identification/ Review

- 1.1 The first step in the process is to analyse the various elements of the function, activity or service and identify the risks that can affect the achievement of the objectives for that function, activity or service. Appendix 2.4 lists the main categories of risks that need to be considered.
- 1.2 The categories of risk will be reviewed periodically and should be used to assist in identifying and categorising a broad range of risks facing the Trust.

2. Risk Assessment

- 2.1 Once risks have been identified they need to be assessed systematically and accurately. The process requires Risk Owners to assess the level of risk by considering:
- The probability of an event occurring - “likelihood”; and
 - The potential severity of the consequences should such an event occur, impact.
- 2.2 Risk Owners will assess each element of the judgement and determine the score in accordance with the following tables. The scores set out in the tables indicate the Trust’s attitude to risk and it is vital that the indicative guidelines are used to ensure that a consistent approach to assessing risk is used throughout the Trust.

Likelihood

Score	Description	Indicative Guidelines
5	Common occurrence	<ul style="list-style-type: none"> • Is expected to occur in most circumstances • Will undoubtedly happen, possibly frequently • Imminent / near miss
4	Likely	<ul style="list-style-type: none"> • Will probably occur in many circumstances • Will probably happen, but not a persistent issue • Has happened in the past
3	Foreseeable	<ul style="list-style-type: none"> • Could occur in certain circumstances • May happen occasionally • Has happened elsewhere
2	Occasional incident	<ul style="list-style-type: none"> • May occur only in exceptional circumstances • Not expected to happen, but is possible • Not known in this activity
1	Freak event	<ul style="list-style-type: none"> • Is never likely to occur • Very unlikely this will ever happen • Force majeure

In considering timescales, regard should be given to the practices, procedures and equipment utilised within the Schools to minimise risks when assessing the likelihood of a risk occurring, e.g. Employees in Schools have been assaulted from time to time and in a few exceptional cases have been killed. This does not automatically require a score of 3 or more because “it has happened elsewhere”.

In considering an appropriate score the procedures, practices and equipment currently in place

should be accounted for, e.g. security glazing on counters to protect reception staff, lone worker procedures, mobile phones, etc.

Impact

Score	Description	Indicative Guidelines
5	Catastrophic	<p>Risks which can have a catastrophic effect on the operation of the Trust or particular Faculties/Service areas. This may result in critical financial loss, severe service disruption or a severe impact on the public. E.g.</p> <ul style="list-style-type: none"> • Unable to function without aid of Government or other external Agency • Inability to fulfill obligations; • Medium - Long term damage to service capability • Severe financial loss – supplementary estimate needed which will have a catastrophic impact on the Trust's budget plan and resources are unlikely to be available • Death • Adverse national publicity - highly damaging, severe loss of public confidence • Litigation certain and difficult to defend • Breaches of law punishable by imprisonment
4	Severe	<p>Risks which can have a severe effect on the operation of the Trust or particular Faculties/Service areas. This may result in major financial loss, major service disruption or a significant impact on the public. E.g.</p> <ul style="list-style-type: none"> • Significant impact on service objectives • Short - Medium term impairment to service capability • Major financial loss - supplementary estimate needed which will have a major impact on the Trust's financial plan • Extensive injuries, major permanent harm, long term sick • Major adverse local publicity, major loss of confidence • Litigation likely and may be difficult to defend • Breaches of law punishable by fines or possible imprisonment
3	Moderate	<p>Risks which have a noticeable effect on the Trust or particular Faculties/Service areas. Each one will cause a degree of disruption to service provision and impinge on the budget. E.g.</p> <ul style="list-style-type: none"> • Service objectives partially achievable • Short term disruption to service capability • Significant financial loss - supplementary estimate needed which will have an impact on the School's financial plan • Medical treatment required, semi-permanent harm, short term sick • Some adverse publicity, needs careful public relations • High potential for complaint, litigation possible • Breaches of law punishable by fines only
2	Minor	<p>Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences they will have a negligible effect on the Trust or particular Faculties/Service areas. However, if action is not taken, then such risks may have a more significant cumulative effect. E.g.</p> <ul style="list-style-type: none"> • Minor impact on service objectives • No significant disruption to service capability • Moderate financial loss – can be accommodated at service level • First aid treatment, no permanent harm • Some public embarrassment, no damage to reputation • May result in complaints / litigation • Breaches of regulations/standards

