

Inspire Partnership Academy Trust Risk Management Policy

Approval Date:	21st September 2023
Approved by:	Trust Board
Policy Owner:	Trust Leaders
Review date:	1st September 2024

Contents

1. Introduction	3
2. Definitions	3
3. The constituents of good risk management	4
4. Risk management implementation strategy	4
5. Roles and responsibilities	5
6. Risk management assessment and risk register	7
7. Reporting on risk management and internal control	8
8. Principles and implementation of risk management	9
Step 1 - Identification of risk	9
Step 2 - Assess the risks and prioritise	9
(i) Step 3 - Evaluate action	12
(ii) Step 4 - Monitor	12

1. Introduction

- 1.1. This policy aims to set out the framework the Inspire Partnership has adopted for risk management, including the Trust's risk appetite, the processes for identifying, categorising, measuring risks and its strategy for treating risks. The policy should also include roles and responsibilities, monitoring, reporting and review procedures, and training arrangements to ensure effective risk management is embedded throughout the trust.
- 1.2. This policy sets out how the trust leads on risk management processes under the broad categories of:
 - risk identification
 - risk measurement
 - risk management
 - risk monitoring
 - risk reporting
- 1.3. 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.
- 1.4. 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.
- 1.5. 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.
- 1.6. This policy aids the adoption of a Risk Management approach to establishing and maintaining systems of internal control and reviewing their effectiveness. It has been produced in accordance with [2023 ESFA guidance](#) and uses an approach to risk leadership incorporated into a 'risk universe' model.

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 leadership and 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 and managing risk 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. Risk is inherent in everything academy trusts do to deliver high quality services. Risk management should be an essential part of governance and leadership and an integral part of business planning and decision-making processes. The features of the Trust's implementation strategy are as follows:
- 1st line of defence – management and staff who own and manage risk on a day-to-day basis.
 - 2nd line of defence – the board who oversee the effectiveness of the risk management framework.
 - 3rd line of defence - the internal scrutiny function who provide independent assurance on the overall effectiveness of risk management and controls.
 - 4th line of defence - assurance from external independent bodies such as the external auditors, externally commissioned reviews and other external bodies.
- 4.2. Identification and prioritisation of areas of change, changes to objectives and risks that may be significant.

4.3. 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

4.4. Defining and communicating the roles and responsibilities of staff

- 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

4.5. 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 and Risk Committee** is concerned with significant risks; 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. These risks will be presented in the form of a Risk Universe Map as well as a Risk Management Register.

5.2. The Audit and Risk Committee will focus on the top 10 – 12 strategic risks affecting the Trust and will receive regular 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

5.3. The **Audit and Risk Committee** will regularly review and assess the top strategic risks affecting the Trust using a risk universe model which is broken down into the following sections:

- **Internal risks** - these are risks over which the academy trust has some control, by managing them through internal controls / additional mitigating actions. Examples of such risks include health and safety risks / data security / policy compliance.
- **External risks** - this focuses on big external events/perils and then considers how to make the academy trust more resilient to such events. Examples of such risks include a pandemic and extreme weather.
- **Strategic risks** – these are risks to the achievement of the academy trust's core objectives. For example, staff turnover / education outcomes / financial security.
- **Project risks** – risks associated with any critical projects the academy trust may be involved in. For example slippage on the delivery timescale for a new building.

5.4. The Trust's *Executive Team* will:

- monitor all key strategic and operational risks on an ongoing basis.
- ensure that the agendas for its meetings are informed by a risk analysis of immediate and merging issues. These risks link closely to the Trust Strategic Plan Priorities as well as the Trust Education and Business KPIs.
- ensure that key strategic decisions are informed by an assessment of key risks.
- review and update the Trust risk universe map and the risk register prior to submission to the Audit and Risk Committee.

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. The risk register is presented in two formats:

6.2.

- A risk universe which provides trustees with a dynamic 'global' view of the core strategic risks and potential impact linked to Trust priorities.
- A risk management register which includes the trust management controls and mitigations linked to strategic risks. These controls will link to the following areas:
 - Tolerating risk is where no action is taken. This may be because the cost of instituting controls is not cost-effective or the risk or impact is so low that they are considered acceptable. For instance, the trust may decide to tolerate the risk of contracting with a supplier with a poor credit rating provided the goods/services could be obtained relatively easily from someone else.
 - Treating risk involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur. For instance, the trust may decide to train more than the statutory minimum of staff as paediatric first aiders and to put in place a rota for first aid cover during lunchtimes.
 - Transferring risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing). For example, the trust may decide to take out insurance to mitigate the risk of the excessive costs of supply staff in the event of extended staff absences.
 - Terminating risk can be done by altering an inherently risky process to remove the risk. If this can be done without materially affecting operations, then removal should be considered, rather than attempting to treat, tolerate or transfer. Alternatively if a risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the rational decision may well be that this is a process the academy trust should not be performing at all. For instance, the trust may decide not to contract with a related party to eliminate reputational risk.

