

Risk Policy

Introduction

The University of Chichester Academy Trust is responsible for a range of diverse activities; all activities are subject to a certain degree of risk, some more than others.

The University of Chichester Academy Trust has established systems for all areas of its work to ensure that standards and quality are maintained. Risk assessment and risk management form a critical part of these systems; they are about the **management** of risk, not the **avoidance** of risk. Risk is a critical element of some of our activities which should be encouraged but also understood.

This policy addresses strategic or major risk management within the University of Chichester Academy Trust, as defined below. Operational risk management is wholly the responsibility of the Strategic Team except where the evaluation of such risks means consideration is escalated to the Finance and Audit Committee or the CAT Board.

Aims

The aims of introducing strategic risk management into the University of Chichester Academy Trust are to discharge management and Trustees' responsibilities to manage risks, as well as to implement good practice with due regard to effective corporate governance and the Turnbull report.

What is the regulatory requirement for risk management?

The Charity Commission expects every charity to consider risk management and to make disclosures in the Trustees Annual Report. The Charities Statement of Recommended Practice (SORP) 2005 states: "A statement should be provided confirming that the major risks to which the charity is exposed, as identified by the Board Members, have been reviewed and systems or procedures have been established to manage those risks"

What is major risk?

Major risks are considered to be the strategic risks faced by the University of Chichester Academy Trust. Generally, major risk can be identified in a management context as an obstacle to the achievement of the organisation's objectives. Key risks will be those that impinge on the key objectives of the organisation. A high-level risk assessment will go through the strategic plan for the organisation and identify key risks from the organisational objectives and strategic goals.

For the University of Chichester Academy Trust, risks could be anything that poses a threat to the achievement of our strategic objectives or significant activities or it could be anything that could substantially damage our reputation or undermine the public's confidence in the University of Chichester Academy Trust.

It is essential that we have effective mechanisms in place both to identify and manage major risks, as well as planning for the future to ensure that risks are minimised. This is achieved through the establishment of a

comprehensive Strategic Risk Policy and by identification of all relevant major risks in a Strategic Risk Register.

Key Features of Risk Management

Risk management will be fully integrated with the University of Chichester Academy Trust's business planning process using the following steps:

1. **Clarify Strategic Objectives** – Formulating a clear mission statement, aims, objectives and plans for delivery of objectives. Objectives must be communicated throughout the University of Chichester Academy Trust.
2. **Identification of major risks** – Recognising and identifying the key risks for which the University of Chichester Academy Trust is responsible and those risks which are most likely to impact on our performance and delivery of services.
3. **Assessment of risks and their consequences** – **analyse and evaluate** risks to provide an overall assessment of the potential consequences of identified risks and the timescale over which risks need to be managed. **Analysis** – determine existing controls and their reliability in terms of minimising the risks maturing and if the risks do mature, minimising the consequences. **Evaluation** – enables risks to be ranked to set management actions and priorities.
4. **Response to Risk** – determining the level and type of risk that is acceptable, the controls and resources needed to manage risks and prioritising and allocating responsibility for them.
5. **Monitoring, Review and Planning Future Actions** – risk management is a continuous process and should be monitored on a regular basis.

Risk management process

The business planning process will be used as the primary means of identifying, prioritising and managing risk.

- All staff identify the operational risks associated with their own areas of work as part of the business planning process.
- The operational project risks are prioritised by team members who will take individual ownership of them and propose means of best managing them.
- The Strategic Team will consider operational and strategic risks, assign ownership and propose means of best managing them.
- Risks will be reviewed quarterly by the Strategic Team to monitor changes and check progress of mitigation measures.

Risk Appetite/ tolerance

The organisational appetite for risk will be determined by the CAT Board and reviewed on an annual basis. Consideration of whether an activity should take place (and the associated risks of undertaking that activity) will be taken at a strategic planning stage.

Evaluation of Risks

An impact evaluation of all risks will be undertaken and the probability of each risk occurring should be estimated. Currently the probabilities of impact are assessed as Very High, High, Medium, Low or Very Low.

