THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST

RISK MANAGEMENT STRATEGY

Consultation	Board of Directors
Review Cycle	Annual
Date Approved	Nov 2016
Approved By	SGET Board
Next Review Date	Nov 2017

Contents

1.0   Introduction

Risk management is the process whereby the Trust methodically addresses the risks attaching to its objectives and associated activities with the goal of achieving sustained benefit within each activity and across the whole range of activities.

Risk management will be aimed at ensuring that the Trust achieves its objectives in the most effective way and those resources are directed at those objectives. It will not be seen as a separate exercise but as the means of best achieving the Trust's objectives.

This risk management strategy has been designed to provide a framework for managing the risks the Trust faces and ensuring its objectives are achieved in the most effective way. It has been designed for use by all staff of the Trust and it serves to:

- Communicate the strategies for managing risk in the Trust
- Establish procedures which should be adopted in the risk management process

2.0   Aims and Objectives

The Trust's overall risk management plan is aimed at:

- Protecting its students, staff and assets
- Managing risk in accordance with best practice and reducing the cost of risk
- Anticipating and responding to changing social, environmental and legislative requirements
- Raising awareness of the need for risk management
- Integrating risk management into the culture of the Trust and each of its Schools
- Adopting legal compliance as a minimum standard

These aims and objectives will be achieved by:

- Establishing and maintaining a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all staff
- Maintaining documented procedures for the control of risk
- Providing suitable information, training and supervision
- Maintaining effective communication and the active involvement of all staff
- Maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- Monitoring arrangements on an ongoing basis

3.0   The Structure and Administration of Risk Management

The Board of Directors has a fundamental role to:

- Set the tone and influence the culture of risk management within the Trust

- Determine the appropriate risk appetite or level of exposure for the Trust

- Approve major decisions affecting the Trust's risk profile or exposure

- Set policy and strategy for risk management

- Frequently monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact

- 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

The Local Governing Bodies will:

- Support and implement policies approved by the Trust

- Establish internal risk management structures for their individual school

- Provide adequate information in a timely manner to the Trust and its committees on the status of risks and controls

- Focus and co-ordinate risk management activities within their School

- Raise the level of management awareness and accountability for the business risks experienced by their School

- Develop risk management as part of the culture of their School

- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of their School

Schools' Senior Leadership Teams will:

- Have primary responsibility for managing risk on a day-to-day basis;

- Have responsibility for promoting risk awareness within their operations;

- Identify and evaluate the significant risks faced by their operations;

- Ensure that risk management is incorporated at the conceptual stage of projects as well as throughout a project

- Ensure that risk management is a regular management meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis

- Report early warning indicators to Local Governing Bodies

4.0   Risk Identification

Risk is not only about adverse events, it is also about missed opportunities. All areas of activity within the Trust and its Schools and partnerships with third party organisations should be considered together with what would stop them being as successful as they should. The key risks that the Trust or School faces will be those that would stop it achieving its objectives in these areas.

As the first step in the risk identification process all staff with responsibility for delivering operations aims or targets need to understand the Trust's corporate objectives and the legal and regulatory environment in which it operates.

The second step is the translation of these objectives into operating aims in the form of detailed business plans and performance indicators for each area of activity. This should be an ongoing annual exercise with regular updating of the aims.

The next step is to identify what would stop each area being as successful as it should. Risks can readily be identified through either brainstorming or a more structured approach.

There are many methods for grouping risks, starting from either categorising risk or analysing it using a functional approach. Consideration by category, for example, would include:

Strategic risks – concern the long-term strategic objectives of the School or Trust. They can be affected by such areas as capital availability, legal and regulatory changes, reputation and changes in the physical environment. For example, failure to recognise sector message.

Operation risks – concern the day-to-day issues that the organisation is confronted with as it strives to deliver its strategic objectives. For example, failure to maintain timely and accurate learner data.

Financial risks – concern the effective management and control of the finances of the School or Trust and the effects of external factors such as interest rate movement and other market exposures. For example, failure to balance budget.

Compliance risks – concern such issues as health and safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues. For example, breach of employment laws.

Risks that have been identified should be recorded on the risk register.