- 6.3. School and the central functional teams will reflect on the risks and progress in relation to its risk register regularly throughout the year. The Trust Executive Team will meet each half term to reflect on the risk register. The latest risk register will be submitted termly to the Audit and Risk Committee for review, scrutiny and approval.
- 6.4. 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 universe in a dynamic way. This will be reflected in changes to the risk register and evaluation of the strategic plan.
- 6.5. 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.
- 6.6. Consequently, the Trust risk universe map and 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 (e.g. DfE guidance / Ofsted / ESFA)
 - Schools and functional central services teams
 - The Trust Executive Team
 - Trustees and governors
- 6.7. The Audit and Risk Committee will consider the Trust risk register at each meeting and note progress.
- 6.8. The full Board of Trustees will consider the Trust risk register at least annually.

7. Reporting on risk management and internal control

- 7.1. The board and the audit and risk committee sets out how and when it wants to receive information about risks through the programme of work set out in the agenda for each meeting. The risk universe and risk management register supports the board and the audit and risk committee to assess whether decisions are being made within their risk appetite, to review the adequacy and effectiveness of internal controls, to reprioritise resources and improve controls and to identify emerging risks.
- 7.2. The number of risks reported is appropriate to the trust's own circumstances is a manageable number.
- 7.3. The audit and risk committee will determine the appropriate level of review of the risk register at every meeting.
- 7.4. As part of the trustees' report, which accompanies the audited financial statements the trust will explain their principal risks and uncertainties and the plan for managing those risks.
- 7.5. The Trust Board will keep our own risk appetite under review and should consider the ongoing appropriateness of its risk management policy. Unforeseen events will materialise periodically and when this happens the board will consider the extent to which the risk was identified and measured and whether the selected control measure was appropriate.

- 7.6. The audit and risk committee is responsible for directing the academy trust's programme of internal scrutiny. The internal scrutiny function will focus on evaluating the suitability of, and level of compliance with, financial and non-financial controls, offering advice and insight to the board on how to address weaknesses in financial and non-financial controls and ensuring all categories of risk are being adequately identified, reported, and managed. The risk register also facilitates a rational risk-based approach for the internal scrutiny function's work programme and the risk register must be used as a reference point, as required by the AFH (part 3).
- 7.7. Risk management is as much about ensuring that the control environment remains effective to manage the risks that are already known, such as through testing of the controls. Risks will materialise if controls only exist on paper. Through a programme of Trust Board meetings and focused visits to schools, Trustees will stress test the controls and mitigating actions to ensure that they have been implemented and are effective. For example, trustees, or the internal scrutiny function, could ask their IT provider to produce their MIS backup data within contract time and quality requirements. 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

Step 1 - Identification of risk

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

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

Identified risks should be noted on the risk register. The risk register is held in a single secure place (via Google Drive).

Step 2 - Assess the risks and prioritise

Risks are prioritised to establish what risks need to be managed, mitigated or addressed and in what order. There are two key effects: impact and likelihood. When assessing risk, the likelihood scoring runs from very low (1) to very high (5). This is then multiplied by the potential impact risk which runs from very low (1) to very high (5).

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

Impact		
Impact descriptor	Score	Impact on service and reputation
Very Low	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
Low	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
Medium	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
High	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

		<ul style="list-style-type: none"> • Expenditure increase > £250K
Very High	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
Very low	1	Highly unlikely, but may occur in exceptional circumstances
Low	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. Such risks may well be tolerated.
4 – 14	Medium - high risk. In this case consider and take action to reduce the likelihood of it occurring and / or the impact if it does occur. Such risks will require treatment or transference.
≥15	High - very high risk. This demands immediate and top priority action. Without immediate action this risk will cause damage to the organisation. Such risks will require treatment, transference or termination.

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.

(i) 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.

(ii) Step 4 - Monitor

The Trust Executive Team and Audit and Risk 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.