

SAINT ROBERT LAWRENCE CATHOLIC ACADEMY TRUST RISK MANAGEMENT POLICY & PROCEDURE

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December 2017

Introduction

Risk is one of life's certainties and how successfully Saint Robert Lawrence Catholic Academy Trust, as with all organisations, deals with it can have a major impact on the achievement of our key goals. This policy aims to raise awareness about the need to address strategic and operational risks and to provide good practical guidance to manage such risks in an effective and formal way.

This policy is intended to ensure the Trust identifies and manages significant risks effectively, and is developed in line with Best Value initiatives.

Key stages inherent within the policy:

- Identifying risks and controls
- Assessing risk
- Evaluating what action needs to be taken
- Periodic monitoring and assessment

Risk Management

Risk is the threat that an event or action will adversely affect the Trust's ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled or reduced. It is a key element of the framework of governance together with community focus; structures and processes; standards of conduct and service delivery arrangements.

The Trust's system of internal control is part of its Risk Management process and has a key role to play in the management of significant risks to the fulfilment of business objectives. It also contributes to the safeguarding of public funds and the Trust's assets.

Internal control aids the effectiveness and efficiency of operations; it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. The Trust recognises the importance of maintaining a sound system of internal control and that the principle aim of any internal control system is to manage the risks that are significant to the achievement of the Trust's objectives.

This policy aids the adoption of a Risk Management approach to establishing and maintaining the system of internal controls and reviewing their effectiveness. The Trust recognises the importance of managing risk effectively and the need to embed internal control and risk awareness into the processes that are used to pursue our objectives and also guide the behaviour of all staff.

The Constituents of Good Risk Management

Risk Management is an integral part of good governance and is the process whereby:

- There is a shared awareness and understanding within each Academy of the nature and extent of the risks it faces;

- The extent and categories of risks regarded as acceptable and the likelihood and potential impacts of the risks materialising;
- There is capability to reduce the incidence and impact on the organisation of risks that do materialise;
- There is a regular and ongoing monitoring and reporting of risk including early warning mechanisms;
- An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk;
- The Trust conducts, at least annually, a review of the effectiveness of the systems of internal control in place;
- The Headteacher reports to Governors on the results of the review and explains the action being taken to address any significant concerns it has identified.

This process should be ongoing, embedded in the culture of the Trust and have the potential to re-orient the whole organisation around performance improvement. It is not about eliminating risk but about understanding risk and managing it more effectively.

The Benefits of Effective Risk Management

The benefits of implementing good risk management processes are fairly self-evident. In its publication “Worth the Risk” (2001) The Audit Commission summarised the following range of benefits:

Increased focus on what needs to be done (and not done) to meet objectives:

- More satisfied stakeholders
- Better management of change programmes
- More calculated/innovative risk taking
- Fewer complaints
- Better controlled insurance costs
- Improved quality of learning environment
- Better ability to justify actions taken
- Delivery of Best Value
- Getting things right first time more often i.e. less waste

The DfE publication “Insurance – A guide for schools” (2003) more specifically identifies that effective risk management will reduce:

- Disruption of children’s education
- Damage to a Trust’s reputation
- The negative effect of incidents on staff and pupils morale
- Time lost in reacting to incidents, handling claims etc.
- The stress and anxiety that always accompanies accidents and losses
- The cost of insurance cover as premiums reflect claims history

Policy

The Academy 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 Directors of the Academy Trust

The Directors of the Academies are responsible for making a statement on risk management in the annual accounts of the Academy Trust. In order to be able to make the required statement with reasonable confidence they should:

- Ensure that the identification, assessment and mitigation of risk is linked to the achievement of the Academy Trust's vision and strategic goals as set out in the Academy Trust Strategic Plan and each Academy's Development Plan
- Ensure that the process covers all areas of risk (e.g. governance and management, operational, financial, reputational and external factors) and is focused primarily on major risks
- Ensure that the process produces a risk exposure profile that reflects the trustees' views as to levels of acceptable risk
- Review and consider the principal results of risk identification, evaluation and management
- Ensure that the risk management is ongoing and embedded in management and operational procedure.

