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Osprey Learning Trust – Risk Management Policy

Policy Administration

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1. Introduction

Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Risk Management is an essential part of planning and decision-making to meet the Trust objectives, deliver school improvement and achieve value for money.

As a Trust, the complexity and ambiguity of the operating environment has increased, as have demands for greater transparency and accountability, increasing the need for a Risk Management Framework to be in place and to be operating effectively.

2. Purpose

The purpose of this policy and procedure is to outline the risk management strategy of the Trust. It sets a framework for the management of risks and identifies roles and responsibilities of staff in the management of those risks.

This Risk Management Policy forms part of the Trust's internal control and corporate governance arrangements. It is designed to provide assurance that the Trust has adopted best practice in this area.

3. Defining Risk

The Institute of Internal Auditor's International standards define a risk as 'the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It is a process that involves the systematic application of management policies, procedures, and practices to the tasks of establishing the context, identifying, analysing, evaluating, controlling, monitoring, and communicating risk.

"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 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 or its constituent Academies.

4. Legal Framework

It is a requirement:

- a. in section 2.36 of the Academies Financial Handbook states that the Trust must manage risks to ensure its effective operation and must maintain a risk register.
- b. to follow guidance as set out in the Charities and Risk Management (CC26) document.
- c. to include a section in the Trust's annual report on principal risks and uncertainties, which are derived from the Trust's Risk Register.

5. Risk Management Framework

The Trust considers risk and risk management as an integral part of decision making and routine management and must be incorporated within strategic and operational planning processes, at all levels, across the Trust.

The Trust must comply with the principles of risk management outlined in the Academies guidance published by the DfE. This Policy expands on that and provides detailed information on the Trust's risk policy and procedures.

The Trust will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Trust.

Risk assessments must be conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with the Trust's objectives and goals. Any risks or opportunities arising from these assessments will be identified, analysed and reported to the appropriate management level.

The Trust will centrally maintain a strategic risk register. All Academies within the Trust will maintain operational risk registers. The Trust is committed to ensuring that all staff, particularly Head Teachers are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.

The Trust's Risk Management Framework consists of the following stages:

- a. Identification of risks that could affect the achievement of the Trust objectives.
- b. Measurement of the risks through assessment, evaluation and ranking.
- c. Management of the risks through controls, mitigation and contingency plans.
- d. Monitoring the risks through the development of a Trust Risk Register.
- e. Reporting of risks to Trustees as an integral part of the governance model.

6. Identifying Risks

At the risk identification stage, all potential events that could adversely influence the achievement of the Trust objectives are identified, defined and categorised.

7. Measuring Risks

The Trust assesses, evaluates and ranks each risk to enable the understanding of each specific instance and how it could affect meeting the Trust objectives.

The Trust measures risks following a 1-5 scoring matrix calculating the following:

- a. the likelihood (or probability) of it occurring, and
- b. the impact (or severity) if it did occur.

The calculation of Likelihood multiplied by Impact provides a single risk score reflecting the overall level of threat to the Trust. A 'Rag' rating is derived from the risk scoring matrix to provide a representation of the risk.

8. Managing Risks

The 4 Ts risk management strategy is utilised to determine the plans of how the risks are managed, which can include, preventative controls, mitigation processes and contingency plans in the event that risks materialise. The 4 Ts are:

- a. **Tolerate** - 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.
- b. **Treat** - 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.
- c. **Transfer** - risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing).
- d. **Terminate** - risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the decision may well be that the process or service should stop being undertaken.

9. Monitoring

A risk register is the tool used to capture risks that have been identified, measured and managed under the following elements:

- a. Ref
- b. Category
- c. Description
- d. Date Entered
- e. Risk Owner
- f. Mitigating Controls/Procedures
- g. Likelihood the risk will occur.
- h. Impact if it materialised.
- i. Score Increased/Decreased
- j. Risk Ranking
- k. Treatment
- l. Further Action Required/Underway
- m. Residual Likelihood
- n. Residual Impact
- o. Residual Risk Ranking
- p. Action by Date
- q. Lead for Action

The following risk registers are formulated by the Trust as part of their monitoring regime:

- a. **Trust Risk Register** – capturing the risks that affect the overall Trust.
- b. **Academy Risk Register** – capturing risks that affect the individual academy.
- c. **Major Project Risk Register** – capturing risks for a specific major project.

10. Reporting

The risk registers are reported in the following way:

- a. **Trust Risk Register** – is reviewed by the Trust Senior Leadership Team and reported to the Finance and Audit & Risk Committee meeting, whereby the Trustees scrutinise and challenge the risks and associated mitigations. The internal audit function is requested to 'stress test' the supposed controls and mitigations as part of their annual audit programme. The Trust Board review a summary at each Board meeting.

