

## **Risk Management Policy**

### **Purpose**

Risk management encompasses the identification, analysis and response to risk factors that form part of Inspire Education Group's (IEG) operating environment. Effective risk management means attempting to control, as much as possible, future outcomes by acting proactively, rather than reactively. Good risk management offers the potential to reduce both the possibility of the risk occurring and the potential impact, should it occur. The purpose of this policy is to provide a framework for the Group on which to manage the risks inherent in delivering operations. This provides a consistency of approach in identifying, evaluating and monitoring risk, removing as far as is possible individual bias and risk appetite.

By implementing the risk management policy, the Group aims to:

- Provide continuous high-quality services to all IEG students
- Use appropriate identification and analysis techniques to identify risks to the Group and determine the long and short-term impact
- Prioritise and implement control measures to reduce or remove risks
- Protect and promote the reputation of the Group
- Through the use of education, training and communication, develop and maintain a structured risk management culture, where risk is considered in the decision-making process
- Reduce the long-term cost of risk to the Group
- Report on and review the risk management policy in accordance with best practice guidelines

### **Scope**

The Policy applies to all activities undertaken by the Group, including those activities undertaken through subsidiary companies and sub-contractors.

### **The Policy Statement**

IEG has a moral and statutory duty to take all reasonable actions to safeguard its employees, assets and the public and ensure that it is not financially or operationally disrupted. It will meet this duty by ensuring that risk management plays an integral part in the governance of the Group at a strategic and operational level.

The Executive Team has the responsibility to plan and systematically approach the identification, analysis and control of risk.

### **Responsibilities**

#### **Governors**

- approve the Risk Management Policy
- monitor the effectiveness of risk management throughout the Group
- challenge the view of risk presented by the Risk Management Group and Executive if appropriate



- review the movements in primary risks each term (through Audit Committee), and Board at least annually
- monitor the effectiveness of risk management arrangements through internal audit work and other reports to Audit Committee
- consider the Annual Report to Board by the Audit Committee

### **Group Executive**

- ensure that the college manages risk systematically, economically and effectively to deliver both Group strategic aims and compliance with legislation
- review primary risks monthly
- develop a risk management culture and communicate it across all disciplines
- promote and oversee the implementation of the policy across the Group

### **Risk Management Group (RMG)**

The RGM meets half termly to review the risks for the Group. Consisting of the Executive Team, the Assistant Principal/Directors of Learning and, where relevant, Group Directors. Generally, these are the risk owners.

- support the Group to develop, implement and review of the risk management policy
- share experience of managing risk
- promote, support and oversee its implementation across the Group
- identify any resources required to support the implementation of this policy
- identify and communicate risk issues to the different service areas
- consider new and emerging risks
- review 'near misses' and risks that have crystallised, and reconsider associated procedures
- monitor, review and report the effectiveness of the risk management policy
- share good practice on all elements of risk management

### **Managers**

- create and implement a control environment to manage risks in each particular service area
- To recommend the necessary training on risk management for the employees in the section. To share relevant information with other service sections
- To identify any risk management issues in their service area
- To provide feedback to the Risk Management Group on their experience of implementing the policy and their perceptions of the effectiveness of the policy

### **Related Documentation**

- Appendix 1 – Risk Management Approach
- Appendix 2 – Likelihood and Impact Definitions
- Appendix 3 – Likelihood and Impact Definitions - UCP and APT
- HS001 - Health & Safety Policy
- Governance Documentation

An Equal Opportunities Impact Assessment was carried out by the Policy Approval Group on 16<sup>th</sup> September 2021.



## **Risk Management Policy – Appendix 1 Risk Management Procedures**

### **Risk Management Approach**

Failure to pay proper attention to the likelihood and consequences of risk could cause great damage to the Group. Some examples of damage include service disruption, threat to public health, financial costs, compensation claims and bad publicity. Risk management is consequently a key part of the Group’s approach to the delivery of sound governance.

Increasing risk awareness is a very important part of implementing risk management, as it helps to develop a risk management culture.

