THE
NEW GUILD
TRUST

Risk Management Strategy

POLICY

This policy has been adopted on behalf of all academies in the New Guild Trust Academy:

Member academies:

Moorpark Junior School
Jackfield Infant School
Alexandra Junior School
Alexandra Infants' School

Approval and review

Committee to approve policy	Resources and Audit Committee
Date of Board / Academy Committee Approval	July 2020
Chair of Board / Academy committee	Mrs S Brough
Signature	*S Brough*
Accounting Officer	Mrs K Peters
Signature	*K Peters*
Policy review period	12 months
Date of policy review	July 2021

Version Control				
Version	**Date Approved**	**Changes**	**Reason for Alterations (from and to)**	
1	June 2018		Initial version	

2

1.   Introduction & Purpose

The New Guild Trust's aim is to provide the highest possible quality of education for all local children, in order to ensure pupils from all backgrounds are able to succeed.

This mission statement informs our approach to our structures and governance.

a.   The New Guild Trust is committed to minimising risk through a framework of integrated governance supported by a proactive risk management culture.

b.   Risk can be defined as the combination of the potential likelihood of an event and its impact. In managing our schools there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk Management is concerned with both positive and negative aspects of risk.

c.   In the safety field, it is recognised that consequences are only negative and therefore the management of safety risk is focused on prevention of harm.

2.   Policy forms the approach to Risk Management in The New Guild Trust.

a.   Risk management is a central part of our strategic management and culture. It is the process whereby we methodically address the risks attached to our activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

b.   The focus of good risk management is the effective identification and treatment of risks. Its objective is to add the maximum sustainable value to all our activities. It focuses on understanding the potential upside and downside of all those factors, which can affect our organisation.

c.   Employees at all levels throughout the trust should include risk management and awareness of risk as a key element of their job description. This supports accountability, performance measurement and reward, thus promoting proactivity.

d.   Key performance indicators for risk management shall be developed, implemented and reviewed to measure the effectiveness of the risk management process.

3. Risk management cycle

Figure 1: Risk management cycle

Identifying 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 have been set and agreed with the Board and encompass six key aims:

*   High achievement and high value add
*   Outstanding staff, leadership and management
*   Outstanding infrastructure
*   Financial strength
*   Inspiring and supportive culture
*   Strong community and partnerships

The New Guild Trust works to a framework of four key areas to identify and classify risks. This allows the organisation to take into consideration both internal and external factors that can positively or negatively affect the organisation.

A list of risks will be identified using a variety of techniques including data analysis, risk identification workshops, options appraisals and incident investigation among others.

Risks will be categorised into the following framework on the Trust risk register. The individual SBM's are to maintain their risk registers and the CFO will maintain the overall Trust register.

Factor	Examples
Strategic	e.g. local, national and international political factors that can affect the organisation. social and cultural dynamics affecting the education system
Operational	e.g. Management information and systems, HR and human capital, Income risks.
Complinace	e.g legal, regulatory and compliance matters
Financial	e.g. internal or external micro- or macro- economic factors.

Figure 2: Risk framework

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.

Impact (consequence)	Probability (likelihood)
5 (Major)	5 (Very Likely)
4 (Significant)	4 (Likely)
3 (Moderate)	3 (Unlikely)
2 (Minor)	2 (Very Unlikely)
1 (No Consequence)	1 (Impossible)

Score	Risk Description	Action Requirements
15 - 20	High Risk	Risk will be actively managed with control measures
6 - 12	Medium Risk	Take appropriate action to reduce risk if possible
5 and below	Low Risk	Risk to have low priority in the risk register, activity monitored in case of escalation

Risk Matrix (likelihood and Impact)

Likelihood							
	Very likely	**5**	5 Low	10 Medium	15 High	20 High	25 High
	Likely	**4**	4 Low	8 Medium	12 Medium	16 High	20 High
	Unlikely	**3**	3 Low	6 Medium	9 Medium	12 Medium	15 High
	Very Unlikely	**2**	2 Low	4 Low	6 Medium	8 Medium	10 Medium
	Rare/Impossible	**1**	1 Low	2 Low	3 Low	4 Low	5 Low
			1	2	3	4	5
			No consequence	Minor	Moderate	Significant	Major
			Impact				