- b. **Academy Risk Register** – is reviewed by the Local Governing Bodies at each Academy, whereby they probe the Headteacher as to whether the various scores, rankings and control measures remain appropriate. Any individual risk that presents a risk to the overall Trust is promoted to the Trust Risk register
- c. **Major Project Risk Register** – is reviewed by the Project Team as part of the project management process and is reported to the Finance, Audit and Risk Committee.

11. Role of the Trust Executive Team

The Trust Executive Team is responsible for:

- d. identifying the risks that could affect the achievement of the Trust's objectives.
- e. managing the Trust Risk Register, ensuring it is regularly reviewed and updated.
- f. managing the Major Project Risk Register(s) where appropriate as part of the project management process.
- g. ensuring risk owners reassess and update their risks at appropriate intervals.
- h. ensuring controls, mitigation measures and contingency plans are effectively managed.
- i. ensuring the risks are reported to the Finance, Audit & Risk Committee at appropriate intervals.
- j. ensuring the summary of the risks are reported to the Board of Trustees at appropriate intervals.
- k. drafting the section within the annual report regarding risk management.
- l. undertaking an annual review, or at any other suitable point, of the Risk Management Framework and referring any changes or improvements to the Finance, Audit & Risk Committee for approval.

12. Role of the School's Senior Leadership Team

The School's Senior Leadership Team is responsible for:

- a. identifying the risks that could affect the achievement of the Trust's objectives.
- b. managing the School's Risk Register, ensuring it is regularly reviewed and updated.
- c. ensuring risk owners reassess and update their risks at appropriate intervals.
- d. ensuring controls, mitigation measures and contingency plans are effectively managed.
- e. ensuring high risks are discussed with the Trust Executive Team at appropriate intervals.

13. Role of the Academy Local Governing Body (LGB)

The Academy Local Governing Body is responsible for:

- a. reviewing the School's risk register at each meeting.
- b. reviewing and challenging the risks, ensuring the mitigation, controls and contingency plans are being operated effectively.
- c. ensuring any high risks are reported to the Trust Finance Audit and Risk Committee for review.

14. Role of the Trust Finance and Audit & Risk Committee

The Trust Finance and Audit & Risk Committee is responsible for:

- a. reviewing the Trust Risk Register at each meeting.

- b. requesting to see major project risk registers where relevant.
- c. providing strategic leadership, review, and challenge on ensuring the mitigation, controls and contingency plans are being operated effectively.
- d. reviewing and approving the completion of the section regarding risk management within the annual report.
- e. reviewing and approving the annual review of the Trust Risk Management Framework.

15. Role of the Board of Trustees

The Trust Board of Trustees is responsible for:

- a. setting the tone and influencing the culture of risk across the Trust.
- b. reviewing the summary of risks at each meeting.
- c. ensuring the Trust Risk Management Framework is operating effectively.

Appendix 1 – Trust Risk Score Guide

Likelihood

1	Very unlikely	Unlikely to occur but not impossible
2	Possible	Less likely to occur than not to occur
3	Possible/Probable	Equally as likely to occur as not to occur
4	Probably	More likely to occur than not to occur
5	Very likely	Very likely though not certain to occur

Impact

		Financial	Reputation	Stakeholders	Customers
1	Negligible	£0 - 1000	Contained within the individual service area	Affects only 1 group of stakeholders	Minimal impact or service disruption to customers. Contained within service area
2	Minor	£1,000 – £10,000	Affects significant number of the service areas but with transient impact	Affects more than 1 group of stakeholders	Minor impact to customers and customer dissatisfaction. Limited service disruption
3	Moderate	£10,000 – £50,000	Receives significant attention from within the organisation with potential to reach the public domain	Affects 2- 3 groups of stakeholders	Moderate impact to customers and customer dissatisfaction. Moderate service disruption
4	Major	£50,000 - £200,000	Receives local press attention with immediate but not	Affects 4-5 groups of stakeholders	Significant service disruption and customer opposition. Threat of legal action

			sustained impact		
5	Catastrophic	Over £200,000	Receives national / international attention with potential for persisting impact	Affects more than 5 groups of stakeholders	Major service disruption. Significant Customer Opposition. Long term memory of the public

Risk Ranking

Score	Risk Rag Rating	Risk Rag Rating Descriptor
0 – 10 Low	Green	Low level of risk
11 - 14 Medium	Yellow	Medium level of risk
15 – 19 High	Orange	High level of risk, should be constantly monitored and reviewed
20 – 25 Very high	Red	Top level of risk, should be constantly monitored and reviewed

Treatment

Tolerate	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.
Treat	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.
Transfer	Risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing).
Terminate	Risk is ranked highly, and the other potential control measures are too expensive or otherwise impractical, the decision may well be that the process or service should stop being undertaken.