



# Lingfield Education Trust

## Risk Management Policy and Procedure

<b>Policy Version Control</b>	
Policy type	Academy Trust
Policy prepared by (name and designation)	Nick Blackburn CEO
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Date of Board of Trustees approval	29 <sup>th</sup> November 2018
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## **1. Purpose**

The purpose of this policy and procedure is to outline Lingfield Education Trust's risk management strategy.

The Trust sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.

"Risk" is used in this policy and procedure 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 that 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.

## **2. Scope**

This policy and procedure applies to the risk management strategy for the Trust as a whole.

## **3. Key Principles**

Lingfield Education Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

## **4. Rationale**

Lingfield Education Trust 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.

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 Lingfield Education Trust strategic plan.

## 5. Policy

Lingfield Education Trust's 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 specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Board of Trustees is responsible for making a statement on risk management in the annual accounts of Lingfield Education 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 Lingfield Education Trust vision and strategic goals as set out in the Improvement 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 exposure profile that reflects the Trustees views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.

The Lingfield Education Trust is responsible for overseeing the development and implementation of the risk management strategy.

The CEO has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the school. The CEO will provide an annual report on risk management to the Board of Trustees.

The Deputy CEO/Executive Head Teacher/Head Teacher/Head of School and their Leadership Teams are responsible for ensuring that they take personal responsibility for championing risk assessment and management across school and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the CEO 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.

## **6. Procedure**

### **Risk Identification**

The process of risk identification will involve both Trustees and the CEO.

Consideration will be given to the following factors:

- The vision, beliefs, values and strategic goals;
- The nature and scale of the school's activities, both current and planned;
- External factors that may affect the school such as legislation and regulation
- The school's reputation with its key stakeholders;
- The operating structure, e.g. functions and issues that the school may face due to transition to Academy status.

### **See Appendix 1– Typical Categories of Risk**

### **Risk Assessment**

- 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; and
- Agree future reporting and review procedures.
- Taking each of the risks in turn, discuss and rate them in terms of likelihood e.g. 1 = Almost Impossible, 5=Very Likely and impact, e.g. 1= Negligible to 5=Catastrophic.

A risk matrix (see Appendix 2) 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 (see Appendix 3). 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 the CEO and the Trust Finance, General Purposes and Personnel Committee to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

### **References**

ESFA Financial Handbook

Charity Commission Guidance on Charities and Risk Management

**Review Date:** Autumn 2019

# **Appendix 1 - Typical Risks in a Multi Academy Trust**

## **Corporate/Strategic**

- Lack of strategic planning, no link to financial planning
- Reputation

## **Governance**

- Responsibilities not defined
- Too much/little delegated to Executive Headteacher/Headteacher and Finance Director
- Unable to attract Trustees
- Non-attendance at meetings by Trustees

## **Academic**

- Unable to achieve targets
- Staff recruitment and retention

## **Pupil Support**

- Welfare of pupils
- Safety of pupils

## **Contractual/partnership**

- Over-dependency on a relationship, liabilities arising

## **Financial**

- Changes in funding
- Changes in pupil numbers
- Internal control breakdown/Fraud
- Inaccurate financial reporting

## **IT**

- Security risks
- Business continuity
- Obsolescence of current systems

## **Physical**

- Legislation- DDA, fire safety etc.
- Loss, damage or theft of assets

## **Commercial**

- VAT/taxation exposure

## **Political**

- Failure to maximise opportunities

## **Legal**

- Child Protection
- Admissions
- Employment Legislation,
- Data Protection, FOI etc.
- Contracts etc.

## **Appendix 2 - Risk Management Procedure and Matrix**

### **Guidance on the Definition of Likelihood and Impact**

#### ***Likelihood***

##### ***5 Very High***

There is little doubt that it will happen soon

##### ***4 High***

Strong chance it will happen in the next year

##### ***3 Significant***

50/50 chance this will happen in the next year

##### ***2 Low***

Not expected to happen in the next year

##### ***1 Very Low***

Almost impossible

#### ***Impact***

##### ***5 – Catastrophic***

Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long term consequences; extensive coverage in press; major financial loss then threatens existence

