Risk Management Policy

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1. PURPOSE

1.1 The purpose of this Risk Management Policy (Policy) is to outline the strategy which Beacon Education (BE) has adopted in relation to the management of risk. It also sets out BE's approach to risk management and describes how BE's staff and other stakeholders will work together to reduce risk.

1.2 For the purpose of this Policy, risk is defined as:

"the probability of an event occurring and the outcome or consequences if it does"

"the potential for loss, or the diminished opportunity for gain, which can obstruct the achievement of BE's objectives"

"The threat that an event could adversely affect BE's ability to meet its day-to-day objectives

and execute its strategies successfully".

1.3 Risk management is the process of identifying risks assessing the severity of each risk and setting out actions which might be taken to mitigate them and reduce their severity (if appropriate).

2. SCOPE

This policy applies to all of BE's academies. All local procedures shall be consistent with this policy.

3. RISK MANAGEMENT PRINCIPLES

The following key principles outline BE's approach to risk management and internal control:

- The Trust Board has overall responsibility for overseeing risk management across BE.
- The Trust Board exercises its responsibility for risk management oversight through its Finance, Audit and Risk Committee.
- The BE Executive maintain a Central live risk register and meet regularly to review the items within it, ensuring that risk is treated, tolerated, transferred or terminated.
- Each of BE's academies and its Academy Improvement Board (AIB) are responsible for managing risk within their accountabilities under the Scheme of Delegation. A risk register is maintained and risk is a standard agenda item at the AIB meetings.
- Risks on the Risk Register are linked to Strategic Quality Management areas.
- BE takes an open and receptive approach to the identification and resolution of risk-related issues and their mitigation.
- BE will make conservative and prudent recognition and disclosure of the financial and non- financial implications of risks, including (but not limited to) the use of appropriate risk assessments to control and monitor identified risks.
- The Trust Board Directors, AIB members and BE's employees are involved in the risk

management process through a clear governance structure and Scheme of Delegation.

4. LEGAL FRAMEWORK

BE must comply with its financial and governance obligations which include:
- compliance with the Trust Handbook and BE's Finance Manual to ensure that academy and school financial control systems are robust;
- compliance with BE's charitable objects, with company law and with charity law;
- compliance with BE's Master Funding Agreement and the Supplemental Funding Agreement for each of its academies;
- management of the Trust in accordance with the Articles of Association;
- compliance by the Trust Board Directors with duties of company directors and charity trustees as described in relevant legislation.

5. RISK MANAGEMENT APPROACH

5.1 BE recognises that many of its activities involve risk and the Trust Board accepts that an awareness of and a strategy to manage risks at an appropriate level within BE is a key part of its role and responsibilities. The Trust Board accepts that all risks cannot entirely be eliminated but that risks must be identified, properly assessed, mitigated by reference to clear strategies and managed as a part of established and appropriate schemes of delegation of responsibility.

5.2 The Trust Board's risk management approach is to work to a cycle which:
- identifies risk as a part of planned discussions between staff, the senior management team, the CEO, the Finance, Audit and Risk Committee and the Trust Board;
- identifies categories of risk and risk appetite, *Appendix A;*
- assesses risk;
- determines risk management strategies;
- allocates responsibility for implementing strategy;
- considers, reviews and reassesses on an ongoing basis.

Categories of risk

5.3 Risks are categorised into the following framework by reference to BE's Risk Register and Academy registers
- Financial risk
- Operational risk
- Reputational risk
- Strategic risk
- Infrastructure Risk

At AIB/School level the Operational risk category will include School Improvement Outcomes, HR Staffing and Compliance, including non-financial internal controls. The Financial Risk Category will reference the monitoring of school budget and associated income streams.

Assessment of Risk

1.1 BE's Risk Register assesses risk by reference to the **impact** (the positive/negative ramifications) of the identified event occurring and the **probability** of the identified event occurring.

