



Risk Management Policy

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The Directors have paid due regard to the impact of all aspects of equality in the writing of this policy

1. Introduction

The principal risks and uncertainties facing Saturn Education Trust (“the Trust”) are as follows:

a. Reputational

The continuing success of the Trust is dependent on sustaining improvements to educational achievement and continuing to attract pupils in sufficient numbers by maintaining the highest educational and behaviour standards.

b. Financial

Pupil numbers and growth are key to the financial viability and the impact of low pupil numbers is a significant threat to viability. The largest area of cost is for staff and control in this area represents a risk. Governance over the management the Trust’s finances, internal controls, compliance with regulations and legislation and statutory returns also is a significant risk. Fraud and mismanagement of funds represents another significant risk of the Trust

c. Operational

Risks arise in safeguarding and child protection, the quality of staff and the reliability of data.

The Trust manages the above risks through regular review of the risks and periodic reporting. This document sets out the Risk Management Policy of the Trust and gives an overview of how it manages risk. The governance framework around risk brings together the key elements of the risk management process which includes:

- a. The Development Plan.
- b. High Level Risk Register. These identify the key high level risks of the organisation and how they are controlled. These assessments are periodically summarised into the top ten key risks and also a list of planned improvements.
- c. The Risk Appetite statement. This determines how much risk the organisation is prepared to take in respect of its key risks.
- d. Key Risk Indicators (“KRIs”). These provide a simple way for the trust to monitor the risks of the organisation in the main areas covered in the risk appetite statement and risk register.
- e. Operational Risk Loss Events and Near Misses. This records the actual occasions when risks have led to near misses or actual losses.
- f. Compliance and regulatory programs. This comprises an internal checking program where staff and management can review their controls over risk and give the Trust Board comfort that these have been done;
- g. Internal and external audit. These are independent reviews of the controls over risks and provide further comfort that risks are being adequately controlled.

To work effectively, these all need to be linked up so that they work together. They need to be used and be part of the organisation rather than a tick box exercise. Therefore, they need to be simple and easy to use, not creating so much of a burden that they simply do not get used. This document:

- a. Identifies the main reporting procedures; and
- b. Forms part of the Trust’s internal control and governance arrangements.

The document also describes the process that the Board of the Trust uses to evaluate the effectiveness of the Trust's risk management and internal control. The document works alongside other key documents which include the organisational structure including reporting lines;

1. Objectives and principles

The objectives of the Trust's Risk Management policy are to identify, manage and report risk in a consistent and timely fashion on the basis of the Trust's Risk Appetite as determined by the Trust Board and documented in the Development Plan (see also risk appetite & tolerances below).

The Risk Management policy seeks both to ensure that all activities are aligned to the Development Plan and to provide independent challenge to those activities. It also helps to both support and relay the Development Plan throughout the organisation.

The following key principles outline the Trust's approach to risk management:

- a. to recognise and disclose the financial and non-financial implications of risks;
- b. to be compliant with relevant laws and regulations;
- c. to maintain processes that address all risks associated with the trust;
- d. to be proportionate to the nature, scale and complexity of the risks;
- e. to be integrated into planning, decision-making and operational processes; and
- f. to deliver continuous improvement in the control environment.

2. Risk appetite and tolerances

Risk can be defined as the probability of an occurrence caused by something happening not according to plan. This could result from inadequate or failed internal control processes, people and systems, or from external circumstances. Alternatively, this could result positively, arising through the optimisation of opportunities.

A risk can be avoided or reduced through pre-emptive action or controls.

Risks have been identified and measured. These are recorded in a Risk Register which also records controls, other mitigating actions **and improvement plans**.

An organisation will generally be content to take risks to a degree and the extent to which it is happy to take risks can be set out in its Risk Appetite Statement.

The Development Plan of an organisation sets out how it aims to achieve its objectives. This includes how it intends to manage its risks to an acceptable level.

The Trust board determines the appropriate risk appetites aligned to the Trust's Development Plan.

The high-level risk appetite statement is: "To mitigate significant risks to the organisation that could result in:

- a. Death or serious mental or physical injury,
- b. Closure of or long term disruption to the school;
- c. Significant ongoing underperformance of pupils compared to expectations;
- d. Significant unexpected cost; and
- e. Significant loss of income.

using policies, assessments, controls and procedures to reduce the risk of these occurrences to an appropriate considered level.”

The appropriate level is determined by specific measurable details detailed in the Risk Appetite.

