



**Widnes City Learning Centre  
@  
Saints Peter and Paul Catholic College**

**Risk Management Policy**

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**Ray Weaver  
CLC Manager/Director of Learning**

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## **1.0 Risk Management Policy and Procedures**

Risk is one of life's certainties and how successfully organisations deal with it can have a major impact on the achievement of their key goals

### **1.1 Risk Management and its benefits**

Risk is the threat that an event or action will adversely effect the CLC's ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled, it is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

The CLC and local authority system of internal control is part of its Risk Management process and has a key role to play in the management of significant risks to the fulfilment of business objectives. It also contributes to the safeguarding of public funds and the CLC's and LA assets. Internal control aids the effectiveness and efficiency of operations, it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. The principal aim of any internal control system is to manage the risks that are significant to the achievement of the CLC's objectives.

This policy aids the adoption of a Risk Management approach to establishing and maintaining the system of internal controls and reviewing their effectiveness. It makes sound business sense for CLC's to manage risk effectively and to embed internal control and risk awareness into the processes that are used to pursue the objectives and also guide the behaviour of all staff. Risk Management is an integral part of good governance and is the process whereby

- There is a shared awareness and understanding within the CLC of the nature and extent of the risks it faces;
  - the extent and categories of risks regarded as acceptable, the likelihood and potential impacts of the risks materialising
  - its ability to reduce the incidence and impact on the organisation of risks that do materialise
- There is a regular and ongoing monitoring and reporting of risk including early warning mechanisms.
- An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
- The CLC conducts, at least annually, a review of the effectiveness of the systems of internal control in place.
- The CLC Manager reports to the Management Board on the results of the review and explains the action it is taking to address any significant concerns it has identified.

This process should be ongoing, embedded in the culture of the CLC and have the potential to re-orient the whole organisation around performance improvement. It is not about eliminating risk but about understanding risk and managing it more effectively.

New pressures are acting as drivers for good Risk Management, they include demands for greater transparency, the need for early warning systems; an increase in partnership working; a demand for higher quality; pressure for new leadership structures; new legislation; the

importance of e-government and the Best Value regime.

The benefits of good Risk Management are that it supports the achievement of objectives and has a vital role to play in ensuring that the CLC is well run. The benefits vary depending on the way in which Risk Management is planned and implemented.

The key for any education service is to identify strategic risks whilst also taking operational risks that need to be dealt with on a day-to-day basis, into account. We must decide which benefits we would like as a result of the Risk Management programme and plan the approach accordingly. The operational benefits of a systematic and consistent approach to Risk Management are considerable.

There are two basic categories of risk, strategic and operational. Strategic risks are risks that need to be taken into account in judgements about medium and long term goals of the CLC. Operational risks are risks that managers and staff will encounter in the daily course of their work.

## **1.2 Strategic Risks**

Strategic Risks are as follows:

- *Political*: those associated with a failure to deliver either local or central government policy or to meet the local administration's manifesto commitments.
- *Economic*: those affecting the ability of the CLC to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance and the consequences of proposed investment decisions.
- *Social*: Those relating to the effects of changes in demographic, residential or socio-economic trends on the CLC's ability to deliver its objectives.
- *Technological*: Those associated with the capacity of the CLC to deal with the pace or scale of technological change, or to use technology to address change in demand. They may also include the consequences of internal technological failure on the CLC's ability to deliver its objectives.
- *Legislative*: Those associated with current or potential changes in national or European law.
- *Environmental*: Those relating to the environmental consequences of progressing the CLC's strategic objectives. For example, in terms of energy efficiency, pollution, recycling, emissions etc. These can be hurdles that a CLC will find great difficulty in overcoming.
- *Competitive*: Those affecting the organisation of the CLC in terms of cost and quality and its ability to deliver Best Value.
- *Customer/Citizen*: Those associated with the failure to meet the current and changing needs and expectation of pupils and parents.

Managing these strategic risks is a core responsibility of the CLC Management Board.

### **1.3 Operational Risks**

Operational Risks may be as follows:

- . • Professional: those associated with the particular nature of education in CLCs.
- . • Financial: those associated with financial planning and control and the adequacy of insurance cover. This would also cover areas such as budgetary control in CLC and the relationship between the financial parts of Education and Community Services and the CLC.
- . • Legal: those risks related to possible breaches of legislation.
- . • Physical: Those related to fire, security, accident prevention and health and safety. For example hazards or risks associated with buildings, vehicles, plant and equipment.
- . • Contractual: Those associated with the failure of contractors to deliver services or products to the agreed cost and specification.
- . • Technological: Those relating to a reliance on operational equipment. For example, IT Systems or equipment and machinery or
- . • Environmental: Those relating to pollution, noise or the energy efficiency of ongoing operations in CLCs.

Managing these operational risks is a core responsibility of the CLC Management Board.