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

Impact of Risk Occurring

Impact	Description
High	The financial impact will be significant [in excess of £100,000] (F)
	Has a significant impact on the Academy's strategy or on teaching and learning (O)
	Has significant stakeholder concern (SH)
Medium	The financial impact will be moderate [between £10,000 and £100,000]
	Has no more than a moderate impact on strategy or on teaching and learning
	Moderate stakeholder concern
Low	The financial impact is likely to be low [below £10,000]
	Has a low impact on strategy or on teaching and learning
	Low stakeholder concern

Probability of Risk Occurring

Probability	Description	Indicator
High	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	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	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

Risk management strategy

The risk management strategy determines the way in which the organisation will respond to a risk. The trust has adopted four categories of risk response type:

- *Transfer* – Through conventional insurance or by supporting a third party to take the risk in another way.

- *Tolerate* – The Trusts ability to do anything about some risks may be limited, or the cost of taking any action maybe disproportionate to the potential benefit gained. Common for large external risks. In these cases the response may be to tolerate but the risk should be tracked so the Trust is ready to reconsider and act should the risk escalate. Tolerance levels must be set that determine the level of risk and inform the decision making process.

- *Treat* - Most risks will fall within this category. The purpose of taking action to reduce the chance of risk occurring is not necessarily to obviate the risk, but to contain it to an acceptable level. Risk will be dealt with at an appropriate level where the responsibility to decide on action will rest. Other risks may translate into activities designed to mitigate them. As is the case with any change in course of action, new risks may be encountered which subsequently require management.

- *Terminate* – Do things differently thus removing the risk wherever it is feasible to do so.

Risk Reporting and Communication

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

Risk register

The reporting mechanism will be the MAT's Risk Register and Risk Management plan. This will highlight the key risks facing the MAT, as well as a breakdown for each key strategic aim. The Risk Management Plan will be monitored by the Resource and Audit Committee on an annual basis.

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 in meetings, or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

Communicating Risks

The Resource and Audit Committee monitors the risk management plan bi-annually. The School Business Managers and Executive Headteachers/ Headteachers will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the Finance Committee, along with a summary of actions taken.

They 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.

Annual risk review and assessment

The Accounting Officer will prepare an annual review of the risk management plan for the Finance Committee annually. This will enable the Finance Committee to report to Board on:

•	The significant risks facing the MAT
•	The effectiveness of the risk management processes
•	That the MAT has published a risk management policy covering risk management philosophy and responsibilities

4. Escalation

Risk should be understood and reported at all levels within the Trust.

The Trustees should:

● know about the most significant risks facing the organisation;

● ensure appropriate levels of awareness throughout the organisation;

● know how the organisation will manage a crisis;

- know the importance of government and stakeholder confidence in the company;
- be assured that the risk management process is working effectively; and
- publish a clear risk management policy covering risk management philosophy and responsibilities.

Local Governing Bodies should:

- know about the most significant risks facing the schools within the cluster via the cluster risk register;
- ensure appropriate levels of awareness throughout the cluster;
- know how each school will manage a crisis;
- know the importance of government, parents and local community confidence in the schools;
- be assured that the risk management process is working effectively

Executive Headteacher/ Headteachers and Heads of School should :

- be aware of risks which fall into their area of responsibility, the possible impacts these may have on other areas and the consequences other areas may have on them;
- have performance indicators which allow them to monitor the key business and financial activities, progress towards objectives and identify developments which require intervention;
- have systems which communicate variances in budgets and forecasts at appropriate frequency to allow action to be taken; and
- report systematically and promptly to the Audit Committee any perceived new risks or failures of existing control measures highlighted within the school and cluster risk registers.

Individuals should:

- understand their accountability for individual risks;
- understand how they can enable continuous improvement of risk management response;
- understand that risk management and risk awareness are a key part of our culture; and
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.