3. Risk management outline

The risk management policy encompasses a number of elements that together enable the Trust to respond to a variety of risks. These elements include:

- a. **Development Plan.** The development planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting Development Plan objectives is monitored regularly.
- b. **High Level Risk Register.** Risks to the organisation that could inhibit the Trust achieving its objectives are described in the High Level Risk Register. They are reviewed on an on-going basis. The identification of risks and controls in place to mitigate them are key components of the Trust’s risk management process:
 - i. **Categorisation:** Risks are categorised in a manner which mirrors the Trust’s objectives. Responsibility is allocated to named positions
 - ii. **Rating.** A rating for each risk is determined by following the procedures noted below. Each risk is rated for its:
 - a. **Probability:** being the likely regularity of an occurrence, on the basis of a reasonably competent person carrying out the task; and
 - b. **Impact:** being an assessment of the significance of the event if it occurs, on the basis of financial and operational measures.

Each is presented as a score of between 1 and 5 (with 1 being improbable / minor impact and 5 being probable / catastrophic). The combination of these determines the importance of the risk via a matrix which flags the risk as “red”, “amber” or “green”.

The assessment of each risk is considered and mitigation measures or controls are put in place. Future opportunities to reduce the risk are considered.

All risks on the Risk Register are re-assessed at least annually to identify those that are fundamental risks and those that are non-fundamental risks.

- c. **Operational Risk Loss Events and Near Misses.** A log is maintained of all loss events and near misses. It serves as a summary area to record any such event, to enable lessons to be learnt from an event and also to provide information for updating how risks are considered.

In deciding whether an entry should be made, All events that could have or did lead to the following should be included:

- financial loss / cost of greater than £10,000,
- closure of a school,

- unacceptable OFSTED report, or
 - hospitalisation of a child or staff member should be recorded
- d. **Risk based decision-making.** the Trust encourages risk management thinking being brought into all major decisions. Financial and non-financial risks are identified in risk assessments and these risks are managed down to levels within the Trust's risk appetite.
- e. **Policies and procedures.** Attached to fundamental risks are a series of policies that underpin the internal control process. The Board sets the policies which are made available to staff, teachers and parents as considered appropriate.
- f. **Emergency plans.** The need for **emergency** plans is considered as part of the mitigation of identified risks and these are reviewed appropriately
- g. **Third party reports.** The use of specialist third parties for consulting and reporting is regularly considered and can increase the reliability of the internal control system.
- h. **Internal and external audit reports.** **Audit reports provide a third line of defence behind the management and also the risk monitoring activities of the trust.**
- i. **Risk Summary report.** This brings together the key elements and activities of the period under review. It would typically include:
- i. Summary of the top rated risks
 - ii. Summary of improvement plans noted in the risk register
 - iii. Summary of risk appetite and details of any breaches
 - iv. Summary of the key operational risk loss events and near misses
 - v. Summary of internal audits / reviews undertaken and the output of these

4. Roles and responsibilities

An organisational structure is maintained which highlights reporting lines and responsibilities.

a. The Trust Board

The Trust board bear ultimate responsibility for the management of risk and for maintaining a sound system of internal control that supports the achievement of the Development Plan, aims and objectives of the Trust.

The responsibilities include:

- i. Setting the tone and influencing the culture of risk management within the Trust;
- ii. **Approving** the appropriate risk appetite for the Trust
- iii. Approving major decisions affecting the Trust's risk profile or exposure;
- iv. Determining what risks are important to the Trust within the High Level Risk Register;
- v. Reviewing at least annually the Trust's approach to risk management and effectiveness of the system of internal control, challenging findings and proposals as necessary, and approving changes or improvements to key elements of its processes and procedures.
- vi. nominating an individual from the Trust board as the independent risk officer to oversee the risk management of the Trust.

b. Independent Risk Officer

The independent Risk Officer is a nominated director from the Trust Board. He / she should oversee risk management, provide independent challenge, and have direct access to the Chair of the Trust.

