



Lionheart Academies Trust
Risk Management Policy

2017-19

Date	Detail
18.1.2014	Original, based on Beauchamp College Policy
02.03.2017	Amended by the Director of Finance and Resources
Approved by	Ian Harris, Chair of LAT Risk Management Committee

Background

This Risk Management Strategy aims to ensure that the Lionheart Academies Trust ('LAT') and all the academies within the trust comply with risk management best practice and with the requirements of the 'Turnbull Report 1999', and sets out the current processes and responsibilities for risk management in the LAT.

The Turnbull guidelines for Corporate Governance summarises the requirements as:

- The Board should acknowledge responsibility for the system of internal control.
- An ongoing process should be in place for identifying, evaluating and managing all significant risk.
- An annual process should be in place for reviewing the effectiveness of the system of internal control.
- There should be a system in place to deal with internal control aspect of any significant issue disclosed in the annual report and accounts.

In assessing what constitutes a sound system of internal control, the Turnbull report states that 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.

Risk Management Objectives

The objectives for managing risk across the LAT are:

- To comply with risk management best practice;
- To ensure risks facing the LAT are identified and appropriately documented;
- To provide assurance to the Governors and 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.

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 LAT i all the academies within the trust.

Roles and Responsibilities

The Senior Leadership Team (SLT) in each academy, along with the Executive Team, have overall responsibility for risk management. The Director of Finance and Resources has lead responsibility for risk management processes and the LAT-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes.
- Ensuring that appropriate controls are in place to manage identified risks.

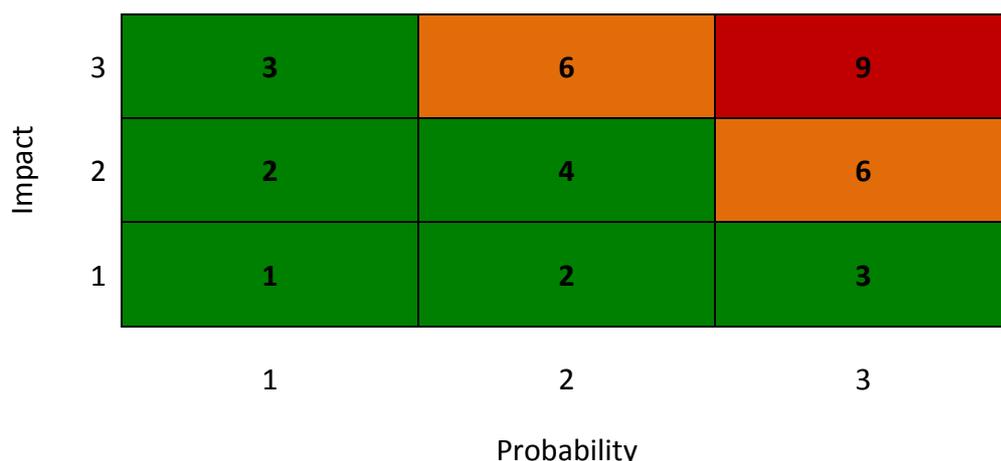
Identification of Risks

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.

Evaluation of Risks

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

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



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

Impact of risk occurring

Impact	Description
High (9)	The financial impact will be significant (in excess of £100,000). Has a significant impact on the Academy's strategy or on teaching and learning. Has a significant stakeholder concern. Presents a high safeguarding risk.
Medium (6)	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. Presents a medium safeguarding risk.
Low (1-4)	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. Presents a low safeguarding risk.

Probability of risk occurring

Probability	Description	Indicator
High (9)	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 (6)	Likely to occur within a 4 year 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 (1-4)	Not likely to occur within 4 year time period or less than 5% chance of occurrence.	Has not occurred. Is not likely to occur.

Risk Appetite

The term risk appetite describes the LAT’s readiness to accept risks and those risks it would seek to reduce. The LAT’s risk threshold is the boundary delineated by the orange shaded area (represented by scores of 6 and above) in the risk matrix. Above this threshold, the LAT will actively seek to manage risks and will prioritise time and resources to reducing, avoiding and mitigating these risks.

Addressing Risks

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

The LAT 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 Academy to acceptable levels.
- Accept We accept the possibility that the event might occur, for example because of 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, Governors, Senior Management and Internal Auditors that the LAT is effectively managing its risks and has a robust system of internal controls.

Risk Register

The reporting mechanism will be the LAT's Risk Register. This will highlight the key risks facing the LAT.

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 Directorate or SLT meetings, or raised by a member of staff will be evaluated and, if appropriate, recorded in the risk register.

Communicating Risks

The LAT Risk Committee monitors the risk management plan at least annually. Any risks identified as (9) must be reported to the Director of Finance and Resources who will then report to the board and discuss at the next Risk Committee meeting along with a summary of actions taken.

The Director of Finance and Resources will endeavor to raise awareness that risk management is a part of the LAT's culture and seek to ensure that:

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

Annual Risk Review and Assessment

The Director of Finance and Resources will prepare an annual review of the risk management plan for the Risk Committee. This will enable the Risk Committee to report to Directors on:

- The significant risks facing the LAT.
- The effectiveness of the risk management processes.
- That the LAT has published a risk management policy covering risk management philosophy and responsibilities.