



# RISK MANAGEMENT POLICY

## Member Academies:

Beamont Collegiate Academy  
 Bridgewater High School  
 Broomfields Junior School  
 Great Sankey Primary School  
 Meadowside Community Primary and Nursery School  
 Padgate Academy  
 Penketh High School  
 Penketh South Primary School  
 Priestley College  
 Sir Thomas Boteler Church of England High School

Version	Date	Action
1	3/12/2020	Approved by Finance, HR and Operations Committee
2	11/3/2021	Revised to include risk appetite
3	25/3/2021	Approved by Trust Board

## **1. Introduction**

The Challenge Academy Trust (TCAT) operates a risk management system in order to identify and manage key exposures and potential events that may threaten its ability to deliver its day-to-day activities and its strategic plan objectives.

For the purpose of this policy, risk is defined as the threat that an event could adversely affect the Trust's ability to meet its day-to-day objectives and execute its strategies successfully. Risk Management plays an important role in the Trust for a number of reasons:

- It helps people make better quality decisions, by drawing attention to the positives and negatives associated with different options.
- Consideration of risk does not stop us doing what we need to do, to get the job done. It is an essential part of governance as it ensures decision makers and other stakeholders are kept informed of significant risks facing the business, and tells them how the organisation is managing these risks effectively.

It is also recognised as a useful planning tool for identifying and managing risks, which could affect the Trust's performance in areas such as:

- Achieving strategic objectives and priorities;
- Complying with legislation or regulatory requirements;
- Achieving value for money or high levels of performance;
- Delivering projects;
- Protecting the organisation's reputation.

## **2. Scope**

This policy applies to the Trust and all of its constituent academies. Any local procedures shall be consistent with this policy. The Trust will adopt, wherever possible, recommended best practice in the identification, evaluation and cost effective control of business risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Trust Board.

## **3. The objectives of this policy are:**

- to integrate risk management into the culture of TCAT
- to manage risk in accordance with recommended best practice
- to establish legal compliance as a minimum standard
- to continue to respond to changing social, environmental and legislative requirements
- to prevent injury and damage wherever possible and so reduce the cost of risk
- to continually raise awareness amongst all employees of the need for the management of business risk

## **4. The objectives will be met by:**

- the establishment of both Trust-wide and local academy Risk Management Teams
- the continuous development of risk management strategies throughout TCAT
- monitoring the risk management action plan
- the provision of risk management awareness training

- the dissemination of information relating to risk management to all employees to maintain effective communications of this key activity
- the development and maintenance of appropriate procedures and records to assist in the management of risk
- the preparation of contingency plans in those areas and activities that are deemed to be potentially high risk

## 5. Underlying approach to risk management

### 5.1.Key Principles

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

- the Trust Board has responsibility for overseeing risk management within the Trust as a whole and Local Governing Bodies have responsibility for overseeing risk management within their Academy
- an open and receptive approach to managing risk is adopted by the Trust and Local Governing Bodies
- the Central Executive Team supports, advises and implements policies approved by the Trust Board
- the Academy Senior Management Teams supported by their Local Governing Bodies implement the policies approved by the Trust Board
- the Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk
- all managers are responsible for encouraging good risk management practice within their area
- key risk indicators will be identified and closely monitored on a regular basis

### 5.2.Level of Risk Exposure (Risk Appetite)

The agreed level of risk exposure informs the Trustees in their decision as to the levels of risk they are willing to accept and provide a benchmark against which initial risk assessments are undertaken. The risk assessment and evaluation in turn inform Trustees of the Trust's overall risk profile and the steps taken to manage any major risks identified.

The overall level of risk or exposure that will be tolerated is determined by the Risk and Audit Committee. It is identified through the risk appetite rating applied to each area of the risk register. Risk appetite ratings are determined as being **low, medium or high**.

The risk appetite rating the target risk rating for each individual risk in the plan.

- Where the risk appetite is **low**, the target individual risk rating range is 1
- Where the risk appetite is medium, the target individual risk rating range is 2-3
- Where the risk appetite is high, the target individual risk rating is 4

Each identified risk in the risk register will be given a risk score which is then adjusted to take into account both existing mitigations in place and proposed actions. Risks are rated on a scale of 1-5 with 1 representing the lowest risk and 5 representing the highest risk. Risk Ratings are reviewed on an annual basis to ensure that they remain fit for purpose.

The target for the risk management plan will be to keep the risk register within the Trust's risk appetite.

