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<https://www.gov.uk/government/collections/service-childrens-education>.

## **STATEMENT OF SCE RISK MANAGEMENT POLICY**

### **What is a Risk?**

1. Risk exists in everyday life; it is neither good nor bad until it is understood in the context of our business objectives. Risks are related to objectives, and can only be properly understood, assessed and prioritised in relation to objectives. Risk can be the possibility of something going wrong or can lead to an opportunity; it is defined as<sup>1</sup>:

**“An uncertain event or set of events which, should it occur, will have an effect on the achievement of our objectives.”**

2. It follows from this, therefore, that risk can only be properly understood and assessed in relation to organisational objectives.

### **Risk Management**

3. Risk Management can be described as the activities performed within an organisation to identify, assess and control events which may impact on the ability to achieve aims and objectives - and future opportunities and outcomes. It should be seen as a positive and enabling process which helps us to achieve positive outcomes from our decisions.

4. By structuring risk management and actively managing risks, objectives are more likely to be achieved, damaging events are less likely to happen and positive opportunities are more likely to be realised.

5. It is important to emphasise that risk is not inherently negative. Adopting a risk free approach would mean shunning opportunities to develop and improve. Good risk management is in part therefore about adopting an informed and measured approach to taking risk

### **The Benefits of Managing Risk**

6. As a Government department, we need to ensure optimum use is made of our resources in pursuit of our objectives and outcomes; and the effective management of risk can help achieve this. Improving timely decision making at all levels as follows:

- a. Reducing the time spent ‘fire-fighting’;
- b. Using resources more effectively;
- c. Increasing confidence in organisation’s Corporate Governance and the ability to deliver;
- d. Constraining threats to acceptable levels; and
- e. Enabling informed decisions about exploiting opportunities.

### **MOD Risk Management Policy**

7. It is MOD policy that each business area should implement a risk management process that ensures risks are identified, assessed, controlled and when necessary

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<sup>1</sup> Pg 1, OGC Management of Risk: Guidance for Practitioners, 2007, TSO

escalated to higher levels for information or mitigating action. It is mandatory under this policy that all risks should have a single identified owner who has responsibility for ensuring that the risk is managed and monitored over time. A risk owner should have sufficient authority to ensure that the risk is effectively managed but may not be the person who actually takes the action to address the risk.

8. The Permanent Under Secretary as departmental Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of the Department's policies, aims and objectives; this includes risk management. The Chief of the General Staff, as the Top Level Budget holder, is responsible for identifying and evaluating the risks to the achievement of Army objectives and for developing an appropriate system of risk management in the Army.

9. More information on the MOD's risk management policy can be found in Joint Services Publication 892.

### **SCE's Approach to the Risk Management**

10. The Directorate of Children and Young People (DCYP), as a business unit within the Army Top Level Budget area, must conform to the Army's system of risk management, reporting through the Adjutant General. As a part of DCYP, SCE is obliged to conform to the same system. In practice this means that the SCE must maintain a register which: identifies, articulates and assesses the strategic risks to the delivery of the outputs articulated in the SCE strategic plan; sets out how those risks will be addressed; and records what action has been taken.

### **Roles and Responsibilities**

11. The SCE Executive Board, chaired by the Director of Education, collectively owns the SCE Strategic Risk Register. The risks themselves are owned by the Director of Education. Each risk has an assigned manager, which will in every case be one of the Assistant Directors. Risk will be a standing agenda item at Executive Board meetings. The administration of the strategic risk management process in SCE is the responsibility of SCE/DCYP Finance Manager and his staff. The SCE Strategic Risk Register will be available for scrutiny on the SCE website.

12. Consortia Chairs are responsible for the routine consideration of and management of risk in their Consortia. Each Consortia is encouraged to operate its own register of risks. Those risks to a Consortium's outputs that cannot effectively be addressed by the Consortium should be referred to the SCE Executive Board (via the SCE Risk Manager) by the Consortia Chair at the earliest opportunity. Risk should be a standing agenda item at Consortia meetings. The administration of the risk management process within each Consortia is the responsibility of the relevant Consortia School Business Manager.

13. SCE strategic risks will be a standing item on the agenda of the termly meetings between the Executive Board and the Consortia Chairs.

### **Likelihood and Impact of the Risk**

14. A vital part of the assessment of risk is the consideration of both the *likelihood* of the risk being realised and the *impact* on the business if the risk is realised. Assistance with these considerations can be obtained from the SCE Risk Manager or the SCE Finance

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and Resource Manager at Upavon. Definitions of likelihood and impact are at Annex A. A general glossary of risk terminology is at Annex B.

#### Annexes:

A: Risk Assessment Criteria

B: Glossary

C: Risk Register

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## Annex A

### Risk Likelihood Definition

#### High

Probable

60% probability that the risk will occur.  
More likely to happen than not.  
Risk could occur within next calendar year..

#### Medium

Possible

30-60% probability that the risk will occur.  
About as likely to happen as not.  
Risk could occur within next two-four years.

#### Low

Remote

<30% probability that the risk will occur.  
More likely not to happen than to happen.  
Risk could occur within next four-ten years.

### Definition of the Impact

#### High

Major impact on achievement of SCE strategic objective. Major management action would be required if the risk matured.

#### Medium

Significant impact on achievement of strategic aim. Moderate reduction in performance. Significant management action would be required if the risk matured.

#### Low

Minor impact on achievement of strategic aim. Some effect on performance.

## Annex B

### Glossary

**Assurance** – an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.

**Audit Committee** – a Committee appointed to monitor the corporate governance and control systems in the organisation and to report and escalate if applicable

**Exposure – the** consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised.

**Inherent Risk** – the exposure arising from a specific risk before any action has been taken to manage it.

**Internal Control** – any action, originating within the organisation, taken to manage risk. These actions may be taken to manage either the impact if the risk is realised, or the frequency of the realisation of the risk.

**Residual Risk** – the exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective.

**Risk** – uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. It is the combination of likelihood and impact, including perceived importance.

**Risk Appetite** – the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.

**Risk Assessment** – the evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised.

**Risk Assurance Committee** – a Committee established to undertake the role which the Audit Committee should otherwise undertake in respect of assurance on risk management.

**Risk Management** – all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.

**Risk Management Committee** – a Committee established with executive authority to take action to manage the risks which face the organisation.

**Risk Strategy** – the overall organisational approach to risk management as defined by the Accounting Officer and/or Board. This should be documented and easily available throughout the organisation.

**Risk Profile** – the documented and prioritised overall assessment of the range of specific risks faced by the organisation.