Definitions

Likelihood:

1. Very Low = Very unlikely to occur
2. Low = Unlikely to occur but not impossible
3. Medium = Likely to occur
4. High = More likely to occur
5. Very high = Very likely though not necessarily certain to occur

Impact: (It is noted that financial measures are not the only way to define impact)

1. Very minor = Very minor impact on the project's objectives and / or moderate impact on CAT / the University's finances and reputation
2. Minor = Minor impact on the project's objectives and / or minor impact on CAT / the University's finances and reputation
3. Moderate = Moderate impact on the project's objectives and / or moderate impact on CAT / the University's finances and reputation
4. Significant = Significant impact on the project's objectives and / or significant impact on CAT / the University's finances and reputation
5. Very significant = Very significant impact on the project's objectives and / or very significant impact on CAT / the University's finances and reputation

Response to Risk

Where possible the organisation will seek to manage all significant risks above risk tolerance levels by one of three options - avoiding, sharing/transferring, and mitigating risks. Where none are appropriate it may be necessary for the risk to be accepted as an aspect of the organisation's activities.

The gross risk score represents the risk diagnosed through a combination of assessment of impact and likelihood. The net risk score represents the severity of the risk after the effects of risk management have been considered. Risk assessment, mapping the actions plans will be documented in a risk register.

Effectiveness of strategic risk management will be considered throughout the year by the CAT Board/ Finance and Audit committee as set out in the risk action assessment. An evaluation of risk will be present in the risk register and the response to each risk will be discussed with relevant personnel. As a result the risks can be accepted, treated via the application of mitigation strategies or terminated.

Assurance Regular quarterly reports will be reviewed by the Strategic Team to provide assurance on how risk management is being effected. A review of risk management will be undertaken on a regular basis by Internal Audit and the Finance and Audit Committee.

Embed and Review The establishment of effective risk management procedures should not be a one-off event. Risk management will become an integral part of the University of Chichester Academy Trust's management processes considered in association with regular reviews of strategy and objectives.

Roles and Responsibilities All University of Chichester Academy Trust staff and Board Members will be involved and have an important part to play in the identification and management of risk. Staff will be informed of the importance of risk identification through team meetings. The risk action assessment requires that Board Members take ownership for monitoring gross risks identified with a risk score of 49 or above and to be satisfied that appropriate risk mitigation actions are taking place. The risk owners of those risks scored less than 49 are the Chief Executive, and the Strategic Team. Specific responsibilities have been allocated as follows:

Strategic Team and Chief Executive

- Collectively responsible for the management of risks at the University of Chichester Academy Trust.
- Identification of strategic risks.
- Ensuring that the University of Chichester Academy Trust has a strategic risk management policy and processes and that these are communicated to and understood by all staff.

Finance and Audit Committee

Monitor the effectiveness of the University of Chichester Academy Trust's risk management procedures via the ongoing review of the system of internal control.

Director of Financial and Commercial Services – Planning and Coordination

- Responsible for developing the risk management policy and processes, specifically the co-ordination of the risk review and the categorisation and evaluation of risks identified.
- Ensuring strategic risks are regularly reviewed by the Strategic Team.

Head of Internal Audit

- Provision of independent assurance to the Strategic Team and the Audit Committee on the effectiveness of the risk management policy and processes.
- Provide advice on strategies available.

Board Members

- Board Members should be aware of the risk to the reputation of the University of Chichester Academy Trust from activities that they may undertake elsewhere.

- Board Members should seek assurance from the Finance and Audit Committee that appropriate strategic risk management procedures are in place.
- Annual review of approach to evaluation and mitigation of major risks

Risk Register

Staff

- All staff should be aware of the importance of risk management, there should be formal channels of communication both up and down to identify and manage risks.

A copy of the template for the organisation’s strategic risk register is attached.

Key document details

Last Review	Jan 2018
Department/Owner	Finance – approved by Trust Board
Review Date	