

Policy A5 – Risk Management Policy

1. Introduction

- 1.1 Risk is one of life's certainties and how successful organisations manage it can have a major impact on the achievement of their key goals. This policy aims to raise awareness about the need to address strategic and operational risks and to provide good practical guidance for the academies and central professional teams in the University of Brighton Academies Trust to manage such risks in an effective and formal way.
- 1.2 This policy is intended to help each academy and professional team in the Trust identify and manage significant risks effectively. The policy is aimed at the Senior Leadership Team in each academy and professional team; the Trust's Executive Team and the Trustees.
- 1.3 The Education and Skills Funding Agency states:
"The trust must manage risks to ensure its effective operation. The trust should maintain a risk register. The trust's management of risks must include contingency and business continuity planning." (Academies Financial Handbook, 2018)
- 1.4 The Charity Commission states:
"Charity trustees should regularly review and assess the risks faced by their charity in all areas of its work and plan for the management of those risks" (Charities and Risk Management, 2010)
- 1.5 Risk management contributes to the safeguarding of public funds and the Trust's assets. Internal management and 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.
- 1.6 The Trust seeks to maintain a sound system of internal control and management. The principal aim is to manage the risks that are significant to the achievement of the Trust's objectives.
- 1.7 This policy aids the adoption of a Risk Management approach to establishing and maintaining systems of internal control and reviewing their effectiveness. It makes sound business sense to ensure risk is managed effectively and to embed internal control and risk awareness into the processes that are used to pursue objectives and guide the behaviour of all staff.

2 Definitions

- 2.1 Risk: the threat that an event or action will adversely affect the Trust's ability to achieve its objectives and to successfully execute its strategies.
- 2.2 Risk Management: the process by which risks are identified, measured, controlled, managed, monitored and reported.
- 2.3 Gross Risk: the level of risk that exists without taking into account any control measures that may be in place.
- 2.4 Net Risk: the level of risk that exists once the effectiveness of existing controls has been considered / validated through assurance processes
- 2.5 Target Risk: the level of risk that would meet either the risk appetite of the Board of Trustees or a level of risk that may be greater than the risk appetite but is the lowest level that may be achieved due to external factors.
- 2.6 Risk Appetite: the level of appetite that is acceptable to the Board of Trustees.

3. The constituents of good risk management

- 3.1 Risk Management is an integral part of good governance and is the process whereby:
- there is a shared awareness and understanding by the Board of Trustees, the Executive Team and within each academy and professional team of the nature and extent of the risks they face including:
 - the extent and categories of risks regarded as acceptable and the likelihood and potential impacts of the risks materialising
 - the ability to reduce the incidence and impact on the organisation of risks that do materialise through effective control measures
 - 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 / management of risk relative to the benefit obtained in managing the related risk
 - there are regular reviews of the effectiveness of strategies for managing risks / systems of internal control
 - there are regular reports to the Risk and Audit Committee on the results of the review, including an explanation of the actions being taken to address any significant concerns has identified
- 3.2 This process is ongoing, embedded in the culture of the Trust. It is not about eliminating risk but about understanding risk and managing it more effectively.
- 3.3 The benefits of good risk management are that it supports the achievement of objectives and has a vital role to play in ensuring that the Trust is well run.
- 3.4 The key is to identify strategic risks whilst also recognising operational risks that need to be dealt with on a day-to-day basis. The operational benefits of a systematic and consistent approach to Risk Management are considerable. Much Risk Management takes place intuitively but it is important that it is documented so that in the future reference can be made to decisions based upon a sound Risk Management strategy.

4. Risk management implementation strategy

- 4.1 The features of the Trust's implementation strategy are as follows:
- (i) Discussion about continually improving Risk Management. This needs to be undertaken by the Risk and Audit Committee and the Executive Team in relation to the Trust overall; and by the Risk Management Group within each academy and professional team.
 - (ii) Identification and prioritisation of areas of change, changes to objectives and risks that may be significant.
 - (iii) Identification of related significant risks that could undermine:
 - the quality of education or professional service provision
 - the reputation of the Trust and any of its academies
 - the reliability of internal and external reporting
 - the safeguarding of assets from inappropriate use, loss and fraud
 - liabilities being identified and managed properly
 - (iv) Identification of key tasks in order to:
 - develop risk management strategies
 - develop the risk culture at all levels
 - provide the senior managers with early warning mechanisms
 - monitor and report on the system of internal control
 - (v) Setting out carefully the roles and responsibilities of staff
 - (vi) Allocation of:
 - resources as necessary, including nominated budget holders
 - responsibility for each stage of the plan
 - responsibility for the management of each significant risk

- creation of an agreed timetable

5. Roles and responsibilities

5.1 The **Risk and Audit Committee** is concerned with significant risks; that is those that could potentially have an effect on the Trust's ability to achieve its objectives. Implementation of the high-level risk management strategy should therefore focus on matters of key strategic and operational importance. The Risk and Audit Committee will focus on the top 10 – 12 strategic risks affecting the Trust and should receive regular risk reports. Such reports will enable it to:

