Risk Management Strategy

Policy

1. Introduction

The Risk Management Strategy is a key tool in the management of the risk and opportunities associated with achieving the trust's strategic plan. Strategic risk includes operational, financial and reputational risks. The strategy is based upon assessment and prevention rather than reaction and remedy.

Whilst overall corporate governance responsibility rests with the Trustees, it will be co-ordinated and monitored by the CEO and Trust's Business Manager (SBM). The responsibility for implementation of the Risk Management Strategy is shared by all staff across the trust.

2. Objective

The objective of the Risk Management Strategy is to establish formal mechanisms that will facilitate the timely identification and management of risk and hence ensure the delivery of the strategic plan objectives.

3. Implementation

Implementation of the Risk Management Strategy has four strands.

- Embedding risk assessment in the strategic decision making process
- Internal review of risk and how it is managed
- External assessment of the effectiveness of the strategy
- Provision of resources to implement the strategy including staff training

4. Risk Responsibilities

It is essential that all participants in risk management are aware of their roles in the overall process and their own responsibilities.

Trustees:

The Board of trustees has responsibility for the total risk exposure of the trust by:

- Determining the extent to which the trust is "risk taking" or "risk averse" as a whole. Currently the Trustees are agreed that the appetite is *very cautious*. This aligns to the Trust's reserve policy.
- Approving major decisions affecting the trust's risk profile or exposure
- Setting the tone and influence of the culture of risk management across the trust

Trust Finance & Audit Committee:

The Trust's Finance & Audit Committee works closely with the Board to ensure that the responsibilities for risk management are discharged across the Trust, either at committee or the Board level, depending on the nature of the risk. Trustees will decide the level of delegation to Local School committees once they are fully established.

CEO

The CEO has responsibility for the risk exposure of the trust by:

- Determining what types of risk are acceptable/not acceptable and monitoring significant risks and control improvements to mitigate risks
- Annually reviewing the trust's approach to risk management and approving changes or improvements to key elements of the process and procedures

To aid this the CEO will receive:

- A termly update from the local HTs with a summary of the risk register.
- An annual report from Internal Audit on the effectiveness of the risk management process in the trust, making recommendations when necessary.

CEO:

The CEO, advised by the CFO, is responsible for corporate risks by:

- Identifying and evaluating the significant risks faced by the trust board
- Providing adequate information in a timely manner to the trust board on the status of risks and controls
- Participating annually in a risk review and report the outcomes to the trust board
- Implementing policies of risk management and internal control
- Participating in the annual review of the system by internal audit
- Training and upskilling of staff as appropriate to support the identification and mitigation of risks.
- Proactively seek out external best practice to reduce risk

Headteachers of schools in the MAT are responsible for the identification and management and monitoring of risk within their schools.

5. Reporting significant risk

The risk register will show all the risks on the risk register, with the level of likelihood and impact of the net risk and the adequacy of controls. Where the risk is scored above 6, this will be considered significant (red) and will be reported to the board.

Any red risks and any risk where existing controls are assessed as inadequate, should be reported to the CEO or the CFO in the first instance.

The CEO/CFO will make arrangements to audit the risk process for each school as part of a regular cycle of audits and will report explicitly on the risk management processes.

The Trust's Risk register records risks under key headings:

- Compliance
- External Factors
- Finance
- Health & Safety
- HR
- Legal
- Miscellaneous
- Performance

- Premises
- Reputation
- Safeguarding
- Structure & Governance
- Supplier/Contract Management
- Technology

Examples of significant risk might be:

- Significantly reduced income available to the trust
- Significant reduction in pupil numbers for a sustained period of time
- OFSTED category below GOOD in one of the schools in the MAT
- Sudden loss of HT in a school
- Sudden loss of CEO or trust CFO
- Serious difficulties recruiting high quality staff
- Serious damage to a building resulting in closure
- Activity which results in the death of a pupil or member of staff
- negative press attention

The CEO will need to take a view as to whether the actions being taken to mitigate the risk are adequate or whether more could be done. As a result of this exercise it will decide whether the level of residual risk is acceptable or whether the risk should be terminated (for example ending the activity where the risk originates). In many instances the termination of the risk may not be possible.

This policy also makes an explicit commitment that in the event of a significant or catastrophic risk the CEO will immediately notify the Chair of Trustees.

6. Resources

Any resourcing costs associated with the general management of risk should be included in each budget holder’s annual budget and reviewed as part of the annual planning round.

All Headteachers are responsible for ensuring that key staff development needs include risk training.