1	Negligible	<p>Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences they will have a negligible effect on the Trust or particular Faculties/Service areas. However, if action is not taken, then such risks may have a more significant cumulative effect. E.g.</p> <ul style="list-style-type: none"> • Minimal impact, no service disruption • Negligible impact on service capability • Minimal loss - can be accommodated at service level • No obvious harm/injury • Unlikely to cause any adverse publicity, internal only • Breaches of local procedures/standards
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2.2 The risk ratings for each part of the assessment are then combined to give an overall ranking for each risk. The ratings can then be plotted onto the risk matrix, see below, which assists in determining the risk priority.

Risk	Impact				
Likelihood	Negligible (1)	Minor (2)	Moderate (3)	Severe (4)	Catastrophic (5)
Common occurrence (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Foreseeable (3)	3	6	9	12	15
Occasional incident (2)	2	4	6	8	10
Freak event (1)	1	2	3	4	5
Key to Risk Management Action Level	Tolerable		Low Priority	Medium Priority	High Priority

Risk Control

- 3.1 Having identified and analysed the risks, it is necessary to decide what to do and who will do it. Priority will be given to the highest risks, i.e. those:-
- That most threaten key areas of service provision; and/or
 - Where the existing controls are weakest.
- 3.2 In some instances, i.e. for low-scoring risks it may be acceptable to do nothing and “accept” the risk. However, the situation will need to be monitored to ensure that such risks do not run out of control.
- 3.3 Where it is not deemed appropriate to accept the risk, the risk will need to be controlled. Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. There are 3 main options for controlling risk - avoidance, reduction and risk transfer.
- 3.4 **Risk avoidance** involves the Trust opting not to undertake a current or proposed activity because it is considered to be too risky.
- 3.5 **Risk reduction** is dependent on implementing projects or procedures which will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur.
- 3.6 **Risk transfer** involves transferring liability for the consequences of an event to another body. This may be done in two ways:-
- (i) Legal liability may be transferred to an alternative provider under contractual arrangements for services delivery; or
 - (ii) The costs associated with a damaging event may be reduced by transferring some or all of the financial risk to external insurance companies.
- 3.7 Most risks can be managed – either by minimising the likelihood of the risk occurring and / or reducing the severity of the consequences should the risk occur. Relatively few risks have to be avoided or transferred.
- 3.8 Risk owners must judge which courses of control action are the most appropriate to address each of the risks they have identified, taking advice from the Audit Committee where appropriate.
- 3.9 The cost/benefit of each control action must be assessed. The benefits will not always be solely financial. Risk owners need to use their own professional knowledge and experience to judge whether the financial cost of risk control is justified in terms of non-financial benefit to the Trust. On occasions, risk owners may conclude that the cost of the control action may outweigh the benefits which will accrue to the Trust as a result of the action being taken. In such instances, all or an element of the risk is retained and risk owners should ensure that this is managed effectively by periodic testing of practices, procedures and equipment. However, no statute should be breached when making this decision.
- 3.10 The Audit Committee will produce a ‘Risk Reduction Action Plan’ for all risks with an **initial risk score of 10 or more**, which identifies the risks, the control actions, the person responsible and timescales.

Risk Monitoring

- 4.1 To complete the risk management cycle, there must be monitoring and review of:-
- The implementation of the agreed risk reduction action plan;

- The effectiveness of the action in controlling the risk; and
- How the risk has changed over time.

4.2 The Audit Committee will monitor the implementation of risk reduction action plans to ensure that responsibilities, deadlines and costs do not slip. Updates of the Risk Register must identify work that has been completed towards the achievement of action plans or reasons given for any slippage, together with any remedial action that is proposed.

