



<b>Policy Title:</b>	<b>Risk Management Policy</b>
<b>Date of Approval:</b>	<b>Dec 2020</b>
<b>Approved by:</b>	<b>BBCET Trust Board</b>
<b>Date of next review:</b>	<b>Dec 2021</b>

## **Bishop Bewick Catholic Education Trust**

## Contents

1. Introduction.....	3
2. Identify assess and evaluate the risks .....	3
3. Risk Appetite .....	4
4. Response to Risk .....	5
5. The Strategic Risk Register .....	5
6. Operational Risk Registers .....	6

# 1. Introduction

Risk management involves the identification, measurement, management, monitoring and reporting of threats to an organisation’s business objectives. Such threats could arise from a wide variety of sources, including financial uncertainty, IT security, management errors, accidents & natural disasters

An effective Risk Management Policy involves the identification of risks and actions to remove or limit its impact on the strategic aims and objectives of the Bishop Bewick Catholic Education Trust.

Risk management includes a five-step process:

1. Identify, assess and evaluate the risks
2. Determine appropriate response to risks (risk appetite)
3. Assess existing controls and determine appropriate actions
4. Allocate responsibility for action
5. Monitor the results

# 2. Identify assess and evaluate the risks

The Risk Management Policy advises that risk identification should be approached in a methodical way to ensure that all significant activities have been identified. The identification, assessment and evaluation of risk is done by means of using a risk register following the format suggested in the original Academies Financial Handbook to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

A 5x5 matrix is used to assess the likelihood and impact of a risk occurring with high being 5 and low being 1, as illustrated in the diagram below:

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Likelihood				

The descriptors for impact and likelihood can be expanded as follows:

**The impact of risk occurring:**

Impact	Description
High	The financial impact will be significant [in excess of £100,000] Has a significant impact on an academy's strategy or on teaching and learning Significant stakeholder concern
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

**The Likelihood of risk occurring:**

Likelihood	Description	
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

### 3. Risk Appetite

- Risk appetite is the amount of risk to which the Trust is prepared to be exposed before it judges action to be necessary.
- Risk appetite is also about comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure should the risk become a reality, and finding an acceptable balance.
- Some risk is unavoidable, and not within the ability of the organisation to completely manage it down to a tolerable level.

## 4. Response to Risk

When responding to risks, the Trust will seek to ensure it is managed and does not develop into an issue where the potential threat materialises by adopting one of the 4 responses below:

**Transfer:** For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks of risks to assets.

**Tolerate:** The exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration. This option may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised.

**Treat:** By far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to take control action to contain the risk to an acceptable level.

**Terminate:** Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in the public sector when compared to the private sector; a number of activities are conducted in the public sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

## 5. The Strategic Risk Register

The strategic risk register is the Trust's reporting mechanism for risk. This highlights the key risks facing the Trust and allocates responsibility for action. This register will be reviewed at every Finance Committee and other committees where relevant. The register will be a 'live' document updated as risks evolve or change.

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 Local Governing Committee (LGC) or academies SLT meetings, or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

The Risk Register will be kept as a standing agenda item and reviewed and ratified by the Full Board of Trustees annually.

## **6. Operational Risk Registers**

Operational Risk Registers should be kept by all LGCs and reviewed at every meeting. If a risk rating has changed that is judged to have an impact at Trust level, this must be notified to the Finance Committee who will amend the Trust's Strategic Risk Register.

All members of the SLT in each academy must review their own Operational Risk Register at least termly which should be noted in their minutes and fed back to their LGC meetings.

The operational Risk Register should remain a 'live' document at all times and a copy should be made available to the CEO, COO and Board at all times.