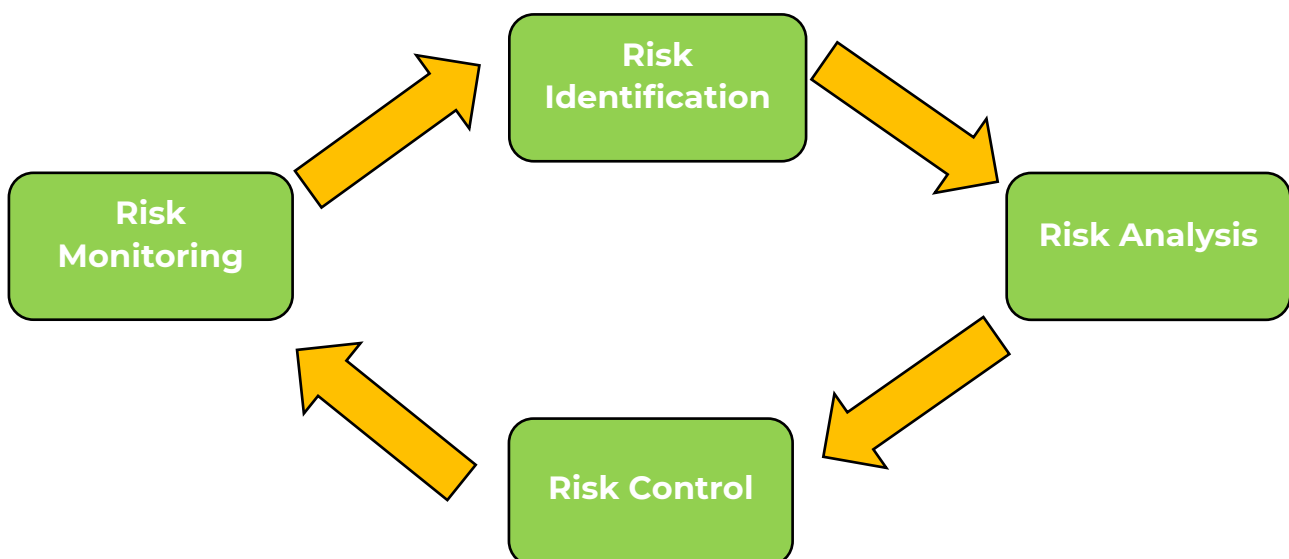
Risk management should not be seen as a “bolt on”, it should be integral to policy planning and operational management within the Group. Applying the risk management cycle will help key officers make informed decisions about the appropriateness of adopting policy or service delivery options.

The benefits of managing risk include:

- Improved Strategic Management
- Better informed decision making in the selection of strategic objectives and related targets as a result of the risk identification, analysis, control and monitoring process
- Enhanced ability to deliver against more realistic and attainable objectives and targets
- Improved Operational Management
- Decline in the number of interruptions to service delivery

### **The Risk Management Cycle**

The risk management cycle will generate information that will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the balance to be reached between self-insurance and external protection.



## **Risk Management Procedures**

### **Risk Identification**

Identifying and understanding the risks that the Group faces is essential for informed decisions to be made about policies or service delivery methods. The risk associated with these decisions can then be effectively managed.

Risks can be identified through:

- Team Meetings (including Executive)
- Health and Safety Audits
- Review of accident and near miss reports
- Review of strategic objectives
- Risk Management Group
- Governor feedback
- Internal Audit
- Sector wide training and networking

### **Risk Analysis**

Once the risks have been identified they need to be systematically analysed using proven analysis techniques and all available data on the potential frequency / likelihood and impact / consequences of events. If a risk is seen to be unacceptable steps need to be taken to control or respond to it.



## Response to Risks

After identifying a risk, it is good practice to start by considering the response to the risk. As most risks cannot be eliminated altogether, judgements have to be made as to what level of risks are acceptable. There are four categories of response – transfer, treat, terminate and tolerate. Details of each response can be found in the following table:

Response	Description
Transfer	Risks are transferred to an insurer, e.g. legal liability, however it must be remembered that this is not possible for all risks. Some service delivery risks can also be transferred to a partner or contractor by way of a formal contract or written agreement. Some risks however cannot be transferred, for example, reputational risks.
Treat	Risks need additional treatments (controls) to reduce the likelihood and impact levels. This response is most likely where the risk has been identified as a high risk due to the likelihood and impact levels.
Terminate	A risk is identified as being so serious that there is no other option than to terminate the activity generating the risk.
Tolerate	The controls in place reduce the likelihood and impact levels to a tolerable level. It is therefore decided to <i>tolerate</i> the risk.

## Risk Control

For those risks that cannot be terminated or transferred risk control is the process of taking actions to reduce the chance of a risk occurring and/or the impact of the risk should it occur. These factors should be reduced to the lowest point where the action taken is still economical. Risk control often requires projects to be implemented or operating procedures to be revised.

