

Dulwich Hamlet Educational Trust
The Belham Primary School
Dulwich Hamlet Junior School

Risk Management Policy
Including Risk Register



Delegated to the Audit Committee for Approval during the term: Summer 2018

Next Review date: Summer 2019

Risk Management Policy

Introduction

Identifying and managing the possible and probable risks that an organisation may face over its working life, is a key part of effective governance for Multi Academy Trusts of all sizes and complexity. By managing risk effectively, trustees can help ensure that:

- significant risks are known and monitored, enabling Directors and governors to make informed decisions and take timely action;
- the Trust makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved
- the Trust's aims are achieved more successfully.

Reporting in its annual report on the steps a Trust has taken to manage risk helps to demonstrate accountability to stakeholders including beneficiaries, funders, employees and the general public.

The Education Standards Funding Agency (ESFA) also has a requirement for each Multi Academy Trust to exercise robust risk management.

The responsibility for the management and control of Dulwich Hamlet Educational Trust rests with the Board and the Executive Head Teacher/C.E.O, and therefore their involvement in the key aspects of the risk management process is essential, particularly in setting out the process and reviewing the results.

2. Context

Organisations will face some level of risk in most of the things they do. The diverse nature of the education sector means that Multi Academy Trusts face different types of risk and levels of exposure. An essential question for MATs when considering risk is whether or not, they can continue to fulfil their charitable objects now and in the future, sustainably.

For example, in a period of economic uncertainty including post-Brexit, the major financial risks for Multi Academy Trusts are likely to be:

- Changes to ESFA funding, including a reduction in pupil placement funding and Education Services Grant;
- Changes to the Local Authority commissioning arrangements for children with special educational needs;
- Changes to terms and conditions of employees as part of national or local pay settlements;
- Increased liability costs on employers e.g. increased NI or pension costs.

Generally, risk is considered in terms of the wider environment in which the Trust operates. The financial climate, society and its attitudes, the natural environment and

changes in the law and Government policy, technology and knowledge will all affect the types and impact of the risks that the Trust is exposed to.

Although the risks that any Trust might face are both financial and non-financial, the ultimate impact of risk **is financial** in most cases. This could be where a party seeks compensation for loss, or costs incurred in managing, avoiding or transferring the risk, for example by buying employers' liability insurance or buildings insurance.

3. Classification and categories of risks

A system of classification is helpful for ensuring key areas of risk arising from both internal and external factors, are considered and identified, and Dulwich Hamlet Educational Trust has used the model developed by the Charity Commission as its means of defining and assessing risk, in the following areas:

Governance risks

- inappropriate organisational structure
- trustees /governors lack relevant experience, skills or commitment
- conflicts of interest

Operational risks

- changes in local authority strategy for SEND provision
- poor staff recruitment and training
- doubt about security of assets

Financial risks

- inaccurate and/or insufficient financial information
- inadequate reserves and cash flow dependency on limited income sources
- reduced funding from EFA/Local Authority
- insufficient insurance cover

External risks and compliance with law and regulation

- poor public perception and reputation
- demographic changes such as an increase or decrease in the size of pupil numbers
- turbulent economic or political environment
- changing government policy
- acting in breach of trust
- poor knowledge of the legal responsibilities of an employer
- poor knowledge of regulatory requirements e.g. failure of schools to be meeting at least "Good" standards as per Ofsted inspection framework, or failure to adhere to requirements of SEND Code of practice.

4. Strategic Approach

Following identification of the risks that DHET might face, a decision is made about how those risks can be most effectively managed.

The Board has adopted this Risk Management Policy to help them make decisions about the levels of risk that can be accepted on a day to day basis and what matters need to be referred to them for decision.

There are four basic strategies to manage an identified risk:

- transferring the financial consequences to third parties or sharing it, usually through insurance or outsourcing
- avoiding the activity giving rise to the risk completely, for example by not bringing another school into the Trust or stopping a particular activity or service
- management or mitigation of risk
- accepting or assessing it as a risk that cannot be avoided if the activity is to continue. An example of this might be where the Board take out an insurance policy that carries a higher level of voluntary excess or where the Trust recognises that a core activity carries a risk but take steps to mitigate it - public use of a school property would be such a risk.

Although there are various tools and checklists available, the identification of risks is best done by involving those with a detailed knowledge of the way the Trust and its constituent schools operate, and therefore the Executive Head Teacher working closely with the Heads of School and Local Governing Bodies, are pivotal.

DHET keeps a Risk Register, a working document owned by the Board, with delegated responsibilities for ongoing review and oversight passed to the Audit Committee.

The risk identification process, whilst focusing on the risk to the Trust itself, is therefore also likely to include identifying risks that *may arise in individual schools*, as well as Trust-wide activities.

