# Heworth Grange

Policy Name:  Consilium Risk Management Policy 2018

Policy Date:  September 2018

Joint Report of the Chief Executive, Director of Finance and Clerk to the Trust

To The

Trust Board

26th September 2018.

Risk Management Policy 2018

1.  PURPOSE OF THE REPORT

The purpose of this report is to request approval of the Trust policy for Risk Management. The report will establish a framework and policy for designation and analysis of "risk" and recommend responsibilities for the management of risk and the reporting mechanisms for the Trust.
It is important to note that in accordance with the DfE 2018 Governance Handbook, Members have a responsibility for Risk and Risk Management reports would be submitted to the Members and Chairs meetings or any joint meeting of Members and Trustees.

2.  RECOMMENDATIONS

(1)  The policy and framework be adopted by the Trust.
(2)  The LGB be informed of the revised arrangements
(3)  The Chief Executive and the Director of Finance submit a detailed "Risk Register to the Resources Committee on 17 October, 2018.
(4)  The Clerk of the Trust arranges for LGB/ Headteachers to complete a "Risk Register and report this to the Resources Committee.
(5)  The Scheme of delegation be amended to reflect
   (a)  the additional responsibility of the Resources Committee
   (b)the involvement of members in the management of risk
(6)  The Director of finance provide further reports on Business Continuity at a future meeting.

3.  <u>DETAILS</u>

The Trust has a statutory responsibility to have an approved Risk Management Policy and Risk Management process. In submitting this report for approval, the Trust is improving compliance at strategic level and demonstrating improved standardisation of process across the Academies. If approved, it will demonstrate further progression in Governance development and increase accountability and awareness at Trust and LGB levels.
The report and draft policy are the next stage of compliance by the Trust and will demonstrate to Auditors that the Trust has "checks and balances" in place to mitigate risk.
It is essential that regular reports are presented in the first instance to the Resources Committee to allow time for the detailed analysis and if necessary investigation in respect of the "top three risks"
The next stage of the process will be to provide to the December Meeting of Trustees and Members a detailed "Risk Register" that will enable the Resources Committee to hold the organisation to account.

4.0  <u>CONCLUSION</u>

The establishment of the policy and framework will satisfy a statutory requirement of the Trust and will support the development of Business Continuity procedures and lead to improved Governance and decision-making.


Martin Shevill Chief Executive

Michelle Duval Director of Finance

Vincent Joseph Clerk to the Trust and Company Secretary


19 The September 2018


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Consilium Academies

Providing Opportunity Creating Success

# Consilium Academy Trust Risk Management Policy 2018

# Consilium Academy Trust Risk Management Policy

1. **Purpose**

This risk management policy (the policy) forms part of the Trust's internal control and governance arrangements. The policy explains the Trust's underlying approach to risk management. It gives 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.

2. **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, as a public body, we must provide assurance to the Department of Education, the Charity Commission, Ofsted, auditors, the Resources Committee and Members that we are managing risk correctly. We do need to identify corporate risks and mitigating actions.

3. **Risk Appetite**

"Risk appetite" 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. If the Trust's risk appetite is clearly, articulated staff can consider this when making their decisions. The Executive Team and academy SLT should therefore, when considering risk, discuss and express the risk appetite as they see it.
The **risk register** steers risk owners into considering risk appetite 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

4. **Approach to Risk Management**

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

• As the principal executive and policy-making body of the Trust, the Trust Board is responsible for risk management and is accountable to the members for this function.

• The Trust 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 Resources Committee advises the Trust Board on risk management.

• The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

• Local Governing Bodies are responsible for encouraging and implementing good risk management practice within the Trust and its Academies.

• Headteachers and SLT of each school within the Trust are responsible for encouraging and implementing good risk management practice within their areas of responsibility.

• Early warning mechanisms will be put in place and monitored to alert the Trust so that remedial action can be taken to manage any potential hazards.

• The CEO has a moderation role and should discuss key risks at each school with the Principal / Headteacher and reports outcomes of these discussions to the Trust Board

