Risk Management Policy

Contents

Purpose

This risk management policy forms part of Futura Learning Partnership's ('the trust') internal control and governance arrangements. The policy explains the trust's underlying approach to risk management. It describes key aspects of the risk management process and identifies the main reporting procedures. It describes the process the trust uses to evaluate the effectiveness of the trust's internal control procedures.

Why we need to manage risk

Daily we manage risk without describing this as "risk management". We consider what might go wrong and take steps to reduce the impact if things do go wrong. However, the trust cannot rely on informal processes. Also, as a public body, we must provide assurance to the Department of Education, Charity Commission, Ofsted, auditors, the Audit & Risk Committee and trustees that we are managing risk the appropriately.

Appetite to risk

"Appetite to risk" is an expression of how much risk an organisation is prepared to take. It can vary over time and from work area to work area. The risk management arrangements described in this policy will ensure that risk management is regularly on the agenda of certain key groups and individuals, including Headteachers, the Audit and Risk Committee and the trust board, which will in turn enable the trust to develop its own approach to risk, whether or not this is clearly articulated.

A risk register steers risk owners into considering appetite to risk when updating a risk entry. They need to consider not only the risk status before and after existing mitigating action but also the final tolerable risk status; i.e. what they are aiming for in terms of status for that particular risk.

Approach to risk management

The following key principles outline the trust's approach to risk management:

- the trust board is ultimately responsible for risk management and delegation of this responsibility is through the trust Scheme of Delegation
- the trust board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives
- there should be an open and receptive approach to mitigating risk
- the trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- the Executive Leadership Team and Academy Governance Committees (AGC) are responsible for encouraging and implementing good risk management practice within the trust and its schools.
- Headteachers/Principals and the leadership team of each school within the trust are responsible for encouraging and implementing good risk management practice within their areas of responsibility.

- The Chief Executive has a moderation role and should discuss key risks at each school with the Principal / Headteacher
- Identified risks must be controlled and monitored by risk assessments.
- The Chief Operating Officer will ensure that appropriate training is provided to individuals responsible for completing risk assessments

Risk Registers

Trust schools are required to complete and maintain a risk register for their school. The trust Scheme of Delegation states that it is the Headteacher / Principal's responsibility to maintain the register and the AGC's responsibility to monitor and review the register and to report any material change to the Audit and Risk Committee. The risk register will therefore be on the AGC meeting Agenda three times per year, terms 1, 3 and 5.

Schools are not required to include in the risk register all risks which have been identified and risk – assessed. As a guide, schools are asked to include in their risk register the five most significant risks they are currently facing. These risks will normally be specific to the school and not generic risks, which will be included in the corporate risk register. This will ensure that the Headteacher / Principal, wider leadership team and AGC are able to focus and where possible take mitigating action for the most significant risks at their school. A risk register template will be provided for schools to use.

The corporate risk register will be maintained by the Chief Operating Officer and will be reviewed by the Audit and Risk Committee at each meeting.

The trust approach to risk management is to map risk as a product of the likelihood of an undesirable outcome and the impact that an undesirable outcome will have on the trust's ability to achieve its operational objectives. It enables the trustees to identify those risks that fall into the major risk category identified by the risk management statement.

Each risk is looked at and decision taken as to how likely it is to occur and how severe its impact would be on the trust if it did occur. This policy has drawn the descriptors for 'impact' and 'likelihood' from the Charity Commission (CC26) publication as follows:-

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	• no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	• slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	• some service disruption • potential for adverse publicity - avoidable with careful handling • complaint probable • litigation probable
Major	4	• service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/Catastrophic	5	• service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

The risk score is arrived at by multiplying the 'likelihood score' by the 'impact score'.

