

RISK MANAGEMENT POLICY

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1. Introduction

- 1.1 A risk is a negative event which has some probability of occurring. The consequences of a negative event occurring can take many forms such as injury, damage, reputational or financial loss, operational interruption, regulatory or legal enforcement action, reduced student progress, negative impact on welfare of staff or students or any other outcome which impacts our ability to achieve our objectives.
- 1.2 Risk management involves the identification, evaluation, management, monitoring and reporting of threats to achieving our objectives. This policy explains our approach to risk management. It sets out key aspects of risk management, responsibilities, reporting requirements and the process used to evaluate the effectiveness of our controls.
- 1.3 We all manage risk on a daily basis, thinking about what could go wrong and the impact if things do go wrong, however the Trust cannot rely on informal processes alone. Taking a structured approach to risk management helps ensure we have considered all the risks we face and how effectively we are managing them. We recognise that it is not possible to eliminate all risks so an important part of our risk management framework includes assessing the effectiveness of our controls and considering whether the degree of risk we are exposed to is acceptable after taking these into account (ie within our risk appetite). We also recognise that there can be a cost to reducing risk so the cost of new and existing controls must be weighed up against the degree of risk reduction they influence. Risk management is an important part of our culture requiring engagement from staff, leaders, governors and trustees to be effective. It involves subjective judgements as well as following a structured approach. It enables us to make informed decisions and take timely action to manage risks in a way that is appropriate to our Trust. Ultimately robust risk management is important because it improves our ability to successfully deliver our strategic objectives.
- 1.4 The Trust has a statutory duty to manage risk and Trustees are required to report annually that they have given consideration to the major risks to which the Trust is exposed and satisfied themselves that systems and procedures are established to manage those risks. Further information can be found in the Academies Financial Handbook and in Charity Commission Guidance.

2. Roles and Responsibilities

The Trust has three lines of defence when managing risk:

- First line: Risk owners, managers and staff whose responsibility is to identify and manage risk on a day to day basis.
- Second line: Trustees, Risk and Audit Committee, Local Governing Boards, Leadership Teams and compliance staff who establish policies and procedures or provide oversight of the first line.
- Third line: Independent assurance providers such as internal and external auditors and specialist advisors. These groups report to the Board or Risk and Audit Committee.

2.1 Trustees

- Oversight of risk management across the Trust
- Set risk appetite
- Approve the Risk Management Policy annually
- Set the cultural tone for staff, leaders and governors with regard to risk management
- Review the risk register at least annually with a focus on major risks

2.2 Risk & Audit Committee

- Provide assurance on risk management to the Board of Trustees
- Review significant risks termly and the full risk register at least annually
- Consider new, emerging and escalating risks termly
- Review, approve and monitor action plans to reduce significant risks which are outside appetite
- Receive reports on risk events and significant issues
- Approve the annual internal audit plan designed to test the effectiveness of key controls
- Receive internal audit reports



2.3 Local Governing Bodies

- Review the school risk register annually ensuring major risks and key controls are identified
- Support the cultural tone set by the Board within the school with regard to risk management
- Monitor school action plans to reduce risks which are outside appetite
- Ensure new and escalating risks, risk events, significant issues and risks which are outside appetite are reported to the Risk & Audit Committee

2.4 Chief Executive and the Executive Team

- Accountable for central and school risk management
- Develop and review the Trust-wide risk register
- Owners of central risks
- Ensure managers are identified for all central risks
- Monitor the effectiveness of key controls
- Ensure action plans to reduce risk are agreed and implemented for risks outside appetite
- Liaise with leaders in the Trust to ensure that the Risk Management Policy and Framework is understood and followed
- Support the cultural tone set by the Board within the central team and schools with regard to risk management
- Ensure risk owners, managers, school leaders and governors receive appropriate training on risk management
- Report to and advise the Risk & Audit Committee on risk management throughout the Trust

