TARKA LEARNING PARTNERSHIP

Risk
Management
Policy

Date Adopted: 28th April 2021

Reviewed on: 5th July 2023

Author/owner: Board of Trustees (Operations, Audit and Risk Committee)

Anticipated Review: Annual

NB. 'Trustees' means the Directors referred to in the Trust's Articles of Association.

Introduction

Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Risk Management is an essential part of planning and decision-making to meet the Trust objectives, deliver school improvement and achieve value for money.

As a Trust, the complexity and ambiguity of the operating environment has increased, as have demands for greater transparency and accountability, increasing the need for a Risk Management Framework to be in place and to be operating effectively.

Definition

The Institute of Internal Auditor's International standards define a risk as 'the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.'

Legal Framework

It is a requirement:

    a.   of the Academies Financial Handbook that the Trust must manage risks to ensure its effective operation and must maintain a risk register;

    b.   to follow guidance as set out in the Charities and Risk Management (CC26) document;

    c.   to include a section in the Trust's annual report on principal risks and uncertainties, which are derived from the Trust's Risk Register.

Risk Management Framework

The Trust's Risk Management Framework consists of the following stages:

    a.   Identification of risks that could affect the achievement of the Trust objectives;

    b.   Measurement of the risks through assessment, evaluation and ranking;

    c.   Management of the risks through controls, mitigation and contingency plans;

    d.   Monitoring the risks through the development of a Trust Risk Register;

    e.   Reporting of risks to Trustees as an integral part of the governance model.

Identifying Risks

At the risk identification stage, all potential events that could adversely influence the achievement of the Trust objectives are identified, defined and categorised.

Measuring Risks

The Trust assesses, evaluates and ranks each risk to enable the understanding of each specific instance and how it could affect meeting the Trust objectives.

The Trust measures risks following a 1-5 scoring matrix calculating the following:

    a.   the likelihood (or probability) of it occurring, and

    b.   the impact (or severity) if it did occur

The calculation of Likelihood multiplied by Impact provides a single risk score reflecting the overall level of threat to the Trust. A 'Rag' rating is derived from the risk scoring matrix to provide a representation of the risk.

Managing Risks

The Trust determines its risk appetite and capacity when determining the approach to take when managing a risk.

    a. Risk appetite – The Trust has a Risk Appetite Statement that sets out how the Trust balances risk and opportunity in pursuit of achieving the strategic objectives. It is formulated by the Board, which also reviews the statement annually. See Appendix 1. All strategic plans, business plans for functional areas and policies need to be consistent with this Statement.

    b. Risk capacity – the resources which the Trust is able to put in place when managing risk

Once the appetite and capacity has been established, the 4 Ts risk management strategy is utilised to determine the plans of how the risks are managed, which can include, preventative controls, mitigation processes and contingency plans in the event that risks materialise. The 4 Ts are:

    a. **Tolerate -** risk is where no action is taken. This may be because the cost of instituting controls is not cost effective or the risk or impact is so low that they are considered acceptable.

    b. **Treat -** risk involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur.

    c. **Transfer -** risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing).

    d. **Terminate -** risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the decision may well be that the process or service should stop being undertaken.

Monitoring

A risk register is the tool used to capture risks that have been identified, measured and managed under the following elements:

    a. Category
    b. Risk Description
    c. Date Entered
    d. Risk Owner
    e. Objective Threatened
    f. Mitigating Controls/Procedures
    g. If the risk requires monitoring at school level
    h. Likelihood the risk will occur
    i. Impact if it materialised
    j. Risk Ranking
    k. Treatment

l. Further Action Required/Underway
m. Action by Date
n. Lead for Action
o. Risk Triggers
    Operations Risk Registers also include
p. Onwards – assessments against individual settings

The following risk registers are formulated by the Trust as part of their monitoring regime:

a. **Trust Strategic Risk Register** – capturing the risks that affect the overall Trust;
b. **Operations Risk Register** – capturing the risks at Trust and school level to inform Strategic Risk Register
c. **Major Project Risk Register** – capturing risks for a specific major project;