## **2.0 Risk Management Implementation Strategy**

The features of the CLC's implementation strategy are as follows:-

1. Consideration by CLC management Board on the appropriate way to implement strategy.
2. Identification and prioritisation of areas of change, business objectives change, critical success factors and risks that may be significant.
3. Identification of related significant risks that could undermine:
  - The quality of service provision.
  - The reputation of the CLC.
  - The reliability of internal and external reporting.
  - The safeguarding of assets from inappropriate use, loss and fraud.
  - Liabilities being identified and managed properly.
4. Identification of key tasks in order to:
  - Develop risk management strategies and a risk management policy document.
  - Consult throughout the CLC.
  - Develop the risk culture at all levels of the CLC.
  - Provide the senior managers of the CLC with early warning mechanisms.
  - Monitor and report on the system of internal control.
5. Setting out carefully the role of CLC Manager, staff and CLC management Board.
6. Allocation of:
  - Resources as necessary, including nominated budget holders.
  - Responsibility for each stage of the plan.
  - Responsibility for the management of each significant risk.
7. Set a Timetable to work to.

### ***2.1 The role of the CLC management Board and senior CLC Staff in Risk Management***

The CLC management Board should be concerned with significant risks, that is those that could potentially have an effect on the CLC's ability to achieve its objectives. The CLC management Board should receive regular risk reports. They will enable the CLC management Board to understand and challenge the significant risks and how they will be identified, evaluated and managed, whether the reports indicate any new significant risks, whether the risks previously identified as being significant remain so and the effectiveness of the internal control system in managing significant risks.

### ***2.2 Reporting on Risk Management and Internal Control***

As a result the CLC management Board should publish a statement summarising the main processes that have been put in place for risk management and internal control. They should

include the findings of the annual review of their effectiveness.

### **2.3 The role of the CLC Manager in implementing better risk management.**

The CLC Manager has a key role in putting risk management into effect. The CLC needs to consider a number of key steps towards implementing risk management:-

- Identify key internal and external changes and agreed clear CLC-wide objectives.
- Identify critical success factors.
- Identify risks.
- Determine which risks are significant.
- Agree control strategies and the risk management policy.
- Agree accountability.
- Consult with all members of staff and raise awareness of risk.
- Through training, aid change in behaviour and focus on the fundamentals of good risk management and internal control.
- Monitor those significant aspects of internal control.
- Provide succinct reports.
- Review risk and control regularly and ensure updates are provided.

### **2.4 Prioritising Risks**

To establish what needs to be tackled, and in which order, risks need to be prioritised. These stem from two directional effects, one being impact and the other likelihood. Impact goes from minor disturbance to catastrophic disturbance; and likelihood from very unlikely to very likely. Where we get an interaction of impact and likelihood we see four possible categories of risk as outlined below

- A. High impact high likelihood.** This demands immediate action. Without immediate action this risk will cause damage to the organisation.
- B. High impact but low likelihood.** In this case consider action and have a contingency plan in case it does occur.
- C. Low impact but high likelihood.** Again consider action, it is likely to happen but its impact is low.
- D. Low impact low likelihood.** This should be kept under periodic review.

This allows the management to decide the level of priority of each risk assessed. If the risk assessment is category A then it has a High (H) priority. If the risk is either B or C then it has a Medium (M) priority. If the risk assessment is D then it has a Low (L) priority.

All identified risks can be categorised in this way. Leading on from this will give us an opportunity to tackle those risks which are most urgent and give us an opportunity to prepare an implementation plan. It is for management to then categorise those risks and establish what measures should be put in place to minimise them. The risk management group can then formulate a plan for the overall management of risk, outlining this to governors and staff. This process should ensure that the CLC's risk management strategy will be effective in shaping successful risk management.

With each area of risk considered below there is an assessment of:

IMPACT - High/Low



Generally High Impact and  
High Likelihood  
Leads to a HIGH PRIORITY

LIKELIHOOD - High/Low

Similarly, Low Impact and Low Likelihood leads to a LOW PRIORITY, whilst a combination of High and Low Impact or Likelihood leads to a MEDIUM PRIORITY.

Each of the Risk areas should be assessed and then High priority areas form the basis of the Action Plan on managing the risks faced. Medium priority areas need to be given consideration for future planning purposes and Low priority areas should be reconsidered at some future stage.

All of the risk assessment areas outlined below are merely examples of the types of risk faced by CLCs

In the current litigious society, in which CLCs and everyone else exists, it is important that we all minimise the risks posed to individuals – CLC Manager, The CLC management Board and staff.

Unless we manage the risks posed to the best of our ability (and there are some conflicting risks which make this extremely difficult) the challenges created will prevent us all from doing “the day job”.

It is with this in mind that the assessments below are put forward to be carried out and from them the Risk Management Action Plan can be written which identifies priorities and addresses them.