Risk Management Policy and Procedures

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Owner	Director of Finance, Business & Operations

Contents

1. Introduction

1.1   Pontefract Academies Trust (the Trust) views risk management as an integral part of good internal control and corporate governance. The Trust acknowledges the risks inherent in its operations, and is committed to managing those risks which may jeopardise its commitment to "delivering outstanding education within outstanding environments where each child is able to achieve the highest possible academic outcomes".

1.2   This policy summarises the view of the Trust to risk, and defines the risk management framework within which the central trust and it's schools are expected to operate.

The policy explains the responsibilities of the different elements of the organisation, outlines key aspects of the risk management process, and identifies the main reporting procedures.

1.3   A **risk** is defined as an uncertain future action, event or set of circumstances which could adversely or beneficially affect the Trust's ability to achieve its stated objects in its Articles of Association or compliance with its Funding Agreement.

1.4   **Risk Management** is the planned and systematic approach to identification, evaluation and control of risk.

1.5   **Preventative Controls** are designed to limit the possibility of an undesireable outcome being realised. Eg. Segregation of duties, designated media officer

1.6   **Corrective Controls** are designed to correct undesirable outcomes which have been realised. Eg Business Continuity Planning.

1.7   **Directive Controls** are designed to ensure that a particular outcome is achieved. They are particularly important when it is critical that an undesirable event is avoided. Eg Health & Safety, and Security controls.

1.8   **Detective Controls** are designed to identify occasions of undesirable outcomes having being realised. Eg Stock Check, bank reconciliation, internal audit reviews.

2. Aims & Objectives

2.1   The aims of the risk management policy is to ensure that there is a common approach to the management of risk throughout the Trust ensuring that:

   a) significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
   b) the Trust makes the most of opportunities and develops them with the confidence that any risks will be managed;
   c) that any forward and strategic planning decisions are improved;
   d) that the Trust's aims are achieved more successfully;
   e) all employees understand the nature of risk and accept responsibility for managing the risks associated with their area of authority.

2.2   Where significant risks are identified, the trustees have determined that they are managed through one or a mix of the following strategies:

   a) tolerating the risk (the cost of taking action is disproportionate to the pontential benefit gained)
   b) treating the risk in an appropriate way to constrain the risk to an acceptable level by either:
      I.   transferring the risk eg. conventional insurance or transfer to third party
      II.   terminating the activity giving rise to the risk
      III. constrain through preventative, corrective, or directive controls

2.3   The risk management objectives of the Trust are to:

   a) integrate an awareness of managed risk taking, and effective risk management into the culture of the Trust;
   b) manage risk in accordance with good practice;
   c) embed risk management within strategic and operational management processes;
   d) consider statutory, regulatory and legal compliance as a minimum standard;
   e) anticipate and respond to changing political, economical, social, environmental, and legislative requirements;
   f) preserve and enhance the delivery of education throughout the Trust;
   g) preserve and enhance the reputation of the trust with its funders and its community
   h) safeguard students / pupils, employees and all other persons to whom the Trust has a duty of care;
   i) safeguard the assets of the Trust from loss through damage or theft;
   j) raise the profile of risk management throughout the Trust.

3. Roles and Responsibilities

3.1 **Audit and Risk Committee**

The Audit and Risk Committee (established as a committee of the Trust Board) has been made responsible for:

- advising the Trust on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);

- acting as the Risk Committee, identifying and reviewing the key risks to which the Trust is exposed, approving the risk management policy, risk register and action plan against significant risks, and monitoring the action plan against significant risks.

- to produce an annual report for the Trust which includes the committee's advice on the effectiveness of the Trust's risk management control and governance processes which incorporates any significant matters arising from the work of the internal audit service and the financial statements and regularity auditor;

3.2 **Chief Executive Officer**

The Chief Executive Officer is responsible for ensuring that specific programmes and procedures are developed for establishing and maintaining risk management activities.

3.2 **Director of Finance, Business and Operations**

The Director of Finance, Business and Operations will have the day to day responsibility for risk management. The Director will ensure that the monitoring systems are robust, and will provide guidance and advice to those involved in the operational management of risk. The Director will implement a system for recording and collating information from Schools and providing management information to the Chief Executive Officer and the Operational Committee.