The Independent Risk Officer's responsibilities include:

- i. Coordinating the review and update of the Risk Management policy;
- ii. Monitoring the implementation of the Risk Management policy and related policies;
- iii. Coordinating the review, challenge of and changing of risk assessments, and agreeing actions as appropriate;
- iv. Identifying and reviewing notifications by others of emerging risks;
- v. Agreeing the approach to and reviewing how **the KRIs and risk appetite are monitored**;
- vi. Oversee the monitoring of the effectiveness of the internal controls via Key Control Indicators ("KCI's");
- vii. Reporting to the Trust Board on the above via **a risk summary report at least once per year**;

c. Chief Executive Officer ("CEO")

The CEO is supported by the Heads of School ("Heads") and the Admin & Finance Team Leader ("AFTL")

Responsibilities include:

- i. Maintaining and updating the following documents:
 - Development Plan
 - Risk Appetite
 - Risk Register
 - Operational Risk Log of Events and Near Misses
 - Organisational Structure and Reporting Lines
 - Key Risk Indicators
 - Policies
- ii. Chair regular meetings (at least two per year) to maintain the above documents which should include the heads and the AFTL and any other individuals considered appropriate.

d. Admin and Finance Team Leader ("AFTL")

The AFTL acts as the operational coordinator of the risk process during every day activity. This includes:

- i. Making sure that the Risk Management policy is adhered to;
- ii. Coordinating feedback for review, challenge and proposed changes to risk register;
- iii. Coordinating the notifications by others of emerging risks;
- iv. Maintaining Key Risk Indicators ("KRI") and monitoring them against the risk appetite;

Reporting to the Independent Risk Officer on the above at least twice per year;

In order to carry out these responsibilities, the Risk Officer should have access to all relevant systems, records, staff members and members of the Trust Board.

e. Local Governing Board (“LGB”)

The LGB:

- i. Understand the risk appetite, and key risks extracted from the High Level Risk Register;
- ii. Receives periodic reports on risk issues;
- iii. Ensures that local operational decisions comply with the relevant policies;
- iv. Reports the incidence of any fundamental control failings or weaknesses identified at any point and any impact or potential impact;
- v. Feeds back information and emerging risks that could be used to update risk assessments

f. Risk owners

The risk owners of the high level risk management process are the Trust Chair, the CEO, the Trust Board and heads.

At an operational level, the ownership of risks may rest with any of the other staff of the Trust. Staff should be aware of the risks of day to day activities that they are involved with.

g. Internal audit function.

Internal Audit is at the direction of the Trust Board.

The internal audit plan is developed, **as needed**, around the Trust’s Development Plan on an annual basis referring to the Trust board’s assessment of risks in the Risk Register. The work programme should consider those controls in place to deal with the risks.

h. Statutory auditors

The policy and associated processes will be available for the auditors to use as they consider appropriate. The statutory external audit provides an opinion on whether the financial statements give a true and fair view of the state of the Trust’s financial affairs and of its result for the year. External audit will also inform the Trust Board on the operation of the internal financial controls reviewed as part of the annual audit and on the effectiveness of the internal audit if any.

5. Processes**Risk Control**

The Trust’s Risk Management policy has been developed to manage risks across the organisation, using policies, procedures and processes to control risks.

Whereas ultimate control for each risk rests with the Trust board, day-to-day control is exercised by the Risk Owners unless otherwise stated, as set out in the Risk Register.

Controls may:

- a. **Prevent:** controls that reduce the frequency of the risk. Examples are segregation of duties, mandated authorisation or automated processes;

- b. **Detect:** controls that monitor or identify the risk. Examples are reports or KRI, KCI, reviews, audits or analyses; and
- c. **Mitigate:** controls that reduce the impact of the risk. Examples include contingency plans.

6. Reporting and Management Information

The schedule for risk reporting is shown below. Additional meetings may be called if considered necessary.

- a. the Trust board meeting.
- b. LGB board meeting.
- c. CEO, ATFL and heads of school meetings

These meetings should be held according to their terms of reference and each should have the following saved and circulated:

- i. Agendas circulated ideally one week in advance
- ii. Minutes circulated within two weeks afterwards
- iii. Action points recorded and followed up

At least **once** per year, the agenda should specifically consider risk. The items covered will include:

- i. **Review of risk via a risk summary report;**
- ii. Review and update of Risk Register (at covering the whole register at least once per year);
- iii. Review and update of Risk Appetite (at least once per year);
- iv. Review or update of the Risk Management Policy (at least once per year);
- v. Review of Key Risk Indicators and Key Control Indicators (at least twice per year). Key indicators are generated for each fundamental risk or control. They should provide a summary to demonstrate that risk owners are monitoring the risks and controls and will help give advance warning of a possible increased risk, and form part of the management reporting structure
- vi. Review or update of Development Plan where it specifically refers to risk (at least once per year)

7. Documentation

Documentation should be maintained on a sharing portal (such as Dropbox) or printed off so that they are accessible to all concerned.