- ask how risks will be identified, evaluated and managed
- understand and challenge significant risks
- identify new significant risks
- follow progress in risk reduction and elimination
- question the effectiveness of internal control systems in managing risks

5.2 The Trust's **Executive Team** will:

- monitor key strategic and operational risks on an ongoing basis
- ensure that the agendas for its meetings are informed by a risk log of immediate and merging issues
- ensure that key strategic decisions are informed by an assessment of key risks
- review and update the Trust risk register prior to submission to the Risk and Audit Committee

5.3 Each academy's / professional team's **Risk Management Group** will similarly consider the top 5 - 10 risks identified for its academy/team and will:

- consider how risks will be identified, evaluated and managed
- understand and challenge significant risks
- identify new significant risks
- follow progress in risk reduction and elimination
- question the effectiveness of internal control systems in managing risks
- provide a succinct annual report for the Risk and Audit Committee
- escalate immediate/emerging risks to the Executive Team

6. Completion of risk management assessment and risk register

6.1 The risk register is a management tool for use in a dynamic and constantly changing environment and it is important to manage risks on an ongoing basis, identifying and managing any new risks.

6.2 Each academy and professional team should reflect on the risks and progress in relation to its risk register regularly throughout the year. It is recommended that the Risk Management Group meet three times a year to reflect on the risk register. The latest risk register should be submitted at least annually (normally during the summer term) to the Trust's Executive Team by the agreed deadline to inform the review and development of the Trust risk register.

6.3 The agenda of each meeting of the Executive Team throughout the year is informed by immediate and emerging risks. Key major risks identified by the Executive Team will inform the review and development of the Trust risk register.

6.4 At regular intervals, Trustees will be invited to identify key risks from the Board's perspective, which will also inform the review and development of the Trust risk register.

6.5 Consequently, the Trust risk register will be reviewed and updated regularly throughout the year and will reflect the key strategic risks affecting the Trust as identified from:

- The external environment
- Academies and professional services
- The Executive Team
- Trustees

6.6 The Risk and Audit Committee will consider the Trust risk register at each meeting and note progress.

6.7 The full Board of Trustees will consider the Trust risk register at least annually.

7. Reporting on risk management and internal control

7.1 As a direct result of the annual assessment, the Trustees will publish a statement as part of the annual statutory accounts summarising the key risks and main processes that have been put in place for risk management and internal control. They should include the findings of the annual review of their effectiveness.

8. Principles and implementation of risk management

8.1 There are four key steps to risk management

(i) Step 1 - Identification of risk

Risks should be identified on the risk register; these risks will be drawn from a wide range of activities, including:

- Leadership and management
- Teaching and learning
- Safeguarding
- Governance
- Property and estates
- Health and safety
- Policy and procedures
- Finance
- Staffing

Identified risks should be noted on the risk register. The format of the risk register for academies and professional teams is attached as **Annex 1**. The format for the Trust risk register is attached as **Annex 2**.

Risks are often described as follows:

- Failure to ...
- Reduction of ...
- Disruption to ...
- Loss of ...
- Conflict between ...
- Inadequate ...
- Concentration of ...
- Inability to ...
- Increase in ...
- Non-compliance with ...
- Inappropriate ...
- Delay in ...
- Lack of ...
- Reliance upon ...
- Growth in ...

The key implications of risks are often expressed as follows:

- Missed opportunities
- Management distraction
- Service disruption
- Impaired performance
- Breach of contract
- Fines and penalties
- Loss of assets
- Political intervention
- Financial cost
- Damaged reputation
- Death and/or injury
- Inefficiency

(ii) Step 2 - Assess the risks and prioritise

Risks need to be prioritised so as to establish what needs to be tackled and in what order. There are two key effects; impact and likelihood. Impact goes from insignificant to extreme; and likelihood from remote to almost certain.

The Trust uses the following scoring method for impact and likelihood:

Impact		
Impact descriptor	Score	Impact on service and reputation
Insignificant	1	<ul style="list-style-type: none">• No impact on service (academies open; corporate systems operate normally)• Complaint unlikely