2.5 School Leaders

- Owner of risk in the school
- Develop and review the school risk register
- Ensure managers are identified for all school risks
- Monitor the effectiveness of key controls
- Ensure action plans to reduce risk are agreed and implemented for risks outside appetite
- Support the cultural tone set by the Board within the school with regard to risk management
- Report to and advise the Local Governing Body and the Risk & Audit Committee on risk management in the school

2.6 Risk Managers

- Document key controls
- Ensure controls are working effectively
- Advise on the impact and likelihood of risks materialising and make recommendations for improving controls
- Report risk events/issues and near misses and consider whether improvements are required to controls in the light of these
- Consider external or internal influences which may change the degree of risk exposure and make recommendations to enhance controls where appropriate
- Ensure agreed action plans to reduce risk are implemented

2.7 All Staff

- Identify, report and manage risks on a day to day basis



- Report risk events/issues

3. Risk Management Framework

3.1 Risk management should be dynamic and continuous with key stages shown below.



3.2 IDENTIFY

3.2.1 Leaders, Governors and Trustees should all be involved in identifying risks. The focus should be on capturing major/significant risks which, if they materialise, will impact on achieving our overall aims and strategic goals. Risks are captured under the following categories:

- Student Progress & Outcomes to include
 - Performance
 - Curriculum
 - Groups at risk of under achieving
 - Careers
 - Quality of teaching
 - Attendance & Behaviour
- Pupil welfare including safeguarding
- Governance, Leadership & MAT Development
- People
- Financial
- Infrastructure (Building, Security, IT, Outsourced services etc)
- Compliance with regulations & legislation

3.3 MEASURE

3.3.1 Once identified risks are measured by scoring the likelihood of their occurrence and the impact should they occur using the scoring guide below. These scores are multiplied together to give an overall risk score which determines their priority action status. An element of judgement is required in scoring risks. In order to provide a consistent approach, the impact scores are discussed and set at the same level for all schools. Each school then assesses the likelihood of the risk arising in their school. Trustees consider the risk across the whole MAT.

3.3.2 When scoring risks it is important to take into account the effectiveness of current controls. Controls can reduce either or both of the likelihood and impact of a risk should it materialise.



Impact scoring

| Score | Category | Other impacts (indicative guidelines) |
|-------|---------------|--|
| 5 | Acute | Financial impact >£1m Whole school closure for 4 weeks+ Reputation impact resulting in fall in intake of 30%+ Significant impact on progress of majority of pupils Death of an individual Major litigation expected DfE transfers school to another Trust |
| 4 | Severe | Financial impact >£0.5m and <£1m Partial school closure for 4 weeks+ or full for 1-4 weeks Reputation impact resulting in fall in intake of 15% Significant impact on progress of a group of pupils/subject Injury of several pupils, staff or others Major litigation probable Significant additional resources required to manage impact |
| 3 | Moderate | Financial impact >£50k and <£0.5m Partial school closure for 1-4 weeks or full for <1 week Some impact on progress of majority of pupils Some negative publicity locally requiring management attention Litigation possible Additional resources required for a limited period to manage impact |
| 2 | Minor | Financial impact >£10k and <£50k 10 or fewer pupils/staff impacted for short period Minor impact on progress of several pupils Some media attentions, no loss of reputation Litigation possible |
| 1 | Insignificant | Financial impact <£10k Minor, short-term impact to individual or small group No media interest Minor breach of policy Issue can be addressed within 24 hours |

Likelihood scoring

| Score | likelihood | Description |
|-------|-----------------|--|
| 5 | Highly Probable | Has happened to us or others in the last 2 years. Our controls are inadequate to prevent occurrence. 50%+ chance it will happen within the next 12 months. |
| 4 | Probable | Has happened to us or others in the last 2 years. There are potential weaknesses or untested aspects of our control framework. 20-50% chance it will happen within the next 12 months. |
| 3 | Possible | Has not happened in recent years but given current situation is a real tangible risk. Our controls are inadequate to prevent it occurring. 20-50% chance it will happen within the next 2 years. |
| 2 | Unlikely | Has not happened in recent years. We have controls in place but they are untested. 10-20% chance it will happen within the next 3 years. |
| 1 | Remote | Whilst identified as a risk the likelihood of this happening in the next 3 years is less than 10%. Controls are in place and tested. |