3.3 **Headteacher of each school**

The Headteacher of each school is to ensure that arrangements and structures are in place in their school to maintain the risk register and report on the management of the risks on a termly basis. That the commitment to embed risk management is reflected through a link to the management of certain risks being included in personal objectives and appraisal. These reports form the basis of reports to the Local Governing Body and the Audit and Risk Committee.

3. Roles and Responsibilities

3.4 **Risk Champions**

The Director of Finance, Business and Operations, and each of the School Business Managers are nominated as Risk Champions. This will require them to collectively:

- Raise the profile and benefits of risk management amongst Trustees, Local Governing Bodies and School Senior Leadership Teams;
- Challenge the contents of the risk register to ensure, that it reflects any significant new risks emerging and that monitoring systems are suitably robust;
- Provide support on risk management to each School;
- Progress effective risk management that adheres to the corporate guidelines across the Trust, including ensuring that all the reporting requirements are met.
- Ensure that the practice of managing risk is made intrinsic to all Trust activities.

3.5 **Risk Managers in each school**

Risk Managers in each schools are those employees who are responsible for maintaining the risk register for areas under their authority. They will be required to retain documentation to support their risk assessment and this may be subject to review by the Trust's auditors.

3.6 **Internal Audit**

The work of internal audit is primarily to provide internal assurance on the effectiveness of the internal control famework (and therefore risk management) to the Audit committee. It does this by carrying out audits across the Trust and its Schools, focusing on the key risks in the Trust. The internal audit plan of work will be determined through use of the output from the risk management process.

3.7 **External Audit**

External Audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements and assurance on regularity.

4. Risk Identification and Assessment

4.1   The Trust has considered the following areas to identify its core risks:
- The Trust's objectives, mission and strategy
- The nature and scale of the Trust's activities;
- The outcomes that need to be achieved
- External Factors which might affect the Trust such as Legislation, Regulation, and Local Government Policies;
- The Trust's reputation with the Education Funding Agency/ Department for Education and the local community;
- Past mistakes and problems that the Trust has faced;
- Comparisons with other Trusts of a similar size
- Examples of risk management prepared by other Trusts

4.2   The Trust has categosied its nine core risks into seven categories:

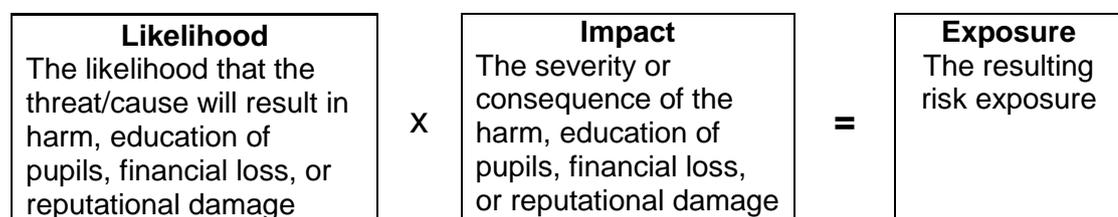| Category	Core Risk
Physical	Trust/School premises are unavailable for occupation for a significant period of time
Governance	The Trust / School suffers from a significant or prolonged governance failure
Staff	There are insufficient staff or resources to deliver services to the appropriate level within the Trust or a School.
	The leadership in, and management of, the Trust / School falls below acceptable standards
Strategic	The Senior Leadership Team are unable to deliver the Trust Business Plan / Schools' Development Plan
Financial	There are insufficient funds to deliver services at the appropriate level to achieve the Trust's aims and objectives
Academic	The academic achievement of pupils at a school falls below acceptable standards
	The quality of teaching at a school falls below acceptable standards
Health and Safety	The behaviour and safety of pupils, staff or visitors falls below acceptable standards

4. Risk Identification and Assessment

4.3 Potential Threats

Each of the above risks will have a number of potential threats / causes which will be managed through either one of, or a combination of, effective risk management strategies set out in paragraph 2.2 of this policy.

4.4 Risk Rating

Risk rating is a formula used to prioritise threats / causes of risks to ensure that the most serious are dealt with first:

Likelihood The likelihood that the threat/cause will result in harm, education of pupils, financial loss, or reputational damage	X	**Impact** The severity or consequence of the harm, education of pupils, financial loss, or reputational damage	=	**Exposure** The resulting risk exposure

The risk rating chart shows this formula applied in diagrammatic format:

Likelihood		Impact	
High (3)	Medium (3)	High (6)	Unacceptable (9)
Medium (2)	Low (2)	Medium (4)	High (6)
Low (1)	Trivial (1)	Low (2)	Medium (3)
	Low (1)	**Medium (2)**	**High (3)**

Risks are rated prior to mitigating actions and after mitigating actions / controls.