Reporting

The risk registers are reported in the following way:

a. **Trust Risk Register** – is reviewed at each Trust Audit Committee meeting, whereby they probe the Strategic Trust Team as to whether the various scores, rankings and control measures remain appropriate. The internal audit function is requested to 'stress test' the supposed controls and mitigations to ensure they do not exist on paper only as part of their annual audit programme. The Trust Board review a summary at each Board meeting.

b. **Operations Risk Register** – is reviewed by the Strategic Group as part of the effective monitoring of the organisation. Will be used to inform the Strategic Risk Register and will be made available to the audit committee to provide an overview.

c. **Major Project Risk Register** – is reviewed by the Strategic Trust Team as part of the project management process and can be reported to the Audit Committee upon request;

Role of the Strategic Trust Team

The Strategic Trust Team is responsible for:

A. setting the tone and influencing the culture of risk across the Trust in accordance with the Trust Risk Appetite;
B. identifying the risks that could affect the achievement of the Trust's objectives;
C. managing the Trust Strategic Risk Register, ensuring it is regularly reviewed and updated;
D. managing the Major Project Risk Register(s) where appropriate as part of the project management process;
E. managing the Operations Risk Registers as part of effectively managing the Trust operations;
F. ensuring risk owners reassess and update their risks at appropriate intervals.
G. ensuring controls, mitigation measures and contingency plans are effectively managed;
H. ensuring the risks are reported to the Audit Committee at appropriate intervals;
I. ensuring the summary of the risks are reported to the Board of Trustees at appropriate intervals;

J.   Drafting the section within the annual report regarding risk management.

K.   Undertaking an annual review, or at any other suitable point, of the Risk Management Framework and referring any changes or improvements to the Audit Committee for approval.

Role of the School Senior Leadership Team

The School Senior Leadership Team is responsible for:

a.   engage with the central team through the cycle of visits and reviews to openly discuss their risks

b.   identifying risks within their setting that could affect the achievement of the Trust's objectives and communicate through the appropriate Trust team through the annual business cycle of meetings

c.   act on feedback received in relation to measures to reduce or manage risk in their school

d.   ensuring controls, mitigation measures and contingency plans are effectively managed and the strategy frameworks set by the Trust are complied with;

e.   ensuring emerging high risks are discussed with the Strategic Trust Team as they become known

f.   Through the Head Teacher, report on areas of significant identified and recorded by the Trust to the SCB

Role of the School Community Board (SCB)

The SCB is responsible for:

a.   challenging the risks, ensuring the mitigation, controls and action plans are being implemented ;

b.   ensuring any high risks in relation to governance are reported to the Trust Audit Committee for review.

Role of the Trust Audit Committee

The Trust Audit Committee is responsible for:

a.   setting the tone and influencing the culture of risk across the Trust in accordance with the Trust Risk Appetite;

b.   reviewing the Trust Risk Register at each meeting;

c.   requesting to see the operations or major project risk registers if needed;

d.   review and challenge on ensuring the mitigation, controls and contingency plans are being operated effectively;

e.   reviewing and approving the annual review of the Trust Risk Management Framework.

Role of the Board of Trustees

The Trust Board of Trustees is responsible for:

a.   formulating the risk appetite statement for the Trust and reviewing annually;

b.   setting the tone and influencing the culture of risk across the Trust

c.   reviewing the summary of risks termly;

d.   ensuring the Trust Risk Management Framework is operating effectively;

e.   reviewing and approving the completion of the section regarding risk management within the annual report;

Appendix 1 Risk Appetite Statement

Risk Appetite Statement Template

This Statement considers the most significant risks to which the Trust is exposed and provides an outline of the approach to managing these risks. All strategic plans, business plans for functional areas and policies need to be consistent with this Statement.