| Risk | Impact | | | | |
|----------------------------|-------------------|-----------|--------------|------------|-----------|
| | Insignificant (1) | Minor (2) | Moderate (3) | Severe (4) | Acute (5) |
| Likelihood | | | | | |
| Highly Probable (5) | 5 | 10 | 14 | 20 | 25 |
| Probable (4) | 4 | 8 | 12 | 16 | 20 |
| Possible (3) | 3 | 6 | 9 | 12 | 15 |
| Unlikely (2) | 2 | 4 | 6 | 8 | 10 |
| Remote (1) | 1 | 2 | 3 | 4 | 5 |

| Priority For Action | Monitor | Low Priority | Medium Priority | Higher Priority |
|---------------------|---------|--------------|-----------------|-----------------|
|---------------------|---------|--------------|-----------------|-----------------|

3.4 MANAGE

3.4.1 Once risks have been measured taking into account current controls, decisions need to be made on Improvements required to our controls. Examples of controls include preventative and detective controls and checks, management reporting, mitigations, policy frameworks and contingency plans should the risk materialise. The above table gives a guide to prioritisation but action plans should also take into account:

- Whether the current degree of risk is acceptable (within appetite)
- Our risk capacity i.e. the resource (financial, human etc) which we are able to put in place to manage the risk

3.4.2 Action plans must be agreed for all risks outside risk appetite with particular focus on red risks. The risk manager is responsible for ensuring the action plan is delivered.

3.5 MONITOR & REPORT

3.5.1 The Risk Register is central to risk monitoring. It captures the risks, their manager, the scoring, the controls currently in place and summary action plans. It should describe both the potential event and the consequences. See Appendix 1. Each school will maintain their own risk register with a combined register collated for the whole Trust.

3.5.2 Annually the Risk & Audit Committee will approve the programme of internal audit which will be informed by the current risk register. The Risk & Audit Committee will receive reporting on and discuss:

Termly

- Status of top 10 risks by score and progress on associated action plans
- Status of any other red risks identified and progress on associated action plans
- Significant risk events or near misses
- New or changing risks identified by schools and the central team



- Audit reports and other reviews of controls

Annually

- The full risk registers
- Status of risks with an Acute impact score regardless of their overall score
- The effectiveness of the risk management framework

3.5.3 The roles and responsibilities section above sets out further monitoring and reporting requirements.

4. General Data Protection Regulation

- 4.1 All data within this policy will be processed in line with the requirements and protections set out in the General Data Protection Regulation.



Appendix 1

RISK REGISTER STRUCTURE

| Ref | Category | Risk Description | Potential Impact | Current Controls | Current Impact | Current Likelihood | Current Score | Further Actions & Time | Target Impact | Target Likelihood | Target Score | Risk Manage |
|---------|-----------------------------------|--|---|--|----------------|--------------------|---------------|------------------------|---------------|-------------------|--------------|-------------|
| EXAMPLE | Curriculum | Curriculum does not meet the needs of groups at risk of underachieving | Progress of those groups is not good or better. Overall P8 score negatively impacted. Ofsted grade reduced. | | | | | | | | | |
| EXAMPLE | Financial | Ineffective procurement | Value for money not achieved. Loss through fraud/collusion. Conflict of interest identified at audit & reported to ESFA | Procurement policy. Procurement officer Central checks on orders >£x etc | | | | | | | | |
| EXAMPLE | Governance, Leadership & MAT Devt | Failure to recruit sufficient governors | School oversight ineffective, insufficient | Governance framework sets out | | | | | | | | |



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|--|-------------------------|--|---|--|--|--|--|--|--|--|
| | rs with relevant skills | cient support & challenge to leaders results in slower progress with school improvement. | requirements. Annual skills assessment. Governor training & support from MAT. etc | | | | | | | |
|--|-------------------------|--|---|--|--|--|--|--|--|--|