		<ul style="list-style-type: none"> No impact on reputation (media) No impact on stakeholders (staff, parents, pupils) No impact on external review outcomes/perceptions (DfE/ESFA, RSC, Ofsted, external auditors) Funding reduction < £50K Expenditure increase <£50K
Minor	2	<ul style="list-style-type: none"> Slight impact on service (academy closure or corporate systems down < 1 day) Complaint possible Litigation unlikely Some minor / low profile local media coverage Minimal impact on stakeholders (staff, parents, pupils) Minimal impact on external review outcomes/perceptions (DfE/ESFA, RSC, Ofsted, external auditors) – limited correspondence indicating concern only Funding reduction > £50K Expenditure increase >£50K
Moderate	3	<ul style="list-style-type: none"> Some service disruption (academy closure or corporate systems down > 1 day) Complaint probable Litigation possible Potential for adverse local / regional media coverage – avoidable / manageable with careful handling Some impact on stakeholders (staff turnover increases; pupil numbers / applications decline) Some impact on external review outcomes/perceptions (DfE/ESFA, RSC, Ofsted, external auditors) – Ofsted RI, External Audit Important Issues, request for immediate actions Funding reduction > £100K Expenditure increase >£100K
Major	4	<ul style="list-style-type: none"> Service disrupted (academy closure or corporate systems down > 3 days) Complaint probable Litigation possible Adverse regional media coverage – not avoidable Some impact on stakeholders (staff turnover increases; pupil numbers / applications decline) Major impact on external review outcomes/perceptions (DfE/ESFA, RSC, Ofsted, external auditors) – Ofsted Inadequate, External Audit Significant Issues, funding agreement termination warning Funding reduction > £250K Expenditure increase > £250K
Extreme	5	<ul style="list-style-type: none"> Service interrupted for significant time (academy closure or corporate systems down > 1 week) Major litigation expected Sustained unavoidable national / regional adverse publicity Major impact on stakeholders (significant staff turnover; significant reduction in pupil numbers / applications) Serious impact on external review outcomes/perceptions (DfE/ESFA, RSC, Ofsted, external auditors) – funding agreement terminated Funding reduction > £500K Expenditure increase > £500

Likelihood		
Likelihood descriptor	Score	Likelihood

Remote	1	Highly unlikely, but may occur in exceptional circumstances
Unlikely	2	Not expected to occur, but a small possibility that it will happen at some point in the next 3 years
Possible	3	Expected to occur in some circumstances in the next 3 years. Some instances of occurrence at similar organisations.
Likely	4	Expected to occur in many circumstances, probably within the next year. History of occurrence at similar organisations
Almost certain	5	Will undoubtedly occur within the next 6 months, possibly frequently. Regular occurrence at similar organisations

Where there is an interaction of impact and likelihood, these can be seen to produce three possible categories of risk as outlined below. This is the Gross Risk:

Risk categorisation	
Score	Category
≤ 3	Low risk. This should be kept under periodic review and longer term actions developed.
4 – 14	Medium risk. In this case consider and take action to reduce the likelihood of it occurring and / or the impact if it does occur.
≥15	High risk. This demands immediate and top priority action. Without immediate action this risk will cause damage to the organisation.

This enables a decision to be made re the level of priority of each risk assessed. All identified risks can be categorised in this way. Such analysis provides the opportunity to tackle those risks which are most urgent and provides an opportunity to identify /implement internal controls and specific actions.

(iii) Step 3 - Evaluate action

Having identified the risks and prioritised them, control measures and actions can be identified and implemented to manage the risk and reduce the likelihood and impact of each risk. An assessment can then be made of the level of risk that will exist once the controls measures and actions are in place. This is the Net Risk.

(iv) Step 4 - Monitoring

The Risk Management Group / Risk and Audit Committee is then responsible for monitoring the control measures and actions and ensuring risks are effectively managed and monitored on an ongoing basis.

In order to ensure effective implementation of risk management throughout the Trust it is important to:

- Consult with all members of staff and raise awareness of risk
- Through training, aid changes in behaviour and focus on the fundamentals of good risk management and internal control.

9. Policy status and review

Written by:	Executive Director of Planning, Policy and Governance
Owner:	Executive Director of Planning, Policy and Governance
Status:	V1 = Approved V2 = DRAFT
Approval date:	V1 = UoBAT – Board of Trustees 10/12/15; HAT Audit Committee - 4/12/15 (Merger editorial changes 1 September 2017) V2 = DRAFT
Review Date:	By 2023/24

ANNEX 1

UNIVERSITY OF BRIGHTON ACADEMIES TRUST RISK REGISTER

Academy / Central Team:		Last updated:		Next review due:		Review lead:	
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ID	Risk description (including key implications)	Risk owner	Factors contributing to the risk	Impact	Likelihood	Gross risk ²	Control measures and mitigating actions	Impact	Likelihood	Net risk ³
eg	Pupil recruitment Published Admissions Numbers not met in 2 or more academies (resulting in a reduction in grant funding and increased in year admissions, including a higher proportion of vulnerable and unplaced children)	Dir PPG	<ul style="list-style-type: none"> Demographic changes Improved reputation of other local schools gained through eg increased attainment, Ofsted etc Increases to the PAN of other local schools and / new free school developments in local area Brexit, impacting on new housing developments and changes to local population Academy / trust reputation and resources Poor quality learning environment Lack of suitable nearby pre and after school childcare 	4	4	16	<ol style="list-style-type: none"> Regular monitoring of applications and admissions Liaison with local authority school place planning teams, including review of local demography Overarching Trust marketing and communications strategy, including clear vision, values and mission Specific academy pupil recruitment marketing plans School improvement strategy to maximise pupil progress & attainment and achieve good or better Ofsted outcomes Capital development and planned preventative maintenance programme 	3	3	9