5.0   Risk Estimation (Assessment of Likelihood and Impact)

Having identified the risks that the School and/or Trust is facing, they will be prioritised into a manageable order so that action can be focused on the significant risks. At this stage in the risk management the Trust is concerned about the risks that threaten the achievement of its aims and objectives. Risk prioritisation will enable necessary action to be taken at the relevant level of management at School or Trust level.

Each risk will be assessed in terms of the likelihood of its occurrence, and its impact on the School and/or Trust, should it occur.

Not all risks will affect the organisation with the same impact, and some are far more likely to occur than others. There is perhaps a low likelihood of fire at one of the Trust's primary schools but there would be a significant disruption if the buildings were burnt down. There may be a greater likelihood of petty thefts but the School may suffer from this regularly.

The impact of a risk and the likelihood of it occurring will be scored as follows:

Likelihood

For each of risk identified the likelihood of their occurrence should be scored against the following scale:

1. extremely unlikely; rare occurrence
2. unlikely
3. moderately unlikely
4. very likely, regular occurrence
5. highly likely
6. extremely likely; frequent occurrence

Impact

For each of risk identified the impact of their occurrence should be scored against the following scale:

1. not critical to continued operations
2. minor impact in limited areas
3. minor impact in many areas
4. significant impact; would not affect continued operations in short-term but might in long-term
5. significant impact; in medium term; relates to substantial operational areas
6. fundamental to continuing operations

Scores for likelihood and impact can then be ranked by numerical value, e.g.

- Fire   impact 6   likelihood 2   total = 12
- Small scale theft   impact1   likelihood 3   total = 3

Risk Prioritisation

Risks will be prioritised as follows:

Risk Score	Prioritisation	Colour	Action
1 to 14	Low	Green	Keep under review
15-24	Medium	Amber	Consider action or contingency plan
>25	High	Red	Immediate action

6.0   Risk Reduction

Once risks have been identified and prioritised, the School and/or Trust will identify how it will attempt to address them.

The first step will be to assess the cost of accepting the risk. This may be a financial cost or a lost opportunity. It may be decided that accepting a particular risk is appropriate and not take any further action.

Where it is deemed that further action is required, there are three main options:

- avoid the risk
- transfer all or part of the risk (e.g to third party such as insurance company of partnership organisation)
- Reduce the risk

7.0   Risk Monitoring

The likelihood or impact of an identified risk can change for a number of reasons including:

- Nature of the risk has changed or is changing
- Existing controls are inadequate or not functioning
- New controls are introduced

Early warning indicators should aim for each risk to alert management to the situation effectively. These should have triggers, be described in the register and be highlighted in monthly reports to management and the Trust. Key characteristics of monitoring mechanisms are:

- Information must reach the level of management where decisions can be made
- Mechanisms must pick up the problem before it happens, or at least before it gets too serious.

All staff should:

- Understand their accountability for individual risks
- Understand that risk management and risk awareness are a key part of the School and Trust's culture
- Understand how they can enable continuous improvement of risk management response
- Report systematically and promptly perceived new risks or failures of existing control measure

Senior Leadership Teams will:

- Review the risks which fall into their area of responsibility, the possible impacts these have on other areas and the consequences other areas may have on them
- Report systematically and promptly to the Local Governing Body any perceived new risk or failures of existing control measures

Local Governing Bodies will:

- Review the Risk Register
- Review key performance indicators and progress towards objectives
- Take necessary action to address adverse departures for objectives
- Provide adequate information to the Board of Directors on significant risks

The Board of Directors will:

- Review the Corporate Risk Register, Risk Reduction Plan and the Internal Audit monitoring document at its meetings
- Provide ongoing advice on the effectiveness of the risk management process

Appendix 1 - Implementation Plan

Is training required to implement this policy?   **Yes** ☐   **No** ■

If Yes, how will this be delivered and by whom?

To which groups of staff does this policy need to be issued?

All school staff and Trustees.

How will the policy be issued and by whom?

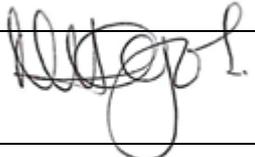*Communication from Head teachers Via Chairs of LGB*

Date adopted by Local Governing Body:

Signed (Chair of LGB)

Name of School

Appendix 2 - Equality impact assessment screening form

Section one: screening for impact	
Name of policy:	Risk Management
Project lead completing assessment:	Matt Hayes
Position:	Business Manager

What is the main purpose of the strategy/project/policy?	
Describes the Trust's approach to risk management	
Who will be the main stakeholders/users of the policy? Please consider the impact of the policy on the different groups of stakeholder /users.	
Headteachers, Staff and Trustees.	