4. Risk Identification and Assessment

4.5 **Categorising, Prioritising and Reporting Risks**

The table below gives further guidance on how the risks are categorised, prioritised and reported.

	Description / Possible Consequences / Examples	Priority / Reporting Requirements
Unacceptable	If not resolved in the short/medium term will threaten the existence of the Trust. Financial loss in excess of 5% of the Trust's General Annual Grant in any one accounting year. Incident leading to long term incapacity / disability or death. Complete failure of core systems which cannot be recovered or significant damage to buildings which results in an inability to perform core functions at key times. Serious breach of legislation and statutory duty with prosecution or consequences. National and Local press coverage for up to one week.	Must receive immediate attention. Where possible the activity should be halted until adequate controls/mitigation can be implemented. Monthly or more frequent review by the Audit and Risk Committee and the Local Governing Body.
High	If not resolved will have a serious effect which will require some effort to manage and resolve in the medium term. This will not threathen the existence of the Trust but will damage it. Financial loss between 3% and 5% of the Trust's General Annual Grant in any one accounting year. Incident leading to moderate injury requiring professional	Must receive urgent attention in order to reduce the severity or likelihood. Monthly or more frequent review by the Audit and Risk Committee and the Local Governing Body.

4. Risk Identification and Assessment

■	intervention. Failure of core systems which will take more than 3 days to recover or moderate damage to building resulting in temporary reduction in capacity to deliver education in some areas. Single breach of statutory duty. Negative headlines in national press for limited period.	
Medium	If not resolved will have a moderate impact on the Trust's reputation and / or performance. Such a risk can be managed relatively straight forwardly in the short term. Financial loss between 1% and 3% of the Trust's General Annual Grant in any one accounting year. Moderate injury requiing professional intervention. Loss of core IT system for more than 1 day but less than 3 days. Limited regulatory consequence. Negative publicity in local press for a short defined period.	Must receive attention as a medium priority to reduce severity or likelihood. Reviewed by the Audit and Risk Committee on a rotational basis. Termly review by the Local Governing Body
Low	Unlikely to have an effect on the Trust's reputation or performance. Financial Loss less than 1% of the Trust's General Annual Grant in any one accounting year. Loss of core IT system for <1	Lower priority but must receive attention to verify if the risk can be reduced. Reviewed by the Audit and Risk committee on an exceptional basis. Termly Review by the Local Governing Body.

4. Risk Identification and Assessment

	day	
	No / minimal regulatory consequence. No / limited adverse local publicity.	
Trivial	Unlikely to have an effect on the Trust's reputation or performance. Financial loss less than £1000 No regulatory consequence	Lowest Priority. Reviewed by the Audit and Risk committee on an exceptional basis. Termly Review by the Local Governing Body.

Appendix A : Format of the Risk Register

Risk Type or All		Central Trust / School / All			Owner or All			Risk Category or All	

No.	Name	Type	Owner	Category	Pre-Mitigation Score	Post – Mitigation Score	Proximity	Linked Controls / Threats	Incidents
R1	The school premises are unavailable for occupation for a significant period of time	CR	HT	Physical	6	2	Long Term	Rx, Rx, Rx,Rx	

Unique Risk Reference

CR = Core Risk T = Threat

Category – see policy paragraph 4.2

Risk Rating – see policy paragraphs 4.4 – 4.5

Appendix B : Format of the Controls Register

| Owner / Department | | | | Central Trust / School / All | | | Category | | Statutory / Non-Statutory | |

No.	Name	Type	Linked Risk No.s	Owner	Department	Category	Statutory	Last Review Date	Next Review Date
C1	*Admission Arrangements Policy*	*C*	*Rx, Rx*	*CEO*	*Central Trust*	*Regulatory*	*Y*	*Xx/xx/xx*	*Xx/xx/xx*
C2	Attendance Policy	C	Rx, Rx	Headteacher	Xxxx School	Strategic	N	Xx/xx/xx	Xx/xx/xx

Unique Control Reference

C = Control

RM = Risk Management

Governance
Reputational
Legal
Financial
Health and Safety
Regulatory
Strategic
Academic
Students
Staff
Physical
Infrastructure