



Risk Management Policy

1. Contents

1.	Contents	2
2.	Version control.....	3
3.	Purpose of this document	4
4.	Underlying approach to risk management.....	4
5.	This will be achieved by:	4
6.	The Key Principles	4
7.	Method of Risk Assessment.....	5
8.	Risk Appetite	6
9.	Role of the Board Directors.....	7
10.	Role of each Local Governing Body.....	7
11.	Risk Champion	7
12.	Role of the Senior Management Team	7
13.	Monitoring & Review.....	8

2. Version control

Date	Version	Revision	Owner
17/07/19	1.0	New Policy	Future Generation Trust Policy Team

3. Purpose of this document

The Risk Management Policy forms part of the Trust's internal control and corporate governance arrangements. The policy explains the Trust's underlying approach to risk management and documents the roles and responsibilities of the Board of Directors and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

4. Underlying approach to risk management

The Trust's aim is to:

- Integrate risk management into the culture of the Trust.
- Manage risks in accordance with best practice.
- Consider legal compliance as a minimum standard.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Prevent injury and damage and reduce the cost of risk.
- Raise awareness of the need for risk management.

5. This will be achieved by:

- Considering risk management in meetings.
- Consistently demonstrating the application of risk management principles.
- Maintaining documented procedures for the control of risk.
- Reporting incidents in meetings, with the outcome of investigation procedures to establish cause and prevent recurrence.
- Preparing contingency plans in areas where there is potential for an occurrence having a significant negative effect on the Trust and its business capability.
- Maintaining effective communications and the active involvement of every member of the Trust.
- Monitoring risk management arrangements on an ongoing basis.

6. The Key Principles

- The Board of Directors has responsibility for overseeing risk management in the Trust as a whole.
- The senior management team and each Local Governing Body supports, advises and implements policies approved by the Board of Directors.
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- All senior employees are responsible for encouraging good risk management practice within their respective areas.
- Key risk indicators will be identified and closely monitored on a regular basis.

7. Method of Risk Assessment

The Trust has two main factors for assessing risk:

- Likelihood - how probable or likely it is to happen?
- Impact (financial, image/reputation) - how significant might the consequences be?

Likelihood of occurrence is assessed on the basis of frequency over time and is assessed on a five-point scale:

Very high (5)	Imminent: This will happen or has already happened
High (4)	Definite/probable: this is very likely to happen
Medium (3)	Possible: this could happen in the near future
Modest (2)	Likely: this is not likely to happen in the foreseeable future but is possible
Low (1)	Unlikely: this is very unlikely to happen in the foreseeable future

Impact is measured as a combination of various factors. Including:

- Our pupils
- Service delivery
- Environmental
- Financial
- Legal
- Reputation
- People/staff

(On the basis that risks will ultimately have a financial and/or reputational impact)

The impact is scored depending upon the nature of the event as illustrated below:

Very high (5)	<ul style="list-style-type: none"> • Fundamental negative impact in financial terms above 10% of overall budget • Would create adverse regional or national publicity for the Trust and/or its funding bodies • Would result in loss of employees and irredeemable breakdown in employee relations, leading to significant failings in delivery • Devastating impact on health and safety of employees, pupils or visitors
High (4)	<ul style="list-style-type: none"> • Significant negative impact in financial terms greater than 5 but less than 10% of overall budget • Likely to create adverse local publicity for the Trust and/or its funding bodies which could impact on reputation and recruitment levels • Likely to have significant effect on all employees' motivation and employee relations leading to dissatisfaction and poor quality delivery • Impact on health and safety of employees, pupils or visitors
Medium (3)	<ul style="list-style-type: none"> • Negative financial impact greater than 3% but less than 5% of overall budget • Likely to create local publicity based on hearsay • Impact applies to a large group of employees

Modest (2)	<ul style="list-style-type: none"> • Negative financial impact greater than 1% but less than 3% of overall budget • Limited local publicity based on hearsay • Impact applies to only small group of employees
Low (1)	<ul style="list-style-type: none"> • Financial impact less than 1% of overall budget • No adverse publicity • Limited to individuals

8. Risk Appetite

Risk appetite is usually defined as “the amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time”. Risk appetite is about taking well thought through risks where the long-term rewards are expected to be greater than any short-term losses.

Risk appetite can be divided into five levels:

Averse	Avoidance of risk and uncertainty is a key objective
Minimalist	Preference for ultra-safe options that have a low degree of risk and consequently may not achieve maximum reward
Cautious	Preference for safe delivery options that have a low degree of risk and consequently may not achieve maximum reward
Open	Willing to consider all delivery options and choose the one most likely to result in successful delivery whilst also proving maximum reward
Hungry	Eager to be innovative and choose risky options which have higher potential for reward

In general, the Trust’s default position would be to adopt a cautious approach to risk-taking, as this would be the appropriate approach expected from a publicly-funded educational institution. However, in some areas of activity, we may wish to adopt a more open attitude to risk than might be usual.

Higher levels of risk will only be accepted on the basis of a comprehensive understanding of the exposures involved, and the potential benefits arising, and be subject to appropriate mitigation control responses and approval arrangements, being in place.

It should be recognised that the most appropriate level of risk appetite may vary across different areas of the Trust’s business, or over time. Thus, in those areas of the Trust’s business that are well established, it may be acceptable to take more risks in developing new but related initiatives. Similarly, if the Trust is involved in a significant capital project, with clearly defined potential benefits, it may decide to accept a greater level of risk, on a project specific basis, at that particular time, providing the risks involved can be suitably mitigated with compensating factors.

9. Role of the Board Directors

The Board of Directors has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the Trust. This includes determining whether the Trust is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue and determining what types of risk are acceptable and which are not.
- Setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for the Trust.
- Approve major decisions affecting the Trust's risk profile or exposure.
- Monitor the management of significant risks at Trust level.
- Review the Trust's approach to risk management and annually approve changes or improvements to key elements of its processes and procedures.
- Monitor at least termly the management of significant risks to reduce the likelihood of unwelcome surprises and missed opportunities. Satisfy itself that the less significant risks are being actively managed with the appropriate controls in place and working effectively.

10. Role of each Local Governing Body

- To ensure that their management team maintain a risk register for each Academy.
- Monitor the management of these risks at a local level.
- Ensure that any key risks, or those that may impact upon the success of the Trust, are flagged to the Board of Directors for their consideration for inclusion in the Trust risk register.

11. Risk Champion

Day to day responsibility for risk management is delegated to the Chief Executive as the Risk Champion. They ensure the monitoring systems are robust, and provide guidance and advice to those involved in the operational management of risk. In addition, the Risk Champion is responsible for the systems for collating information from senior employees and providing management information to the Board of Directors and the Senior Management Team.

12. Role of the Senior Management Team

In relation to risk management the key roles of the Senior Management Team are to:

- Take overall responsibility for the administration and implementation of the policies on risk management and internal control.
- Embed risk management throughout the Trust with the identification and management of risks being integrated into decision-making and reporting processes.
- Identify and evaluate the significant risks faced by the Trust for consideration by the Board of Directors.
- Provide adequate information in a timely manner to the Board of Directors on the status of risks and controls.

13. Monitoring & Review

Monitoring is the responsibility of the responsibility of the Future Generation Trust Board.

This policy and all arrangements and procedures will be reviewed annually.

Policy adopted on: 17 July 2019

Review date: July 2020

Signed: Fliss Dale

Designation: Chair of Trust Board