This training includes the identification and management of strategic risk and operational risk.

7. Internal review of the strategic risk register and the strategy

The Risk Register will be reviewed by trustees termly. The formal annual review date will be January of each year with the internal auditors. The register will be updated continuously by the CEO if any identified risk increases or decreases. All risks will be included and scored, even if the risk level is low.

8. Assessment of the effectiveness of the strategy

An integral part of this Risk Management Strategy is that there should be a formal evaluation of its effectiveness. This evaluation will be undertaken annually by the CEO who will report to the Board.

The effectiveness review will determine whether risks are being properly identified, managed and reported at appropriate levels. The review will include a report on the risks identified within the risk registers.

Policy Issued: December 2020

Next Review: December 2021

Chair of Trustees: Daniel Scullion

Chief Executive Officer: Susan Ward

Appendix: Categories of Risk

This appendix provides a prompt which can be used to aid risk discussions. These can be used as a guide, a starting point or as a checklist for existing registers

Strategic Risk – Major Threats

Sources of threat that may give rise to significant strategic risk includes:

- Budgeting (relates to availability or allocation of resources)
- Fraud or Theft
- Unethical dealings
- Product and or services failure (resulting in lack of support to business process)
- Public perception and reputation
- Exploitation of workers and or suppliers (availability and retention of suitable staff)
- Environmental (mismanagement issues relating to fuel consumption, pollution etc)
- Occupational health and safety mismanagement and or liability
- Failure to comply with legal and regulatory obligations and or contractual aspect (can you sue or be sued)
- Civil Action
- Failure of the TRUST structure (including utility supplies, computer networks etc)
- Failure to address economic factors (such as interest rates, inflation)
- Political and market factors (for management of risk, security etc)
- Operational procedures – adequate and appropriate
- Capability to innovate (to exploit opportunities)
- Failure to control intellectual property (as a result of abuse or industrial espionage)
- Failure to take account of widespread disease or illness among the workforce
- Failure to complete to published deadlines or timescales
- Failure to take on new technology where appropriate to achieve objectives
- Failure to invest appropriately
- Failure to control IT effectively
- Failure to establish a positive culture following business change
- Vulnerability of resources (material and people)
- Failure to establish effective continuity arrangements in the event of disaster
- Inadequate insurance/contingency provision and disasters such as fire, floods and bomb incidents.

Strategic/Commercial Risks

- Under performance of service relative to target \ contract
- Management underperform against expectations
- Collapse of contractors
- Insolvency of promoter
- Failure of suppliers to meet contractual commitments (this could be in terms of quality, quantity, and timescales on their own exposures to risk)

- Insufficient capital investment, shortfall in revenue expected / planned
- Fraud/Theft
- Partnerships failing to deliver desired outcome
- An event being non insurable or cost of insurance outweighs the benefit

Economical/Financial/Market

- Failure to meet project revenue targets
- Market developments adversely affect plans

Legal and Regulatory

- New or changed legislation may invalidate assumptions upon which the activity is based
- Failure to obtain appropriate approval (e.g. planning consent) Unforeseen inclusion or contingent liabilities
- Loss of intellectual property rights
- Failure to achieve satisfactory contractual arrangements
- Unexpected regulatory controls of licensing requirements
- Changes in tax structure

TRUST/Management/Human Factors

- Management incompetence
- Inadequate corporate policies
- Poor staff selection procedures
- Lack of clarity over roles and responsibilities
- Vested interest creating conflict and compromising the overall aims
- Individual or group interests given unwarranted priority
- Personality clashes
- Indecisions or inaccurate information
- Health and safety constraints

Political

- Change of government policy
- Change of government
- War and disorder
- Adverse public opinion/media intervention

Environmental

- Natural disasters
- Storms, flooding
- Pollution incidents
- Transport problems

Technical/Operational

- Professional negligence
- Human error/incompetence
- TRUST structure failure
- Safety compromised
- Residual maintenance problems
- Breaches in statutory/information security
- Lack or inadequacy of business continuity

Operational Risks

- Inadequate TRUST structure to provide required operational services
- Inadequate incident handling
- Lack or inadequacy of business continuity or contingency measures with regard to maintaining critical business services
- Failing to meet legal or contractual obligations

Educational Risks (Ofsted \ GOV)

- Inadequate controls in place to ensure the quality of delivery leading to a drop in Success, Retention and Achievement rates
- Failure to meet contractual funding levels resulting in claw back of funding or reduced funding in future academic years
- Inadequate quality improvement rigour to ensure at least grade 2 at Ofsted inspection