Use the table to show:

Where you think that the policy could have a negative impact on any of the equality strands, that is, it could disadvantage them – if no impact please note the evidence for this.

Where you think that the strategy/project/policy could have a positive impact on any of the groups or contribute to promoting equality, equal opportunities or improving relationships within equality characteristics.

	Positive impact	Negative impact	No impact	Reason and evidence (provide details of specific groups affected even for no impact)
Age			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.
Disability			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.
Gender			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.

Gender identity			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.
Sexual orientation			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner..
Race			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.
Religion or belief			✓	The policy relates to risk management and would only consider aspects relating to this on an individual basis and in a considered manner.

If you have indicated there is a negative impact on any group, is that impact:		
Legal? (not discriminatory under anti-discriminatory legislation)	Yes ☐	No ☐
Intended?	Yes ☐	No ☐
Level of impact?	High ☐	Low ☐

If the negative impact is possibly discriminatory and not intended and/or of high impact you must complete a full equality impact assessment. If not, complete the rest of section one below.

Could you minimise or remove any negative impact that is of low significance? Could you add any additional action to have a positive impact rather than no impact?

N/A

If there is no evidence that the strategy, project or policy promotes equality, equal opportunities or improved relations – could it be adapted so that it does? If so, explain how.

N/A

Please list the outcome following this equality impact assessment (this could be no changes, some changes, further work needed around particular groups or cease development of the policy).

N/A

Signed:		Date:

Section 1 - Strategic Risks						
Risk Description	**Risk Consequences**	**Controls in place/Warning Indicators**	**Likelihood**	**Impact**	**Score**	**Actions to Improve Current Position**
Failure to recruit sufficient pupils in order to make schools viable	Significant risk Loss of confidence of beneficiaries and stakeholders (staff/pupils/parents)	Admissions policy Home School Agreement Effective networking inside and outside the Trust Open Evenings Use of Social Media and Local publications. Provision of transport (Lacon)	2	4	8	
Failure to ensure the objectives of trust are met	School fails to operate within the strategic objectives agreed by Trustees Out of date objectives Unfavourable Ofsted report Controversial objectives	Active and experienced Board of Directors Active and experienced LGB Experienced SLT All staff take active role in operation of school Effective School and Trust Improvement Plan Heads' Board	2	4	8	
Failure to monitor and react to the risks re competitor establishments	Competitors more attractive Failure of parents to be able to differentiate between competitors Competition from same share of market	Effective networking inside and outside the Trust Open Evenings SGET strategy and ethos well defined and USP communicated Use of Social Media and Local publications. Provision of transport (Lacon)	3	2	6	SGET strategy and ethos well defined and USP communicated Trust website Trust- wide marketing
Failure to ensure IT maintained to highest standard	Security risk Corruption/loss of data Financial risk Legal requirements Up-to-date equipment	IT managed service support contract - Novus	4	2	8	Work with IT support to identify key priorities and replacement programme.
Failure to ensure school has adequate insurance cover	Financial risk Legal requirements Reputational risk	RPA used across Trust Additional insurance in place where required - Zurich Adequate buildings/employees/fixtures & fittings/employer/public liability/Prof indemnity held by school Each school responsible for own absence protection	2	4	8	
Failure to recruit Trustees with correct profile	Risk that a Trustee could attract negative publicity Risk of loss of confidence in Local Governing Bodies and Board of Directors	Governor training and Induction	3	4	12	Ensure consistent approach across all local governing bodies
Failure of school to produce regular/open management accounts	Failure to meet requirements of EFA Failure to be transparent organisation. Lack of understanding of financial risks	Monthly management accounts Reports to SLT and Trustees Budget monitoring Awareness of financial regulations Effective internal and external audit Support from Accountants and Auditors	2	4	8	
Failure of trust to have financial management systems to prevent fraud	Financial risk Risk of litigation Reputational risk	Monthly management accounts Internal controls Regular and timely reconciliations	2	2	4	