Appendix 2.2

Risk Assessment Form										Ref. No.	
				Risk Category - Physical			Date:		00/00/00		
Risk Threat to achievement of business objective	Scope/potential consequences of risk	Existing control measures in place Working?	Effective? Y or N	Assessment of Risk (Impact x Likelihood) with current controls in place			Additional Risk Control Measures that could be introduced	Indicative Costs £	Assessment of Residual Risk (Impact x Likelihood) With additional control measures		
				Impact	Likelihood	Risk Score			Impact	Likelihood	Residual Risk Score

Action (delete as appropriate)	Is the risk tolerable?	If No, Prepare Risk Reduction Action Plan	Or	Refer to Audit Committee	Completed by :
	Yes/No				

APPENDIX 2.2

RISK REDUCTION ACTION PLAN

Risk Description:		Reference No:
Risk Owner:		
Date:		
Current Controls and Adequacy: Key Enablers		
Essential Staff:		
Accommodation:		
Equipment/Systems:		
Support Services (internal/external):		
Existing Risk Score Impact () x Likelihood ()		
Additional measures proposed to improve management of risk	Responsible Person	Target date for Completion
Outline of any critical resource issues e.g. supplementary estimate		
Revised Risk Score: Impact () x Likelihood ()		
Is Residual Score within risk tolerance? (delete as appropriate)		YES/NO
Additional measures introduced and implemented satisfactorily.		Date:
Signed.....		

Appendix 2.3

Strategic Risk Assessment									
Risk Owner	Brief Description of Risk	Assessment of Risk with Current Controls in place			Assessment of Risk Control Measures to be introduced			Date for completion of Action Plan	Actual Completion Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Residual Risk Score		

Appendix 2.4

Categories of Risk

The Trust has defined the following risk categories. They will be reviewed periodically and provide a framework for identifying and categorising a broad range of risks. The categories may overlap and cannot be considered in isolation.

Strategic Risks	
Those risks that may be potentially damaging to the achievement of the Trust objectives.	
Political	
Associated with the Trust's failure to deliver either local or central government education policies or associated strategies. Examples:-	
<ul style="list-style-type: none"> Focus on the wrong strategic priorities Not meeting the Government's education agenda Key decisions based on incomplete or faulty information Intervention in the management of the Trust by government/agencies 	<ul style="list-style-type: none"> Too slow to innovate/modernise Unfulfilled promises to parents and other stakeholders Trust planning oversights/errors
Economic	
Affecting the ability of the Trust to meet its financial commitments. These include internal budgetary pressures, inadequate insurance cover, external macro level economic changes (i.e. interest rates, inflation etc.), or the consequences of proposed investment decisions. Examples:	
<ul style="list-style-type: none"> Local, regional and national economic conditions High cost of capital Failure of major project(s) The competitiveness of the Trust (in terms of cost or quality) and / or its ability to deliver Best Value. 	<ul style="list-style-type: none"> Failure to prioritise & allocate appropriate budgets and monitor effectively Missed business and service opportunities Inefficient/ineffective processing of financial documents Failure of bids for government and other external grant funding
Social	
Relating to the effects of changes in demographic, residential or socio-economic trends on the Trust's ability to deliver its objectives. Examples:-	
<ul style="list-style-type: none"> Failing to meet the needs of disadvantaged pupils Impact of demographic change 	<ul style="list-style-type: none"> Crime and disorder Failure to address DDA & Equalities issues / requirements