Appropriate mitigating actions and controls are then added and a 'post-mitigation score' is calculated.
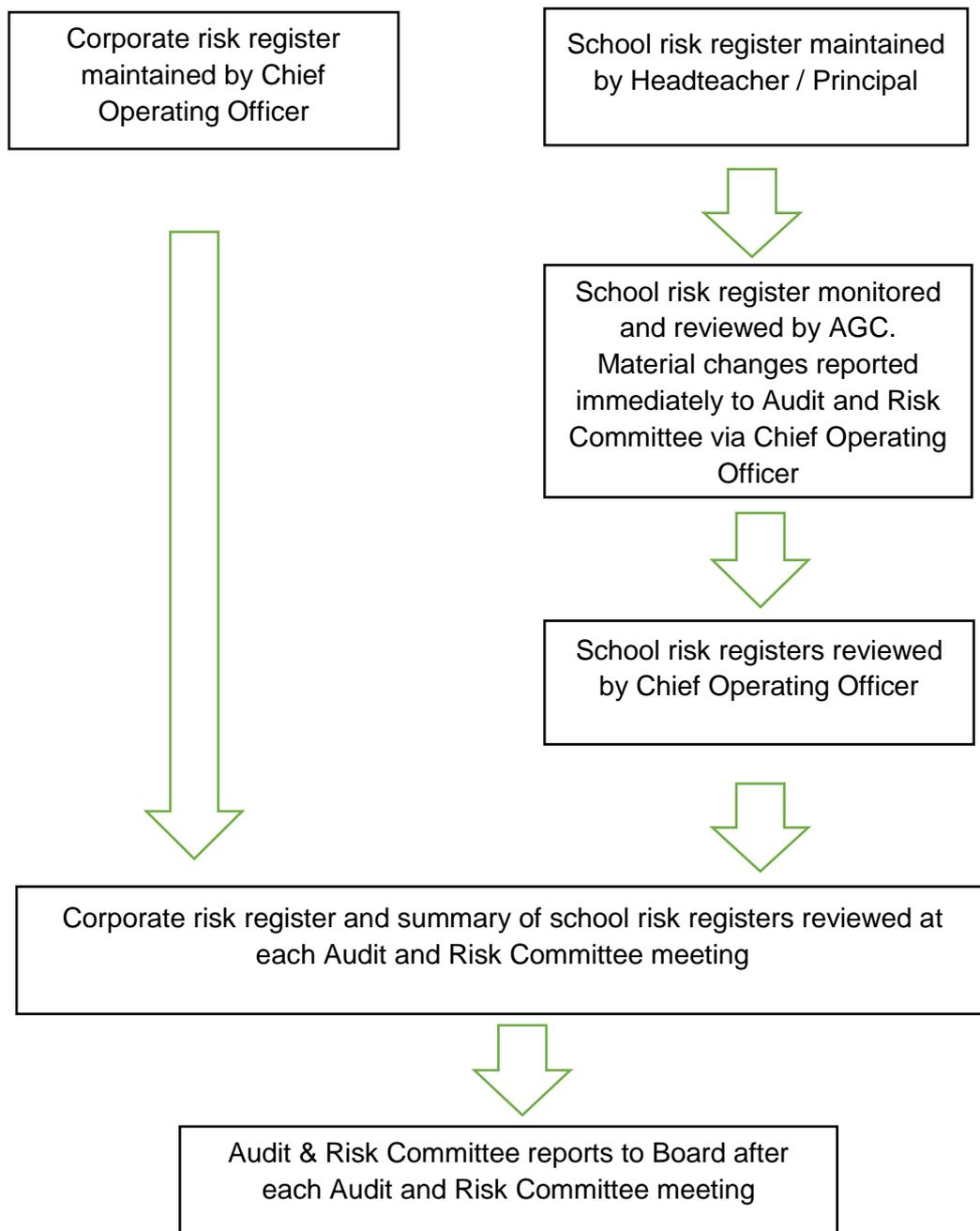
Review and follow up of risks

AGCs will review the school's risk register three times per year, in terms 1, 3 and 5.

The Chief Operating Officer will review the individual school risk registers following the AGC meetings in terms 1, 3 and 5 and from these will make an assessment of:

- any new risks identified by schools which fall into the red category post-mitigation
- themes that are in common between several schools

These will be reported to the Audit and Risk Committee at each meeting along with the updated corporate risk register. The Chair of the Audit and Risk Committee will report to the Board at the following meeting.

The chart below illustrates the review and follow up process.

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┌─────────────────────────┐       ┌─────────────────────────┐
│  Corporate risk register │       │ School risk register     │
│  maintained by Chief     │       │ maintained by            │
│  Operating Officer       │       │ Headteacher / Principal  │
└─────────────────────────┘       └─────────────────────────┘
                                              │
                                              ▼
                                  ┌─────────────────────────┐
                                  │ School risk register     │
                                  │ monitored and reviewed   │
                                  │ by AGC. Material changes │
                                  │ reported immediately to  │
                                  │ Audit and Risk Committee │
                                  │ via Chief Operating      │
                                  │ Officer                  │
                                  └─────────────────────────┘
                                              │
                                              ▼
                                  ┌─────────────────────────┐
        │                         │ School risk registers    │
        │                         │ reviewed by Chief        │
        │                         │ Operating Officer        │
        │                         └─────────────────────────┘
        │                                     │
        ▼                                     ▼
┌───────────────────────────────────────────────────────────┐
│ Corporate risk register and summary of school risk         │
│ registers reviewed at each Audit and Risk Committee meeting │
└───────────────────────────────────────────────────────────┘
                              │
                              ▼
┌───────────────────────────────────────────────────────────┐
│ Audit & Risk Committee reports to Board after each Audit    │
│ and Risk Committee meeting                                  │
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Trust's annual review of effectiveness

The Audit and Risk Committee will undertake an annual review of the trust's risk management arrangements to consider:

•	the adequacy and effectiveness of current risk management arrangements in identifying, reporting and mitigating risk
•	whether the breadth of risk management procedures cover fundamental areas of risk including but not limited to reputational, governance, staff, teaching, operational, compliance, pupil experience, estates and finance
•	whether risk assessment and risk-based internal control are embedded in ongoing operations and form part of the trust's culture
•	changes in the nature and extent of fundamental risks and the trust's ability to respond to them
•	the effectiveness of the trust's public reporting processes.

This review will be reported to the Board at the next meeting.