

## **BRIGHT FUTURES EDUCATIONAL TRUST**

### **RISK MANAGEMENT POLICY**

#### **1. Bright Futures Education Trust**

**1.1** The Trust is responsible for making a statement on risk management in the annual accounts of each Academy. In order to be able to make the required statement with reasonable confidence the Trust should:

**1.1.1** Ensure that the identification, assessment and mitigation of risk is linked to the achievement of the Trust's vision and strategic goals.

**1.1.2** Ensure that the process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risk.

**1.1.3** Ensure that the process produces a risk exposure profile that reflects the trustees' views as to levels of acceptable risk.

**1.1.4** Review and consider the principal results of risk identification, evaluation and management.

**1.1.5** Ensure that the risk management is ongoing and embedded in management and operation procedure.

**1.2** The Trust is responsible for overseeing the development and implementation of the risk management strategy.

#### **2. The Senior Leadership Team**

**2.1** Each Academy's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for co-ordinating risk management activity within their Academy. The SLT will provide an annual report on risk management to the Trust's Board of Directors.

**2.2** The Principal and SLT of each Academy are responsible for ensuring that they take personal responsibility for championing risk assessment within their Academy and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Trust Board that:

**2.2.1** Risks are being correctly identified and evaluated.

**2.2.2** Key risks are being managed appropriately, including the effectiveness of the controls and other responses to them.

**2.2.3** The risk management framework and internal control framework is operating effectively.

**2.2.4** Management is properly reporting the status of key risks and controls.

### **3. Procedure**

**3.1** The Trust has developed a risk management strategy built around a comprehensive risk management and controls assurance framework, as detailed below:

### **4. Risk Identification**

**4.1** The process of risk identification will involve both Trust Directors and Senior Management of each Academy. Consideration will be given to the following factors:

**4.1.1** The Trust's vision, beliefs, values and strategic goals.

**4.1.2** The nature and scale of the Trust's activities, both current and planned.

**4.1.3** External factors that may affect the organisation, such as legislation and regulation, and the Trust's reputation with its key stakeholders.

**4.1.4** The operating structure, e.g. functions.

### **5. Risk Assessment**

**5.1** Each identified risk will be assessed to determine the likelihood of the risk occurring and the potential consequence or impact of its occurrence for each Academy.

**5.2** The net risk change over the year is highlighted by use of traffic light symbols:

Red : Increasing risk

Amber : No, or minimal change

Green : Reducing risk

- 5.3 The following scoring system will be applied to each risk, whereby the risk score represents the product of the impact score and the likelihood score:

	6	5	4	3	2	1
<i>I</i>	<i>High</i>	<i>High</i>	<i>Medium</i>	<i>Medium</i>	<i>Low</i>	<i>Low</i>
<i>L</i>	<i>High</i>	<i>High</i>	<i>Medium</i>	<i>Medium</i>	<i>Low</i>	<i>Low</i>

Key: I = Severity of impact if the risk should crystallise  
L = Likelihood that the identified risk might crystallise

- 5.4 Each risk will be assessed to determine its “gross” or inherent risk score – the higher the score the more urgent the need for the risk to be mitigated and its “net” or residual risk score, taking into account risk mitigation factors (see below), which either lessen the likelihood of the risk occurring or lessen its impact if it does.
- 5.5 Senior Management of each Academy will use the net risk scores to rank those risks that they regard as most serious – the “major risks”.
- 5.6 The Trust Board will need to form a view as to the acceptability of the residual risk that remains after mitigation.
- 5.7 The level of risk tolerance may vary depending on the nature of each risk or activity. The Trust Board will also consider the overall risk profile, i.e. the balance between higher and lower risk activities. The boundaries and limits will be communicated to the Senior Management of each Academy to ensure a clear understanding of the risks that can be accepted and those considered unacceptable. This may include identifying “target” risk scores for certain major risks to be achieved after actions to further mitigate the risks.

## 6. Risk Management and Assurance

- 6.1 For each of the major risks identified the Trust will need to ensure that appropriate action is taken to mitigate these to an acceptable level. They will also wish to gain assurance for those risks showing significant reductions in the gross to net risk score. This will involve:
- 6.1.1 Establishing the effectiveness of the key factors mitigating, or controlling, the inherent risk.
  - 6.1.2 Identifying further actions and resources required to achieve target risk scores.
  - 6.1.3 Taking responsibility for monitoring the risk and sources of assurance.

**6.1.4** The Principal of each Academy will provide an annual report on risk management to the Trust Board of Directors.

## **7. Risk Matrix**

**7.1** The results of the approach to risk identification, evaluation and management described above will be codified through the use of a risk matrix (risk register). The risk matrix will be updated as follows:

**7.1.1** Risks will be identified and prioritised at organisational level.

**7.1.2** Risks will be reviewed in accordance with the agreed timetable for review of the vision, together with each Academy's Development Plan and budget.

**7.1.3** Significant new opportunities and unforeseen risks will be assessed as and when they arise.

**7.1.4** Emergency risks may be documented separately for regular review.

Review Date: Sept 2016