## 6. Roles and Responsibilities

### 6.1. The Role of the Trust Board

The Trust Board has a fundamental role to play in the management of risk. Its role is to:

- set the tone and influence the culture of risk management within the Trust
- determine what types and levels of risk are acceptable and which are not
- approve major decisions affecting the Trust's risk profile or exposure
- monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

### 6.2. The role of the Local Governing Bodies (LGBs)

The role of the LGB is to support their local Academy Principal and senior management teams in the management of local risks within the Trust Framework including:

- monitoring the management of significant risks to reduce the likelihood of unwelcome surprises
- satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- annually reviewing the Academy's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

### 6.3. The role of the Trust Risk Management Team

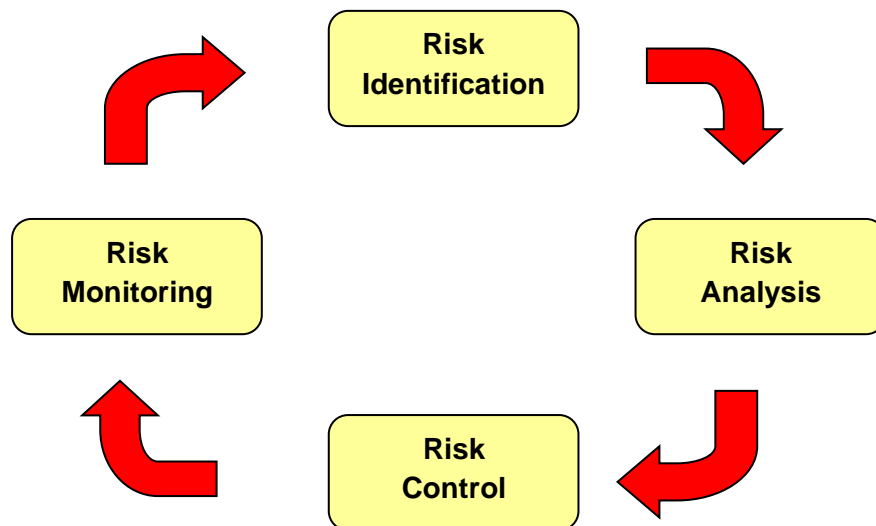
TCAT's Risk Management Team will lead on risk management and will co-opt (as required):

- Central Executive Team (including the CEO designated as the Risk Management Champion)
- Operations Director/ Finance Director
- Representative from the Estates Management Hub
- Representative from the IT Hub

The Risk Management Team will:

- Implement policies on risk management and internal control
- Identify and evaluate the significant risks faced by the Trust for consideration by the Trust Board, ensuring a clear statement of risk
- Produce a risk management action plan and update it on an annual basis with a mid-year review
- Report to The Trust Board on the implementation of the action plan

6.3.1. In diagrammatic terms, the **Risk Management Cycle** set out below usefully highlights the key duties of the Risk Management Team:



#### Risk Identification

Identifying and understanding the risks that the TCAT faces is essential for informed decisions to be made about policies or service delivery methods. The risk associated with these decisions can then be effectively managed.

#### Risk Analysis

Once the risks have been identified they need to be systematically analysed using proven analysis techniques and all available data on the potential frequency/likelihood and impact/consequences of events. If a risk is seen to be unacceptable, steps need to be taken to control or respond to it.

#### Risk Control

Risk control is the process of taking action to reduce the chance of a risk occurring and/or the impact of the risk should it occur. These factors should be reduced to the lowest point where the action taken is still economical. Risk control often requires projects to be implemented or operating procedures to be revised.

#### Risk Monitoring

To complete the risk management process all risk control projects and revisions to operating procedures need to be monitored and reviewed. It is also important to assess whether the nature of the risk has altered with time.

### **6.4.Role of Local Academy Risk Management Team**

Each academy will set up a local Risk Management Team consisting of the Principal and members of their Management Team as they deem appropriate which will be responsible for:

- Implementing policies on risk management and internal control in the academy
- Identifying and evaluating the significant risks faced by the Academy for consideration by the Trust Risk Management Team ensuring a clear statement of risk
- Produce the local risk management action plan and update it on an annual basis with a mid-year review
- Reporting to both to their LGB and the Trust Risk Management Team on the implementation of the action plan

## **7. Monitoring Arrangements**

The Trust Board will appoint annually internal and external audit reports. Their recommendations will be incorporated into the Risk Management Action Plans developed by the Risk Management Team.

### **7.1. Internal Audit**

The Internal Audit Service will carry out an agreed programme of visits annually to monitor and review risk management arrangements including:

- TCAT's approach to risk management which will be reviewed on an annual basis by the Internal Audit Service and a report presented to the Audit Committee.
- This annual report shall include assurance to the Trust Board on the reliability and effectiveness of the risk management systems in place in the TCAT.

### **7.2. External Audit Service**

The Trust Board will appoint an External Audit Service which will monitor and review the financial risks to the institution and submit their assurance statement to the Trust Board as part of the audit of the Annual Financial Statements and Accounts reports

## 8. Risk Management Structure, Roles and Ownership