Technological	
Associated with the capacity of the Trust to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Trust's ability to deliver its objectives. Examples:-	
<ul style="list-style-type: none"> • Obsolescence of technology • Hacking or corruption of data • Failure of big technology-related project • Crash of IT systems affecting service delivery 	<ul style="list-style-type: none"> • Breach of confidentiality • Failure in communications • Breach of security of networks and data • Bad management of intranets and web sites
Legislative	
Associated with current or potential changes in national or European law. Examples:-	
<ul style="list-style-type: none"> • Failure to take account of or inadequate response to new legislation • Breaches leading to intervention by regulatory bodies and inspectorates • Not meeting statutory duties/deadlines • Failure to comply with European directives on procurement of works, supplies and services 	<ul style="list-style-type: none"> • Judicial review • Human Rights Act breaches • Breach of confidentiality/Data Protection Act • Failure to implement legislative change • Non-compliance with health & safety legislation
Environmental	
Relating to the environmental consequences of progressing the Trust's strategic objectives (e.g. in term of energy, efficiency, pollution, recycling, landfill requirements, emissions, etc.). Examples:-	
<ul style="list-style-type: none"> • Failure to have adequate Trust environmental policies • Impact of the Trust's activities upon Climate Change reduction strategies 	<ul style="list-style-type: none"> • Impact upon local planning and transportation policies • Noise, contamination and pollution
Stakeholders	
Associated with failure to meet the current and changing needs and expectations of pupils, parents, customers or partners	
<ul style="list-style-type: none"> • Complaints / Ombudsman investigations • Lack of appropriate consultation 	<ul style="list-style-type: none"> • Bad public and media relations • Failures in partnership working
Human Resources	
Associated with the particular nature of each profession employed within School.	
<ul style="list-style-type: none"> • Failure to recruit/retain qualified staff • Lack of training and development • Over reliance on certain key individuals • Inefficient/ineffective management processes • HR Systems and management data not up-to-date 	<ul style="list-style-type: none"> • Inability to embrace and implement change • Lack of employee motivation/efficiency • Poor levels of sickness absence affecting delivery of the Trust's objectives • Stress in the Workplace • Ineffective forecasting of future staffing levels
Physical	

Related to fire, security, accident prevention and health and safety (e.g. hazards / risks associated with buildings, vehicles, plant and equipment, etc.)	
<ul style="list-style-type: none"> Attacks against the person Vandalism and damage 	<ul style="list-style-type: none"> Non-compliance with health and safety legislation Theft or loss of physical assets
Contractual	
Associated with the failure of contractors to deliver services or products to the agreed cost and specification.	
<ul style="list-style-type: none"> Over reliance on key suppliers/contractors Failure of outsourced provider to deliver Project related risks (for projects costing over £10,000 in value or lasting for 3 months or longer in duration) 	<ul style="list-style-type: none"> Quality issues Non-compliance with procurement policies

NB The above are examples of risks. The categories are not intended to be prescriptive and may overlap.

Appendix 3

Strategy Implementation Plan

The actions outlined in the following table will be undertaken to ensure that risk management becomes embedded within the day to day workings of the Trust.

Action Required	By whom	Resources Required	Timescale for completion	Status
Provide ongoing training and awareness sessions for: <ul style="list-style-type: none"> • Board of Trustees • Audit Committee • Leadership Team • H&S Coordinator / Manager • Section Leaders • Business Support Managers • Employees 	Chief Financial Officer, H&S Coordinator / Manager	<ul style="list-style-type: none"> • Trustee of Business time – 1 day • Meeting rooms, PowerPoint presentation equipment • time involved for attendees – 1 hour 	Summer Term 2016	Ongoing
Identify a 'Risk Owner' and produce a 'Risk Reduction Action Plan' for all identified risks with a risk score of 10 or above produce	Audit Committee	<ul style="list-style-type: none"> • Core representatives time – 4 x ½ days 	Summer Term 2016	On going
Using the 'Risk Assessment Form' re-score all identified risks with a risk score of 10 or more with additional control measures in place	Audit Committee	<ul style="list-style-type: none"> • Core representatives time – 4 x ½ days 	Summer Term 2017	On going
Develop a communications strategy to ensure that all staff are regularly reminded of the importance of effective risk management & of their own individual responsibilities	Audit Committee	<ul style="list-style-type: none"> • Core representatives time – ½ day • School Business Leader's time in preparing the strategy– ½ day 	Autumn Term 2016	Ongoing

Action Required	By whom	Resources Required	Timescale for completion	Status
To undertake an 'Annual Risk Audit' to ensure compliance with the requirements of the strategy	Finance Committee	<ul style="list-style-type: none"> 3 Trustees time - ½ day 	Spring Term 2016	On going
Review effectiveness of the 'Risk Management Strategy' & associated risk control measures within the Trust	Leadership Team	<ul style="list-style-type: none"> Leadership team's time - ½ day Chief Financial Officer time in writing up the new plan – ½ day 	Autumn Term 2016	On going

Document management

Review cycle:	Annually
Next review due:	December 2019
Policy owner	Kevin Hearn
Approving body:	The Board of Trustees
Equality Analysis completed:	