The Risk Register scores both the impact and the probability; the scores are then multiplied together to produce the risk score. The severity of the risk identified by the risk score is colour coded by reference to a red, amber, green framework as follows:

Risk Score (severity)	RAG rating (Red, Amber, Green)	
1 to 8		Green
9 to 15		Amber
16 to 25		Red

Probability **Probability scores are based on an event taking place [*within one academic year or less?*]**	
1	Very Low
2	Low
3	Medium
4	High
5	Very high

Impact		
1	Very Low	Insignificant. Nothing to worry about.
2	Low	The financial impact is likely to be low (between £5,000 and £24,000), and it has a low impact on strategy or on teaching and learning. It is unlikely to cause any reputational damage to the trust
3	Medium	The financial impact will be moderate (between £25,000 and £49,000), and/or it has no more than a moderate impact on strategy or on teaching and learning
4	High	The financial impact will be high (between £50,000 and £75,000), and/or it has a significant impact on the trust's strategy and vision
5	Very High	The financial impact will be in excess of £75,000, and/or it has a serious impact on the trust's strategy and vision

6. Risk Management Responsibilities and Delegation

6.1 Broad responsibilities for risk management are set out below by reference to individuals' roles
within BE.

Trust Board (including the Audit and Risk Committee):

- Be aware of any significant risks facing BE.
- Ensure knowledge of such risks is appropriately disseminated throughout the Trust.
- Have in place a strategy for crisis response and management.
- Understand the importance of reputation and community confidence in BE.
- Assure itself on an ongoing basis that the risk management process is effective.
- Publish and keep under review a Risk Management Policy setting out BE's approach to
risk management.

Academy Improvement Board should:

- In line with the Scheme of Delegation be aware of the most significant risks facing their academies and maintain an Academy Risk Register
- Ensure appropriate levels of awareness and engagement throughout the academy.
- Have in place a strategy for crisis management
- Be aware of the importance of reputation and local community confidence in the academy.
- Assure itself that the AIB risk management process is working effectively.

CEO, Headteachers and Academy Senior Leadership should:

- Be aware of the risks which fall within their area of responsibility including as to the potential impacts and consequences.
- Have appropriate systems and strategies in place to identify any budgetary issues as appropriate.
- Report promptly and appropriately to the AIB and BE Executive on identification of any new risk/failure of risk management process.

Individuals should:

- Understand their role and responsibility.
- Understand the importance of risk management and risk awareness as a key aspect of
BE's culture.
- Understand the Scheme of Delegation and their reporting responsibilities in the event that they perceive or identify new risks or existing risks which are not mitigated by existing strategies.

6.2 The terms of reference of the Finance, Audit and Risk Committee sets out the duties and responsibilities of the Trust Board as regards risk review, monitoring and advice.

RISK APPETITE RISK CATEGORIES	LOW	MEDIUM			HIGH
	Averse	Minimalist	Cautious	Open	Hungry
Compliance Risk					
Curriculum			x		
Data protection	x				
Employment		x			
Environment		x			
Fraud	x				
Governance		x			
Health & Safety	x				
Safeguarding	x				
Finance Risk					
Accounting and budgetary control	x				
Cash flow	x				
Income	x				
Pensions	x				
Property & fixed assets		x			
Procurement	x				
Operational Risk					
HR – Management behaviours & capabilities	x				
HR – Staff retention & succession			x		
HR – Staff skills & competences			x		
IT & management information			x		
Suppliers			x		
Strategic & Reputational Risk					
Academic excellence				x	
Brand identity/reputation		x			
Community engagement				x	
Growth				x	
Value for money		x			

Risk Appetite Guidance

Risk Appetite	Subjective Description	Example
Averse	<u>Zero Tolerance</u> The avoidance of risk and uncertainty is a key organisational objective.	Health and Safety
Minimalist	<u>Minimal Tolerance</u> A preference for an ultra-safe organisation that selects delivery options which have a low degree of risk and limited potential for reward.	Governance
Cautious	<u>Balanced Tolerance</u> A preference for selecting safe delivery options with a low degree of net risk. They may therefore have only a limited potential for reward.	Property management
Open	<u>Enquiring Tolerance</u> Willing to consider all potential delivery options and choose the one that is the most likely to result in the successful delivery of objectives whilst also providing an acceptable level of net risk.	Growth
Hungry	<u>Entrepreneurial Tolerance</u> Eager to be innovative and to choose options offering potentially higher organisation rewards, despite these having greater inherent risk.	_