• Identified risks must be controlled and monitored by risk assessments

5. **Completing the Register**

The Charity Commission says that the process of risk identification should be undertaken with care, the analysis will contain some subjective judgements - no process is capable of identifying all possible risks that may arise. The process can only provide reasonable assurance to trustees that all relevant risks have been identified.
Identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.
This approach attempts to map risk as a product of the likelihood of an undesirable outcome and the impact that an undesirable outcome will have on the charity'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.
The process begins with listing each of item of risk that trustees believe are appropriate for the Trust. Once identified 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 affect service and reputation** |
| **Insignificant 1**        • No impact on service<br>• No impact on reputation<br>• Complaint unlikely<br>• Litigation risk remote |
| **Minor 2**        • Slight impact on service<br>• Slight impact on reputation<br>• Complaint possible<br>• Litigation possible |
| **Moderate 3**        • Some service disruption<br>• Potential for adverse publicity - avoidable with careful handling<br>• 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 or Trust 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 achieved by multiplying the score in the 'x' column by the score in the 'y' column and then adding the 'y' score to the answer (gross risk).
The effect is to give extra emphasis to impact when assessing risk. This policy reminds those directly involved in assessing risk that risk scoring often involves a degree of judgement or subjectivity. Where data or information on past events or patterns is available, it will be helpful in enabling more evidence-based judgements. In interpreting the risk heat map below, likelihood is x and impact is y and is described as the 'Net Risk'.

The colour codes are

Red - major or extreme/catastrophic risks that score 15 or more

Yellow - moderate or major risks that score between 8 and 14

<mark>Green - minor or insignificant risks scoring 7 or less.</mark>

6. **Heat map**

Once an action has been taken to mitigate each risk a residual or net risk score is applied and colour coded as above. This does not mean the risk has necessarily diminished in any way but it does mean the significance of the risk should be less.
Those risks identified as 'red' in the net risk score should be reviewed by trustees on a half-yearly basis and all other risk areas at least annually. The Resources Committee is tasked to review the whole register half-yearly and all the red coloured risks at each meeting

| Risk Ref No<br><br>Risk 1 Governance Risks | Potential Risk | Potential Impact | Likelihood of occurring (score1-5) (x) | Severity of impact (score1-5) (y) | Gross Risk (x*y +y) | Mitigation to risk | Existing Controls Adequate: Fully or Partially met | Details of Actions Required to Improve Controls (to be completed if Existing Controls are NOT Fully Adequate | Person Responsible | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|
| 1.1 | The Trust lacks direction strategy and forward planning | • Poor decision making<br>• No strategic reference<br>• Poor Financial management<br>• Damage to reputation | 1 | 5 | 10 | • Establish Scheme of Delegation<br>• Create Committees with clear accountability.<br>• Recognised budget and budget management procedures<br>• Financial forecasting and modelling procedures<br>• Checks and balances on operating procedures | Fully | | Clerk to the Trust | Annual Review |

| I | Extreme/Catastrophic | 5 | 10 | 15 | 20 | 25 | 30 |
|---|---|---|---|---|---|---|---|
| m | Major | 4 | 8 | 12 | 16 | 20 | 24 |
| p | Moderate | 3 | 6 | 9 | 12 | 15 | 18 |
| a | Minor | 2 | 4 | 6 | 8 | 10 | 12 |
| c | Insignificant | 1 | 2 | 3 | 4 | 5 | 6 |
| t | | | 1 | 2 | 3 | 4 | 5 |
| | | | Remote | Unlikely | Possible | Probable | Highly Probable |
| | | | | | Likelihood | | |

### 7. **Trust's Annual Review of Effectiveness**

The top three risks for each school and for the Trust overall, as identified by the school and agreed by the Resources Committee will be reported to the Trustees and the Members on an annual basis.
In addition, the Trust, as advised by the Resources Committee, will undertake an annual review to consider:

• Whether risk management continues to be linked to the achievement of the Trust's objectives.

• Each local governing body risk register to ensure the appropriate risk appetite or level of exposure for the Trust as a whole.
• Whether risk review procedures cover fundamental reputational, governance, staff, teaching, operational, compliance, student experience, estates, financial and other risks to achieving the Trust's objectives.

• Whether risk assessment and risk-based internal control have been embedded in ongoing operations and form part of its culture.

• Changes in the nature and extent of fundamental risks and the Trust's ability to respond to changes in its internal and external environment since the last assessment.

• The scope and quality of management's on-going process of monitoring the system of internal control including such elements as the effectiveness of internal audit and other assurance functions.

• The extent and frequency of reports on internal control to the Resources Committee and if this is sufficient for the Trustees to build up a cumulative assessment of the state of control and effectiveness of risk management.

• The incidence of any fundamental control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results.

• The overall effectiveness of the Trust public reporting processes.

• The overall effectiveness of the approach to risk management and whether changes or improvements to processes and procedures are required.

Martin Shevill

Chief Executive

September 2018

**"Consilium Academies providing a caring environment where students thrive and succeed through challenge and opportunity"**

REVIEWED BY Business Manager

Review Date September 2018


Next Review Date September 2019