



Inspire Partnership School Trust

Risk Management Policy

Document / revision no.	Date	Status / Amendment	Approved by
2021 Version	31.08.21	Approved	Trust Audit & Risk Committee

1. Introduction

- 1.1. This policy aims to raise awareness about the need to address strategic and operational risks and to provide guidance for the schools and central team in the Inspire Partnership Schools Trust to manage such risks in an effective and formal way.
- 1.2. This policy is intended to help each school and the central team in the Trust identify and manage significant risks effectively. The policy is aimed at the Senior Leadership Team in each school, the Trust's Executive Team and the Trustees.
- 1.3. Risk management contributes to the safeguarding of public funds and the Trust's assets. Internal management and controls aid the effectiveness and efficiency of operations; it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations.
- 1.4. 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 aims and objectives.
- 1.5. 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. **Pre-Mitigation Score:** the level of risk that exists without taking into account any control measures that may be in place.
- 2.4. **Current Score:** the level of risk that exists currently having considered the effectiveness of existing controls which have been validated through assurance processes.
- 2.5. **Target Score:** 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.
- 2.7. **Risk Response:** the agreed response to the risk categorised into Accept / Eliminate / Mitigate / Monitor.

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, the central functional teams and within each school 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 Audit Committee on the results of the review, including an explanation of the actions being taken to address any significant concerns 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 the Trust aims and objectives and has a vital role to play in ensuring that the Trust is effectively 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.

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 undertaken by the Audit Committee and by the Executive Team in relation to the Trust overall; and by the Risk Management Group consisting of key representatives from each school and members of the Trust Executive Team.
 - (ii) Identification and prioritisation of areas of change, changes to objectives and risks that may be significant.
 - (iii) Identification of significant risks that could undermine:
 - the quality of education and achievement of standards
 - the reputation of the Trust and any of its schools
 - the reliability of internal and external reporting
 - the safeguarding of assets from inappropriate use, loss and fraud
 - the identification and effective management of liabilities
 - (iv) Identification of key tasks to:
 - develop risk management strategies
 - develop the risk culture at all levels
 - provide the senior leaders with early warning mechanisms

- monitor and report on the systems of internal control
- (v) Defining and communicating the roles and responsibilities of staff
- (vi) Allocation of:
- resources as necessary to address and manage risks
 - accountability for the management of each significant risk including creation of an agreed timetable

5. Roles and responsibilities

- 5.1. The *Audit Committee* is concerned with significant risks; that is those that could potentially impact the Trust's ability to achieve its objectives. Implementation of the high-level risk management strategy will therefore focus on matters of key strategic and operational importance. The Audit Committee will focus on the top 10 – 12 strategic risks affecting the Trust and will receive termly risk reports. Such reports will enable it to:
- ask how risks are 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
 - report back to and update the Trust Board on the current risk profile of the Trust
- 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 emerging 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 Audit Committee
- 5.3. The *Risk Management Group* comprised of members of the Trust Executive team and Headteacher representation, will consider the top 5 - 10 risks identified for each school and the central operational areas 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 termly report for the Trust Executive Team
 - escalate immediate/emerging risks to the Executive Team
-

6. 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 school and the central functional teams will reflect on the risks and progress in relation to its risk register regularly throughout the year. The Risk Management Group will meet each half term to review the risk register. The latest risk register will be submitted half-terminly 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
 - Schools and functional central services teams
 - The Trust Executive Team
 - Trustees
- 6.6. The 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.

8. Principles and implementation of risk management

8.1. There are four key steps to risk management

(i) Step 1 - Identification of risk

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

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

Identified risks should be noted on the risk register. The risk register is held on the GRC One platform.

(ii) Step 2 - Assess the risks and prioritise

Risks are prioritised to establish what needs to be addressed 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 (schools open; systems operate normally) • Complaint unlikely • 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 (school closure or 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"> • 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 (school 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 (school closure or systems down > 1 week) • Litigation expected • 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 Pre-Mitigation 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.

Based on these risk categorisations, decisions are made on the level of priority of each risk assessed. All identified risks will be categorised in this way. Such analysis provides the opportunity to tackle those risks which are most urgent and provides an opportunity to identify and implement internal controls and/or take specific actions.

(iii) Step 3 - Evaluate action

Having identified the risks and prioritised them, control measures and actions are identified and implemented to manage the risk and reduce the likelihood and impact of each risk. An assessment is then made of the level of risk that currently exists with the controls and actions in place. This is the Current Risk.

(iv) Step 4 - Monitor

The Risk Management Group, Trust Executive Team and Audit Committee are responsible for monitoring the control measures and actions and ensuring risks are effectively managed and monitored on an ongoing basis.

To ensure effective implementation of risk management the Trust Executive Team will:

- Regularly communicate 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.