The Local Governing Bodies are responsible for overseeing the development and implementation of the risk management strategy and for ongoing monitoring, reporting to the Trust on an annual basis.

The Leadership Management Team

The Academies' Leadership Management Teams have responsibility for ensuring that the risk management policy is implemented and for co-ordinating risk management activity across their academy. The Headteacher will provide an annual report on risk management to the Local Governing Body and the Trust.

The Headteacher and senior leadership team in each academy are responsible for ensuring that they take personal responsibility for championing risk management across the academy and for reinforcing risk-aware attitudes and responses.

Working with the Headteacher, the Local Governing Body's role is to provide objective assurance to the Trust 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.

Process

The process for managing risks involves four fundamental stages:

- Identify risks - having a process for identifying those risks that face the Academy

- Assessing risks - assessing the probability and impact of those risks so you can prioritise the management action to be taken
- Addressing risks - determining what that management action should be and who should take it
- Monitoring risks - ensuring that risks are managed effectively and that list of risks is regularly reviewed and updated

This process is put into practice through the following steps:

Step 1

Everyone involved with the running of the academy must understand that Risk Management is about reducing risks to an acceptable level and is not risk elimination.

Step 2

Risk management must be an inclusive process as it is the staff involved with the academy's day to day operations who will best understand the risks faced and their actions and communication will be key to the management of those risks.

Step 3

The risks the academy faces in achieving its objectives need to be identified. To be effective, Risk Management processes need to take account of a wide range of risks although most risks probably have some, albeit indirect, financial consequences.

As the range of risks is potentially very wide it helps to categorise them. Risk categorisation helps staff to generate a fairly comprehensive picture of the risks an academy faces. It also helps the academy to structure its risk mitigation strategies and procedures. In its publication "*Worth the Risk*" (2001) the Audit Commission summarised risks under two headings, as follows.

- **Strategic Risks** - These need to be taken into account in judgements about medium to long term goals and objectives of the academy. Managing strategic risks requires an academy to have an outward looking approach rather than a purely internal focus. Senior staff and Governors are, therefore, more likely to be prominent in the identification of strategic risks and the planning and implementation of risk mitigation strategies, than more junior staff.
- **Operational Risks** - These are the risks that are encountered by staff in the daily course of their work. The Audit Commission notes that these risk categories are not comprehensive. However, they do provide a basic framework within which staff and Governors can discuss the risks facing the academy and the measures that are being/could be taken to address them.

Step 4

The risks identified then need to be assessed so that management can see whether the risk can be tolerated or whether it needs to be addressed in some way (e.g. through additional controls). Typically, risks are assessed in terms of the impact and likelihood of risk occurring. Risks at this stage are often referred to as inherent.

Step 5

Where risks are not acceptable to the academy, management action will be needed in order to reduce the risk to an acceptable level. These steps may include additional controls to all procedures, additional training for the staff involved, contingency plans in the event that the risk occurs, transferring the risk (eg insurance which is just one of the ways of addressing risk) or, in more extreme circumstances, terminating the activity that gives rise to the risk. The level of risk after these additional controls is often referred to as the residual risk.

Step 6

The risks the academy needs to manage normally recorded in a risk register. Risks are also normally allocated to an "owner" who is responsible for ensuring that the additional controls are operated and monitoring the level of the risk.

Step 7

Risk management normally operates on an annual cycle with a regular process for identifying the risks the organisation faces throughout this period of time. Inevitably, risks vary over time. New risks arise, while steps taken to address older risks should be effective, meaning that the priorities for management action will change on a regular basis. It is also important to ensure that the risk management process itself is operating effectively.

Step 8

Each academy will draw up a risk register following a risk assessment of its own circumstances. The Academy Trust will maintain a risk register relating to the Academy Trust Company.

Further Relevant Information

DfES (2003) Insurance – a guide for schools

Audit Commission (2001) Worth the Risk: Improving Risk management in Local Government

Audit Commission Publications

www.charity-commission.gov.uk/Publications/cc26.aspx

www.zurich.co.uk/municipal/toolsandtips/informationlibrary/intro.htm

www.zurich.co.uk/Municipal/ZMHome/Welcome.htm

www.firesafetyguides.communities.gov.uk

www.ico.gov.uk/

www.redbooklive.com