Trustees will want to ensure that Local Governing Bodies are thoroughly familiar with the risk management procedures, with the results incorporated into the overall risk management processes of the Trust.

5. Risk Assessment and Categorisation

Identified risks should be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising them, and in establishing whether any further action is required.

One method is to look at each identified risk and decide how likely it is to occur and how severe its impact would be on the Trust if it did occur.

Risks that have very high impact and very low likelihood of occurrence, are now accepted by many as having greater importance than those with a very high likelihood of occurrence

and an insignificant impact. In these cases, the concept of impact and the likelihood of risks occurring, is given prominence in both the risk processes.

If an organisation is vulnerable to a risk that potentially might have an extremely high impact on its operations, it should be evaluated, regardless of how remote the likelihood of its happening appears to be.

MATs need to find a balance and need to weigh the nature of risk and its impact alongside its likelihood of occurrence. With limited resources, the risks and the benefits or rewards from the activity concerned will need to be considered. It is important to bear in mind that on rare occasions improbable events do occur with devastating effect whilst at other times probable events do not happen.

A focus on high-impact risk is important, but what may be a lower impact risk can change to very high impact risk because of the possible connection between it happening and triggering the occurrence of other risks.

One low impact risk may lead to another and another so that the cumulative impact becomes extreme or catastrophic. Many studies have shown that most business failures are the result of a series of small, linked events having too great a cumulative impact to deal with rather than a single large event. If organisations only look at the big risks, they can often end up ill-prepared to face the interaction of separate adverse events interacting together.

The Trust has used the Charity Commission’s ‘risk calculations’ recommendation, that uses:

- Likelihood of occurring (5 =high, 1 =low)
- Impact if occurs (5= high, 1 =low)

And multiplies these together to provide an overall number which can be converted into a ‘response’:

Red - major or extreme/catastrophic risks that score 15 or more;

Yellow - moderate or major risks that score between 8 and 14; Blue or green - minor or insignificant risks scoring 7 or less.

Impact

Descriptor	Score	Impact on service and reputation
Insignificant	1	<ul style="list-style-type: none"> • no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	<ul style="list-style-type: none"> • slight impact on service • slight impact on reputation

Descriptor	Score	Impact on service and reputation
		<ul style="list-style-type: none"> • complaint possible • litigation possible
Moderate	3	<ul style="list-style-type: none"> • some service disruption • potential for adverse publicity - avoidable with careful handling • complaint probable • litigation probable
Major	4	<ul style="list-style-type: none"> • service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/Catastrophic	5	<ul style="list-style-type: none"> • service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Likelihood

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

Risk Management

Where major risks are identified, the Board will make sure that appropriate action is being taken to manage them, including an assessment of how effective the existing controls are.

For each of the major risks identified, the Board will consider any additional action that needs to be taken to manage the risk, either by lessening the likelihood of the event occurring, or lessening its impact if it does.

Once each risk is evaluated, the Board will draw up a plan for any steps that need to be taken to address or mitigate significant or major risks. The implementation of appropriate systems or procedures allow the Board to make a risk management statement in accordance with the regulatory requirements. Risk management aims to reduce the 'gross level' of risk identified to a 'net level' of risk, in other words, the risk that remains after appropriate action is taken.

Good risk management is also about enabling organisations to take opportunities and to meet urgent need, as well as preventing disasters. For example, an organisation may not be able to take advantage of technological change in the absence of a reserves policy that ensures there are adequate funds.

Monitoring and assessment

The Board should deal with new risks as they arise. It should also be cyclical to establish how previously identified risks may have changed.

Risk management is not a one-off event and is a process that will require monitoring and assessment. Senior leaders must take responsibility for implementation.

A successful process will involve ensuring that:

- new risks are properly reported and evaluated;
- risk aspects of significant new projects are considered as part of project appraisals;
- any significant failures of control systems are properly reported and actioned;
- there is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems;
- any further actions required are identified ;
- The Board consider and review the annual process;
- The Board are provided with relevant and timely interim reports.

To provide a systematic means of compliance, the DHET will hold a Risk register. The register seeks to pull together the key aspects of the risk management process. It lists gross risks and their assessment, a numerical weighting, the actions and controls in place and can identify responsibilities, monitoring procedures and any follow up action required.

The Trust Board delegates ongoing monitoring and assessment of the Risk Register to the Audit Committee. This Committee, in turn, may delegate some duties to each school's Local Governing Body.

