



# **RISK MANAGEMENT POLICY AND PROCEDURE (Including Risk Register)**

<b>Policy reviewed and adopted by the Board of Trustees</b>	<b>May 2016</b>
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<b>Responsible Officer</b>	<b>Director of Corporate Services</b>



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## **Purpose**

The purpose of this document is to outline The Ascent Academies' 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 operational performance, 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 applies to the risk management strategy for the entire Trust and all academies within.

## **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 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 or control of risk is linked to the achievement of The Ascent Academies' Trust's vision and strategic goals as set out in the Development Plan
- The process covers all areas of risk, e.g. governance, 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. This responsibility is delegated to the Audit Committee to manage.

The Trust's Executive Leadership Team (ELT) has responsibility for ensuring that the risk management policy is implemented and for co-ordinating risk management activity across the Trust. The ELT will provide an annual report on risk management to the Audit Committee.

The Executive Head Teachers and the Senior Leadership Teams across the Trust and within Academies are responsible for ensuring that they take personal responsibility for championing risk assessment and management across the Trust and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Board of Trustees that:

- 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 Leaders across the Trust. Consideration will be given to the following factors:

- The vision, beliefs, values and strategic goals
- 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
- The operating structure, e.g. issues that the Trust may face due to new and different ways of working and/or incorporating new ventures and developments

(See Appendix 1– Typical Categories of Risk)

### **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
- Agree future reporting and review procedures.
- Taking each of the risks in turn, rate them in terms of likelihood e.g. 1 = Almost Impossible, 5=Very Likely and impact, e.g. 1= Negligible, 5 = Catastrophic.

Risk factors are calculated by multiplying the likelihood and impact ratings together. The higher the risk factor, the more severe the risk. The severity of risk is categorised as high, medium or low and coloured accordingly as red, amber and green.

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

The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified.



With this exercise complete, the Board of Trustees will decide what their risk appetite is, (what level of risk they are willing to tolerate). This will determine what response the Board wishes to make to each risk.

### **Action Planning/Risk Register**

All potential significant risks should 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 a deadline for any specific actions to be completed and a scheduled date for review.

A final version of the register will be circulated to all relevant senior leaders 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 risk register will be reviewed regularly by the Board of Trustees, through the Audit Committee 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

### **References**

EFA Financial Handbook

Charity Commission Guidance on Charities and Risk Management



## **Appendix 1 - Typical Risks in an Academy Trust**

### **1. Corporate/Strategic**

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

### **2. Governance**

- Responsibilities not defined
- Too much/little delegated to Heads of Academies and Corporate Director
- Unable to attract Governors
- Non attendance at meetings by Governors

### **3. Academic**

- Unable to achieve targets
- Staff recruitment and retention

### **4. Pupil Support**

- Welfare of pupils
- Safety of pupils

### **5. Contractual/partnership**

- Over-dependency on a relationship, liabilities arising

### **6. Financial**

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

### **7. IT**

- Security risks
- Business continuity
- Obsolescence of current systems

### **8. Physical**

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

### **9. Commercial**

- VAT/taxation exposure



## **10. Political**

- Failure to maximise opportunities

## **11. Legal**

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

## **12. Academy specific**

- Ash Trees
- Barbara Priestman
- Hope Wood
- New Bridge
- Portland



## **Appendix 2 - Risk Management Procedure and Matrix**

### **Guidance on the Definition of Likelihood and Impact**

#### **Likelihood**

##### **5- Very High**

There is little doubt that it will happen soon

##### **4- High**

Strong chance it will happen in the next year

##### **3 - Significant**

50/50 chance this will happen in the next year

##### **2- Low**

Not expected to happen in the next year

##### **1- Very Low**

Almost impossible

#### **Impact**

##### **5 – Catastrophic**

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–High**

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-Low**

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

##### **1 - Negligible**

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

## Risk Matrix

Risk factors are calculated by multiplying likelihood and impact ratings. The severity of risk is classed as either high, medium or low and coded as red, amber or green accordingly.

<b>LIKELIHOOD</b>	<b>5 Very High</b>	5	10	15	20	25
	<b>4 High</b>	4	8	12	16	20
	<b>3 Significant</b>	3	6	9	12	15
	<b>2 Low</b>	2	4	6	8	10
	<b>1 Very Low</b>	1	2	3	4	5
		<b>1 Negligible</b>	<b>2 Low</b>	<b>3 Moderate</b>	<b>4 High</b>	<b>5 Catastrophic</b>
		<b>IMPACT</b>				



### **Appendix 3 – Risk Register – Ascent Academies Trust**

**Date of last review:** May 2016

**Date of next review:** May 2017