

Perryfields Enterprise Academy Trust

Risk Management Strategy



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Perryfields Enterprise Academy Trust

Risk Management Strategy

1. Background

The Risk Management Strategy aims to ensure that the Multi-Academy Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the MAT.

- 1.1. The requirements can be summarised as:
 - The Directors acknowledge responsibility for the system of internal control
 - An ongoing process is in place for identifying, evaluating and managing all significant risks
 - An annual process is in place for reviewing the effectiveness of the system of internal control
 - There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts
- 1.2. In assessing what constitutes a sound system of internal control, consideration should be given to:
 - The nature and extent of the risks facing the organisation
 - The extent and categories of risk which it regards as acceptable
 - The likelihood of the risks concerned materialising
 - The organisation's ability to reduce the incidence and impact of the risks that do materialise
- 1.3. Risk Management best practice is encapsulated in the Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector (see Appendix 1).

2. Risk Management objectives

The objectives for managing risk across the MAT are:

- To comply with risk management best practice;
- To ensure risks facing the MAT are identified and appropriately documented;
- To provide assurance to the Directors that risks are being adequately controlled, or identify areas for improvement;
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

3. Risk Management strategy

This strategy aims to:

- Outline the roles and responsibilities for risk management.
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the Multi Academy Trust

Roles and responsibilities

The Senior Leadership Team (SLT) has overall responsibility for managing risk. The Chief Accounting Officer has lead responsibility for risk management processes and the Multi Academy Trust-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Audit Committee

The Risk Register is formally reviewed annually by the Audit Committee of the Multi Academy Trust. The Risk Register is a standing item on the Audit Committee's agenda and they will monitor the identification and mitigation of risk within the MAT. The Audit Committee's review of the Risk Registers forms part of that Committee's report to the Trust.

3.1. Identification of risks

The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.

Our approach to risk management is linked to four key aims:

- **Strategic and Reputational Risk**
 - Vision, aspiration, achievement; partnerships; governance; culture
- **Operational Risk**
 - Staff, leadership and management; infrastructure and systems controls;
- **Compliance**
 - Legislation and regulation
- **Financial Risk**
 - Financial strength and probity

The structure and organisation of the MAT's risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

3.2. Evaluation of risks

The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation.

The MAT uses a 3x3 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:

Risk Matrix

Matrix		Impact of risk occurring		
		1	2	3
Probability of risk occurring	1	Low	Low	Medium
	2	Low	Medium	High
	3	Medium	High	Very High

The **descriptors** for high, medium and low impact and for probability can be explained as follows:

Impact of risk occurring

Impact	Description
High - 3	The financial impact will be significant [in excess of £50,000] Has a significant impact on the school's strategy or on teaching and learning Has significant stakeholder concern Can cause significant reputational damage to the school
Medium - 2	The financial impact will be moderate [between £25,000 and £49,000] Has no more than a moderate impact on strategy or on teaching and learning Moderate stakeholder concern Can cause moderate reputational damage to the school
Low - 1	The financial impact is likely to be low [below £5,000 and £24,000] Has a low impact on strategy or on teaching and learning Low stakeholder concern Is unlikely to cause any reputational damage to the school

Probability of risk occurring

Probability	Description	Indicator
High - 3	Likely to occur each year, or more than 25% chance of occurrence within the next 12 months	Potential of it occurring several times within a 4 year period Has occurred recently
Medium - 2	Likely to occur within a 4 year time period or less than 25% chance of occurring within the next 12 months	Could occur more than once within a 4 year period Some history of occurrence
Low - 1	Not likely to occur within a 4 year time period or less than 5% chance of occurrence	Has not occurred Is not likely to occur

3.3. Risk appetite

The term risk appetite describes the MAT's readiness to accept risks and those risks it would seek to reduce. The MAT'S risk threshold is the boundary delineated by the orange shaded area (represented by scores of 'medium' and above) in the risk matrix in paragraph 3.3. Above this threshold (where risk shows 'high' or 'very high') the MAT will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

3.4. Addressing risks

When responding to risks, the MAT will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises.

The MAT will adopt one of the 4 risk responses outlined below:

Avoid	Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business
Transfer	The risk is transferred to a third party, for example through an insurance policy.
Mitigate	The response actions either reduce the likelihood of a risk developing, or limit the impact on the MAT to acceptable levels.
Accept	We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring.

Risk Reporting and Communication

The aim of reporting risk is to provide assurance to the Directors, Senior Management and Auditors that the MAT is effectively managing its risks and has a robust system of internal controls.

3.5. Risk register

The reporting mechanism will be each Academy's Risk Register. This will highlight the key risks facing each Academy as well as a breakdown for each key strategic aim. Each Academy within the MAT will review their Risk Register annually and will report up to the MAT's Audit Committee

Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk, will be recorded on the risk register as it occurs. Any new or increased risks identified by SLT, Directors, Governors or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

4.2 Communicating Risks

The MAT's Audit Committee monitors all risk registers annually. The Chief Accounting Officer will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the MAT's Audit Committee, along with a summary of actions taken.

The Chief Accounting Officer will endeavour to raise awareness that risk management is a part of the MAT's culture and seek to ensure that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to senior management any perceived new risks or failure of existing control measures.

4.3 Annual risk review and assessment

The External Auditor's review provides an annual assessment of the effectiveness of the MAT's management of risk.

The Chief Accounting Officer will prepare an annual review of risk for the MAT's Audit Committee in the autumn term. This will enable the Audit Committee to report to the Directors on:

- The significant risks facing the Multi Academy Trust
- The effectiveness of the risk management processes
- That the Multi Academy Trust has published a risk management strategy covering risk management philosophy and responsibilities

5. Areas for improvement

Any areas identified as being in need of improvement will be discussed and agreed annually at the MAT's Audit Committee