Area	Statement
Overarching Statement	The Trust has an overall 'Open' approach to risk, which is demonstrated by the achievements and successes to date in pursuit of its strategic objectives. However, this is always by working within the framework of meeting regulatory compliance. It recognises that acceptance of risk varies according to the function or activity. Associated risks and benefits are reviewed and evaluated, with the methods to mitigate the risk established before any new activity is authorised. TLP has a vision for School Improvement that is holistic and integrated. Risks are therefore considered interrelated and connected in terms of benefits, impact and mitigation.
Growth Strategy	By virtue of being a young developing Trust, growth has happened at pace. As time goes on and the Trust moves into an embedded stage, it is recognised that it needs to be prepared for reaching natural inflection points whereby the risk appetite for further growth will change due to pinch points in capacity and hunger for change.
Leadership	The Strategic Trust Team of the Trust has an 'Open' approach to risk. The Trust has developed a good track record and history since it was set up in July 2018. It already has two Teaching School partnerships and has expended at pace. It doesn't like to avoid risk, rather taking a more reasoned approach that enables the Trust to continue on its positive trajectory.
Governance	The Trust Board is young and newly formed, this follows that at this stage it takes a more 'Considered' approach to risk, being cautious around the impact activities have on their schools and Local Governing Bodies. As the experience and trust develops, the aspiration is that it moves into a more 'Open' approach to risk in line with the Strategic Trust Team and Trust overall.
Teaching and Learning	School Improvement is an 'Open' approach to risk, demonstrated by accepting a reasonable level of risk in taking on schools where improvement in teaching, learning, curriculum and pupil outcomes is needed. The strategy is to move towards a more innovative risk appetite level to enable an even better school improvement offer. To achieve this further capacity in central staffing and a comprehensive CPD offer would be needed. Whilst working within the regulatory framework set by Ofsted the TLP would also take innovative risks to ensure that teaching and learning is dynamic, research-led and relevant to our context.
Legal/Regulatory	The Trust is in a sector where there is a high level of regulatory compliance, that is open to scrutiny. The approach to risk in this area is always 'Considered. It has a moral integrity and will operate within the legal/regulatory framework, seeking advice where needed. When

	considering activities, a range of options are reviewed and will look at what works well working within the legal/regulatory framework.
Finance	There is a 'Considered' approach to finance. The Trust has made brave decisions, reflected within the Growth strategy. There are many variables to consider. Where there is a residual risk to an activity, it is worked through in a considered and pragmatic way that ensures it doesn't overreach itself and the financial exposure is controlled.
Estates	The approach to delivering the Estates strategy currently has a more 'Considered' approach to risk. Centralisation is at a young stage of development. Further understanding of the schools within the Trust and developing the relationships and willingness to change will enable the service to move towards a more 'Open' approach, with the ongoing aspiration to become more innovative as the service embeds.
IT	It is recognised that investing IT is a key cog in delivering improvement in other service areas. There is a current 'Considered' approach to risk due to being at a young stage of development. Further understanding of the schools within the Trust and developing the relationships and willingness to change will enable the service to move towards a more 'Open' approach, with the ongoing aspiration to become more innovative as the service embeds.
Human Resources	The Trust has a moral compass. However, it is not afraid to take action and deliver the outcome that is needed. The action though, will always be operated within the legal framework, taking legal advice where needed.

Risk Appetite Definitions

Appetite	Descriptions
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Predilection to undertake activities considered to be very safe in the achievement of key deliverables or initiatives. Activities will only be taken where they have a low degree of inherent risk. The associated potential for delivering the Trust strategic objectives is not a key driver in selecting activities.
Considered	Accepting a reasonable and considered level of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified the ability to deliver the strategic objectives, within the regulatory framework. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Undertakes activities by seeking to achieve a balance between a high likelihood of successful delivery and a high degree of likelihood of delivering the strategic objectives, within the legal/regulatory framework. Activities themselves may potentially carry, or contribute to, a high degree of residual risk, where exposure is deemed controllable to a large extent
Innovative	Wanting to pursue and delivery innovative activities that will improve the quality of service delivery and increase the potential to deliver the Trust strategic objectives, even if they carry a high residual risk and exposure is manageable and operating within the legal/regulatory framework.