Risk Register – Annual Review

Governance Risks					
Specific risks	Likelihood of occurring	Impact if occurs		Control procedures to reduce risk	Responsibility Review
Difficulties in recruitment to Board or LGB/falling numbers				Maintain contact with NGA and other national organisations for support and advice	Board
Poor skill sets				Regular reviews of skills; training provided for “skills gaps”	Board and LGBs
Poor attendance at meetings				Maintain and publish register of attendance at LGB and Board-follow up on absent attendees without apologies	Company Secretary / Board /LGB
Failure to comply with correct procedures/conflict of interests/				Maintain Register of Interests; Chairs address any undesirable behaviours; revisit Trust vision and purpose to ensure clarity amongst all	Company Secretary / Board /LGB
Scheme of Delegation ineffectively applied				Regular meetings between Chairs to understand decision making processes/overlaps/gaps.	Chairs of Board/ LGB
The future strategy for the MAT is insufficiently defined and lead, resulting in erosion of core offering or ability to extend education to other school settings				Board develops 2018-2019 Vision and Strategy Document, outlining key actions to be taken over next 12 months	Board

Operational Risks					
Specific risks	Likelihood of occurring	Impact if occurs		Control procedures to reduce risk	Responsibility Review
School leadership weakens/retention of senior skills				Capacity and succession plan – identification of middle leaders to take on further whole school responsibilities to build senior leadership team Board to work with EH to draw up succession plan for EH role Support for both Heads of School and increase involvement in financial and business management	
School Business Management weakens/retention of senior skills resulting in reduced efficiencies, non-compliance, payment and payroll issues				Build skills of existing staff; explore re-alignment of roles and responsibilities across school administration; invest in best systems to drive efficiencies	
Loss of Financial consultancy				Increase skills of school staff to take on further financial responsibilities	

Teacher Recruitment issues				Maintain attractiveness of workplace and opportunities for staff/career development	
New staff, parent helpers, club providers are not suitable				Recruitment Policy Procedures followed, DBS checks in place and recorded, unsuitable behaviours are addressed immediately continue a	
Injury/fatality to adult or child whilst involved in school activities				Annual Health and Safety Training, Employee H&S booklet, use of Peninsula, Incident Reporting and Review	
Allegations made against senior members of staff					

Financial Risks					
Specific risks	Likelihood of occurring	Impact if occurs	Multiple/ Actions Transfer Tolerate Treat or terminate	Control procedures to reduce risk	Responsibility Review
Major contractor/supplier level and quality of service diminishes				Regular review of all contracts over xxx ; retendering for catering, payroll, auditors, solicitors, HR providers, ICT and financial systems if and when it is judged appropriate and cost effective	
Funding decreases; staffing costs increase				Develop new '2-school +' staffing strategy based on the assumption that real cost savings need to be realised over the next 3 years	
Overspending in budget areas leads to deficit				Provide each budget holder with expenditure amount for year (in agreement with SDP and other factors), and prevent overspending by setting limits. (greater accountability)	
Unforeseen capital expenditure items not covered by insurance				Closely adhere to Financial Procedures – prevent expenditure occurring without agreeing implications for overall budget	
The costs of developing the Belham as a community resource are not met by income				Set up Working Group; allocate key tasks, develop a Business Plan that builds in a 'step by step' and 'learning from' approach; introduce a cost model for charging; compare market rates	
Costs to buy major new start-up items for Belham cannot be covered by reserves				Regular Budget Monitoring; applications to ESFA to cover unforeseen items	
Loss of financial data and financial records in the event of catastrophic event or significant data breach				Current financial system is cloud based; regular audit by EH and Auditors of how key information is stored –if locally, how it is backed up, password protected and recovered	
Statutory returns on Pensions, HMRC, ESFA, Dfe and Companies House are not completed on time				EH and Auditors and Audit Committee receive regular updates from Finance and SBM Team of compliance with statutory returns. Triannual update reports produced by SBM for Audit Comm	

External and Compliance Risks					

Specific risks	Likelihood of occurring	Impact if occurs		Control procedures to reduce risk	Responsibility Review
Employment/safeguarding or other significant legislative change is not addressed resulting in actions against the school and financial outlay				Regular cycle of key policy review and awareness training for all staff documented in Training Logs; Staff Handbook updated annually by Peninsula incorporating legislative HR change; all material updates noted to staff and governors;	
Data Breach occurs; schools have not acted upon GDPR legislation with sufficient attention to all matters that might affect data handling; virus or data corruption				Data Protection Officers (temporary and then permanent appointed); GDPR Policy agreed and applied; key systems providers such as payroll, HR, Finance notified of GDPR school compliance; LGFL continuing firewall usage; regular monitoring of system by RM Hub and Joskos; training updates for relevant staff	
Incident that impacts on public perceptions of the school such as admissions mistakes, bad publicity around event or staff member; major negative safeguarding incident				Executive Head fully briefed; clear and responsive single source of communication; relevant advice sought	
Incident that affects the schools' ability to continue- such as fire, explosion				Other or parts of other school building used if possible. Work set remotely until school can be re-opened.	