## Risk Monitoring

The main tools used to monitor risk are the Primary Risk Board Assurance Framework and Contingency Risk Registers. These are reviewed by Board, and to a greater level of detail by Audit Committee. Internally the Primary risks are reviewed by Executive monthly, and the risk management group meets every term.

The Group uses 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> lines of defence to manage primary risks.

- 1<sup>st</sup> line of defence – Management Controls/Policies and Procedures/Staff Training
- 2<sup>nd</sup> line of defence – Financial Controls/Security/Risk Management/Quality/Inspection
- 3<sup>rd</sup> line of defence – Internal Audit

To complete the risk management process, all risk control projects and revisions in operating procedure need to be monitored and reviewed. It is also important to assess whether the nature of the risk has altered with time.



## Risk Scoring Matrix

Once it has been established that a risk cannot be terminated a risk is scored at its inherent level (with no control or management), and residual level (after control measures have been applied).

The scoring is undertaken on the basis of both likelihood and impact, using the matrix below. Appendix 2 details the levels of severity that apply to each score for both impact and likelihood.

Impact	6 Very High Impact	6	12	18	24	30	36
	5 High Impact	5	10	15	20	25	30
	4 Medium Impact	4	8	12	16	20	24
	3 Low Impact	3	6	9	12	15	18
	2 Very Low Impact	2	4	6	8	10	12
	1 Negligible Impact	1	2	3	4	5	6
		1 Almost Impossible	2 Very Low	3 Low	4 Medium	5 High	6 Very High
Likelihood							

Red	Significant focus to be monitored monthly
Amber	Monitor at least termly
Green	Monitor at least annually



## Risk Management Policy – Appendix 2 IEG Likelihood and Impact Definitions

<b>IMPACT</b>	<b>FINANCIAL:</b>	<b>SERVICE QUALITY:</b>	<b>H&amp;S:</b>	<b>REPUTATION:</b>
<b>1 Negligible Impact</b>	Less than £5k	Negligible Effects on service	No injury	No Effects on reputation
<b>2 Very Low Impact</b>	£5k to £20k	Marginally impaired, a slight adjustment to service delivery required.	Very minor injury	Minimal effect
<b>3 Low Impact</b>	£20k to £50k	Service quality impaired in isolated areas leading to changes in service delivery required to maintain quality.	Minor injury	Slight reputation damage arising
<b>4 Medium Impact</b>	£50k to £250k	Significant reduction in service quality expected.	Significant injury	Reputation damage is uncomfortable for the Group
<b>5 High Impact</b>	£250k to £500k	Service quality cannot be maintained such that there is a need to re-assess resource allocation	Serious injury	Reputation damage occurs with Key Stakeholders
<b>6 Very High Impact</b>	£500K+	Complete failure of services	Fatality	Reputation damage is irrecoverable

<b>LIKELIHOOD</b>	
1 Almost Impossible	Very unlikely to occur
2 Very Low	Unlikely to occur
3 Low	May occur very infrequently
4 Medium	Likely to occur infrequently
5 High	Likely to occur within the next three years
6 Very High	Very likely to occur in the next 12 months



## Likelihood and Impact Definitions – UCP and APT

To be used for subsidiary Boards only, not reporting of subsidiary risks to the IEG Board

<b>IMPACT</b>	<b>Financial: UCP</b>	<b>Financial: APT</b>	<b>Service Quality:</b>	<b>H&amp;S:</b>	<b>Reputation:</b>
<b>1 Negligible Impact</b>	Less than £10k	Less than £2k	Negligible Effects on service	No injury	No Effects on reputation
<b>2 Very Low Impact</b>	£10k to £50k	£2k to £5k	Marginally impaired, a slight adjustment to service delivery required.	Very minor injury	Minimal effect
<b>3 Low Impact</b>	£50k to £100k	£5k to £10k	Service quality impaired in isolated areas leading to changes in service delivery required to maintain quality.	Minor injury	Slight reputation damage arising
<b>4 Medium Impact</b>	£100k to £150k	£10k to £30k	Significant reduction in service quality expected.	Significant injury	Reputation damage is uncomfortable for College
<b>5 High Impact</b>	£150k to £250k	£30k to £50k	Service quality cannot be maintained such that there is a need to re-assess resource allocation	Serious injury	Reputation damage occurs with Key Stakeholders
<b>6 Very High Impact</b>	£250k+	£50k+	Complete failure of services	Fatality	Reputation damage is irrecoverable

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