

Harborne Academy Risk Management Policy



Policy Owner: Governing Body

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INTRODUCTION

The Academy's Governing Body 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 Academy's Improvement Plan.

POLICY

The Academy'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 ACADEMY'S GOVERNING BODY

The Academy's Governing Body is responsible for making a statement on risk management in the annual accounts of the Academy. 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 the Academy Trust's vision and strategic goals as set out in the Academy's Improvement Plan;
- Ensure that the process covers all areas of risk, e.g. governance & management, operational, financial, reputational and external factors and is focused primarily on major risks;
- Ensure that the process produces a risk exposure profile that reflects the governors' views as to levels of acceptable risk;
- Review and consider the principal results of risk identification, evaluation and management; and
- Ensure that the risk management is ongoing and embedded in management and operation procedure.

The Governing Body is responsible for overseeing the development and implementation of the risk management strategy.

THE SENIOR LEADERSHIP TEAM

The Academy's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for co-ordinating risk management activity across the Academy. The SLT will provide an annual report on risk management to the Governing Body.

The Headteacher and SLT are responsible for ensuring that they take personal responsibility for championing risk assessment across the Academy and for reinforcing risk-aware attitudes and responses.

Their role is to provide objective assurance to the Governing Body that:

- Risks are being correctly identified and 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.

PROCEDURE

The Academy will have a risk management strategy built around a comprehensive risk management and controls assurance framework as detailed below:

RISK IDENTIFICATION

The process of risk identification will involve both trustees and management.

Consideration will be given to the following factors:

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

RISK ASSESSMENT

Each identified risk will be assessed to determine the likelihood of the risk occurring and the potential consequence or impact of its occurrence for the Academy.

The net risk change over the year is highlighted by use of traffic light symbols

- Increasing risk
- No or minimal change
- Reducing risk

The following scoring system will be applied to each risk, whereby the risk score represents the product of the impact score and the likelihood score:

	6	5	4	3	2	1
<i>I</i>	<i>High</i>	<i>High</i>	<i>Medium</i>	<i>Medium</i>	<i>Low</i>	<i>Low</i>
<i>L</i>	<i>High</i>	<i>High</i>	<i>Medium</i>	<i>Medium</i>	<i>Low</i>	<i>Low</i>

Key: I = Severity of impact if the risk should crystallise.
 L = Likelihood that the identified risk might crystallise

Each risk will be assessed to determine its “gross” or inherent risk score – the higher the score the more urgent the need for the risk to be mitigated and its “net” or residual risk score, taking into account risk mitigation factors (see below), which either lessen the likelihood of the risk occurring or lessen its impact if it does.

Management will use the net risk scores to rank those risks that they regard as most serious – the “major risks”.

The Governing Body will need to form a view as to the acceptability of the residual risk that remains after mitigation.

The level of risk tolerance may vary depending on the nature of each risk or activity. The Governing Body will also consider the overall risk profile, i.e. the balance between higher and lower risk activities. The boundaries and limits will be communicated to management to ensure a clear understanding of the risks that can be accepted and those considered unacceptable. This may include identifying “target” risk scores for certain major risks, to be achieved after actions to further mitigate the risks.

RISK MANAGEMENT AND ASSURANCE

For each of the major risks identified the Governing Body will need to ensure that appropriate action is taken to mitigate these to an acceptable level. They will also wish to gain assurance for those risks showing significant reductions in the gross to net risk score. This will involve:

- Establishing the effectiveness of the key factors mitigating or controlling the inherent risk;
- Identifying further actions and resources required to achieve target risk scores
- Taking responsibility for monitoring the risk and sources of assurance.
- The Principal will provide an annual report on risk management to the Governing Body.

RISK MATRIX

The results of the approach to risk identification, evaluation and management described above will be codified through the use of a risk matrix (risk register).

The risk matrix will be updated as follows

- Risks will be identified and prioritised at organisational level;
- Risks will be reviewed in accordance with the agreed timetable for review of the vision, together with the Academy's Improvement Plan and budget;
- Significant new opportunities and unforeseen risks will be assessed as and when they arise
- Emergency risks may be documented separately for regular review;

REVIEW

This policy will be reviewed when there are changes in the law, or in accordance with the schedule drawn up by the Headteacher and agreed by the Governing Body.

REFERENCES

Charity Commission guidance on Charities and Risk Management
<http://www.charity-commission.gov.uk/investigations/charrisk.asp>