##### ***4–High***

Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage

##### ***3 – Moderate***

Some disruption to operations for 48 hours; short term illness/injuries; some damage

to reputation; financial loss than can be managed within budget

***2-Low***

Limited short-term disruption to operations; minor injuries/illness; small financial loss

**15 –**

***1Negligible***

Not a noticeable effect on the school; no injuries; no damage to reputation

## Risk Matrix

Strategic (Medium to Long Term)	Risk	Consequences	Controls	Likelihood 1=Rare 5=Almost certain	Impact 1=Negligible 5=Catastrophic	Risk Score	Risk Rating	Review	Responsible Person	Action
Technological	Obsolescence, failure in communications	Loss of data, quality of teaching & learning  Unable to access data or Trust documents  Communication between schools hampered	IT Systems SLA (fortnightly meeting)  IT replacement programme	4	4	16	B		Trustees  CEO  Finance Director	
Social	Failures in partnerships with other schools, parents, community	Loss of school on school support  Poor Ofsted	Communication with stakeholders through newsletters, website, texts	2	3	6	E		CEO  Finance Director	

	Lack of development leading to inertia	High staff turnover  Drop in pupil numbers  Poor Ofsted	Team meetings promoting school events  CEO has regular communication with other schools							
Economic	Missed business and school opportunities  Poor financial management  Reduction in funding	Financial loss of income and potential income  Funding of projects jeopardised  Changes required to SDP  Bad publicity for Trust  Deficit budget	3 year Business Plan detailing roles, responsibilities and strategy.  1%, 3%, 5% reduction in funding projections  Budgetary controls  Census data checked  Internal and External Audits	3	4	12	C		CEO  ELT  Finance Director  MAT Finance Sub Committee	

Legislative	Inadequate response to legislation, Judicial review	DfE Intervention Financial notice to improve from ESFA	Director training, awareness, support (Avec SLA) LA Chairs Briefing Policy review programme	2	5	10	D		ELT Trustees Finance Director CEO	
Reputation	Damage to schools' credibility Adverse media attention	Drop in pupil numbers Low staff moral High staff turnover Lack of confidence and/or satisfaction from parents Image of school affected	Accountability Rigorous self-assessment Consultation with all stakeholders	2	4	8	D		ELT Trustees CEO Finance Director	
Environmental	Damage to reputation with local community Financial loss	Time consuming issues for CEO Energy bills increase	Communication with stakeholders Eco Group to achieve Eco	2	2	4	E		Eco Group Head of School/Head Teacher	

	Carbon footprint increase	Lack of pupil awareness	School status for all Trust schools						Trustees CEO	
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Operational (Daily)	Risk	Consequences	Controls	Likelihood 1=Rare 5=Almost certain	Impact 1=Negligible 5=Catastrophic	Risk Score	Risk Rating	Review	Responsible Person	Action
Professional	Ineffective CPD ELT succession/absence Over reliance on key personnel Staff absence	No strategic direction Inadequate teaching and learning Lack of motivation Inability to implement change Impact on budget	CPD structure within Trust Awareness of staff's work life balance Effective rigorous appraisal system Recognition of achievements	1	3	3	E		ELT LGB Trustees CEO	

Contractual	Failure of outsourced provider to deliver  Over reliance on key suppliers	Legal implications  Health and Safety concerns	Review and challenge SLAs and contracts  CPD of staff	2	2	4	E		MAT Finance Sub Committees  Finance Director  SLT  CEO	
Information	Systems; data not up to date  Ineffective prediction of trend and forecasting of schools needs	SDP not achieved  Ofsted or HMI visit	Data Tracking system  Governor & Director development  CPD  Pupil progress meetings	2	4	8	D		MAT Curriculum sub Committee  ELT  CEO  Finance Director	
Legal	Not meeting statutory duties/deadlines.  Breach of confidentiality Failure to implement legislative change	Legal implications  Reputation  LA and DfE action  ESFA withdraw funding	Governor, Trustee & staff training  ELT monitor DfE deadlines  Policies	2	4	8	D		Trustees  ELT  Finance Director  CEO	

Physical	Health and Safety of all users of the building and grounds  Loss of assets	Deterioration of building and grounds  Injury to individuals  Financial loss  Damage to reputation	Health and Safety SLA  Policies  CPD  Risk Assessments	2	5	10	D		Finance Director  LGB H&S Governor  Caretaker  Trustees	