



# The Three Rivers

Learning Trust

<b>Name of Policy</b>	<b>Risk Management</b>
<b>Policy Number</b>	<b>F3</b>
<b>The Three Rivers</b>	
<b>Named Person(s)</b>	<b>Mark Tait</b>
<b>Review Committee</b>	<b>Audit</b>
<b>Last review date</b>	Summer 2020
<b>Next review date</b>	Summer 2023

<b>Key Changes</b>	<ul style="list-style-type: none"><li>• Separation of policy and procedure</li><li>• Described links to internal scrutiny, audit committee and internal audits</li></ul>
<b>Sources</b>	DfE, School Bus, SBM Forum, Audit Committee
<b>Statutory/Non-Statutory</b>	Non-statutory

## **Purpose**

The policy describes The Three Rivers Learning Trust risk management approach.

Risk management is the discipline by which risks that threaten the achievement of the Trust objectives are identified and managed as part of the planning process. "Risk" is used in this policy to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting: operational performance; achievement of aims and objectives; or meeting the expectations of stakeholders.

"Major risks" are those risks which have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of the Trust.

## **Scope**

This policy applies to risk management for the Trust as a whole including each school.

## **Key Principles**

The Trust believes that effective risk management proactively identifies and enables effective planning for and management of risks to the Trust and its schools. It enables risks to be accepted and taken for the benefit of the Trust and impacts mitigated to protect the Trust.

## **Rationale**

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the Trust's Strategic Plan.

The Board of Trustees has a responsibility under charity law to state in its annual accounts that the major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

## **Policy**

The Three Rivers Learning Trust policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated.

The Board of Trustees is responsible for making a statement on risk management in the annual accounts of the Trust. In order to be able to

make the required statement with reasonable confidence the Trustees should ensure that:

- the identification, assessment and mitigation of risk is linked to the achievement of the Trust's vision and strategic goals as set out in the Trust's Strategic Plan
- the process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- the process produces a risk register that reflects the Trustees views as to levels of acceptable risk
- the principal results of risk identification are regularly reviewed, evaluated and managed
- risk management is ongoing and embedded in management and operation procedure.

The Board of Trustees is responsible for overseeing the development and implementation of the risk management strategy.

The Trust's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust. The SLT will provide an annual report on risk management to the Board of Trustees.

The Chief Executive Officer, Chief Operations Officer and Headteachers are responsible for ensuring that they take personal responsibility for championing risk management across the Trust and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Board of Trustees that:

- risks are correctly evaluated
- key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- the risk management framework and internal control framework is operating effectively
- management is properly reporting the status of key risks and controls

The Audit Committee will approve a programme of internal scrutiny that is supported by a series of focused internal audit visits by external professionals best suited to providing an independent assurance of the management of specific risks. Actions and recommendations will be monitored via the Audit Committee to ensure successful implementation.

Risks linked to educational standards will be monitored via the Standards Committee and be included in their assessment of school performance.

## **Appendix 1**

### **Procedure**

#### **Risk Identification**

The process of risk identification will involve both Trustees and management.

Consideration will be given to the following factors:

- the vision, beliefs, values and strategic goals;
- the nature and scale of the Trust's activities, both current and planned;
- external factors that may affect the Trust such as legislation and regulation, and the Trust's reputation with its key stakeholders;
- the operating structure,

#### **Risk Assessment**

This process enables a judgement of the likelihood and impact of a risk occurring.

- discuss and agree that all involved are satisfied with the list of risks
- determine the appropriate response to each risk
- assess existing controls and determine appropriate action
- allocate responsibility for action
- agree future reporting and review procedures
- taking each of the risks in turn, discuss and rate them in terms of likelihood and impact

A risk matrix will be used to plot each risk. The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified. The value for money of the chosen responses needs to be considered, i.e. it is as important to avoid over-control of minor risks as under- control of serious risks.

With this exercise complete, the Board of Trustees will decide what their risk appetite is. (what level of risk they are willing to tolerate) This will determine what response the board wishes to make to each risk.

#### **Action Planning/Risk Register**

Any risks requiring treatment should be recorded in a risk register. The actions required to produce an acceptable control system will be identified and documented. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version of the register will be circulated to all senior members of

the Trust so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

## Monitoring and Review

The risk register will be reviewed regularly by:

- 3RSLT to ensure that Learning Trust operations reflect the risk assessments and that risk assessment at an operational level reflects the risk management policy
- The Audit Committee who have oversight of the policy and will ensure no risks are missed from the register and that the risk assessment principles are applied effectively
- The Board of Trustees to ensure that risks are identified and that appropriate controls and responses are in place for each risk
- Each Committee can identify and add risks to the register

## Risk Register Scoring & Response

Scores used to assess the impact of risks use the following table:

Impact	Examples to assist with Impact assessment
1. Insignificant	Reputation - No media exposure, slight local community exposure.
	Financial Loss - Financial impact of <£5k
	Service Delivery - minimal disruption of one part of the organisation
	Legislative - minimal Legislative Implications
2. Minor	Reputation – Limited Local Media Exposure
	Financial Loss - Financial impact of between £5k and £50k
	Service Delivery - Minimal disruption of the whole organisation
	Legislative - Legislative impact affects small number of procedures
3. Moderate	Reputation - One-off Local or National Media Exposure
	Financial Loss - Financial impact of between of between £50k and £150k
	Service Delivery - Significant disruption of one part of the organisation
	Legislative - legislation has moderate impact on a number of functions

4. Major	Reputation - Local or national Media Exposure results in long term criticism
	Financial Loss - Financial impact of between £150k and £250k
	Service Delivery - Significant disruption of large parts of the organisation
	Legislative - legislation has significant impact on a key area
5. Extreme	Reputation – Prolonged national media exposure and sustained widespread critical coverage leads to loss of public credibility and potential closure of the business
	Financial Loss - financial impact in excess of £250k
	Service Delivery - Significant disruption of the whole organisation
	Legislative - legislation has significant impact on the whole operation

Scores used to assess the likelihood of risks and the strength of the controls / mitigations use the following tables:

Likelihood

Score	Level of likelihood	Probability guidance
1	Rare / unlikely	<5% chance of occurring
2	Possible	5 - 40% chance of occurring
3	Likely	40 - 75% chance of occurring
4	Very likely	>75% chance of occurring
5	Certain	100%

The final risk score is a function of impact and likelihood which is summarised as follows:

	1	2	3	4	5
1	1	2	3	4	5
2	2	4	6	8	10
3	3	6	9	12	15
4	4	8	12	16	20

5	5	10	15	20	25
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15 or more		High risk
8-14		Significant risk
4-7		Moderate risk
3 or less		Low risk

### Response Options –

**Transfer** - This may be done by conventional insurance or by paying a third party to take the risk in another way.

**Tolerate** - Exposure to risk may be tolerable without any further action. Alternatively, it may not be possible to do anything about the risk without a disproportionate cost.

**Treat** - This may not obviate the risk – it is more likely that the aim will be to contain it to an acceptable level.

**Terminate** - This response is used when the only way to contain a risk to acceptable levels is to discontinue the activity that gives rise to the risk (not possible if there is a legal duty to continue)