

# Risk Management Policy

<b>Policy Type:</b>	<b>Trust Core Policy</b>
<b>Approved By:</b>	<b>DNEAT Board of Trustees (Finance, Audit and Resources Committee)</b>
<b>Approval Date:</b>	<b>02/03/2020</b>
<b>Review Date:</b>	<b>March 2023</b>
<b>Person Responsible:</b>	<b>Chief Operating Officer</b>

## Summary of Changes

The model policy has been revised to reflect these changes to the statutory guidance as outlined below.

<b>Page Ref.</b>	<b>Section</b>	<b>Amendment</b>	<b>Date of Change</b>
6	4.3	Removal of section saying that Green risks will be removed	4/4/17
1		Update review dates	7/1/2020
3		Minor changes in wording – governors to local governors	7/1/2020

## **1. Introduction**

Risk Management is a tool to analyse uncertainty and allows the Trust and its academies to manage the risks that they face and to also focus on potential opportunities. The benefits of ensuring that sound risk management becomes a part of day to day working include:

- Contributing to attaining the highest standards of Governance – the way the Trust directs, manages and monitors its functions and is accountable to its key stakeholders
- Informing the business planning process and supporting the achievement of the Trust’s objectives

The Trust takes a pragmatic approach to risk management. The Policy will be reviewed regularly. In assessing what constitutes a sound system of internal control, consideration should be given to:

- The nature and extent of the risks facing the organisation
- The extent and categories of risk which it regards as acceptable
- The likelihood of the risks concerned materialising
- The organisation’s ability to reduce the incidence and impact of the risks that do materialise

## **2. Risk Management objectives**

The objectives for managing risk across the Trust are:

- To consider risk management best practice
- To ensure risks facing the Trust are identified and appropriately documented
- To provide assurance to the Trustees that risks are being adequately controlled, or identify areas for improvement
- To ensure action is taken in relation to accepting, mitigating, avoiding and transferring risks

## **3. Assessment and Management of Risk**

This Policy aims to:

- Outline the roles and responsibilities for risk management
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the Trust and its academies

### **3.1 Roles and responsibilities**

The proper management of risk must (as a matter of law) ultimately fall to the Trustees and may not be delegated. The Trustees do however delegate the day-to-day operation of this Policy to the Trust Senior Leadership Team (SLT) who report regularly and effectively to the Trustees.

The Chief Operating Officer (COO) has lead responsibility for risk management processes and the Trust-wide Risk Register, including:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Finance, Audit and Resources Committee (FARC), the Personnel Committee and full Board

The full implementation of the Risk Management Policy is only possible with the full cooperation and assistance of the local governing body and Headteacher of each academy. Each academy will have its own risk register. The local governors and Headteacher of each academy shall do all they reasonably can to ensure this Policy is implemented effectively. Local Governors are required to implement the Risk Management Policy in respect of each academy's own individual risk profile.

All staff have an important role to play in identifying, reporting and managing the Trust's risks. The Risk Register is formally reviewed by the SLT and reported to the relevant committee at least once a term.

### 3.2 Identification of risks

Risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined. Our approach to risk management is linked to the Trust's strategic aims and objectives. These have been set and agreed with the Trustees. Broadly speaking, most risks will be strategic and reputational, operational, HR, compliance, financial, property, and ICT.

### 3.3 Evaluation of risks

The Trust uses a 4x4 matrix to assess impact and probability as illustrated below:

1 = Very Low / Low      2 = Moderate      3 = Significant      4 = High / Very High

Impact 4	4	8	12	16
Impact 3	3	6	9	12
Impact 2	2	4	6	8
Impact 1	1	2	3	4
	Probability 1	Probability 2	Probability 3	Probability 4

For Primary Schools

Impact of risk occurring	
Impact	Description
High / Very High	The financial impact may be in excess of £100,000 Has a high / very high impact on the Trust's strategy or on Teaching & Learning Has high / very high stakeholder concern
Significant	The financial impact may be between £50,000 and £100,000 Has a significant impact on the Trust's strategy or on T&L Has significant stakeholder concern
Moderate	The financial impact may be between £10,000 and £50,000 Has a moderate impact on strategy or on T&L Moderate stakeholder concern
Very Low / Low	The financial impact may be between £0 and £10,000 Has a very low / low impact on strategy or on T&L Very low / low stakeholder concern

For Secondary Schools

Impact of risk occurring	
Impact	Description
High / Very High	The financial impact will be between £100,000 and £250,000 Has a high impact on the Academy's strategy or on teaching and learning Has high stakeholder concern
Significant	The financial impact will be between £10,000 and £100,000 Has a significant impact on strategy or on teaching and learning Significant stakeholder concern
Moderate	The financial impact will be between £1,000 and £10,000 Has a low impact on strategy or on teaching and learning

	Low stakeholder concern
Very Low / Low	The financial impact is likely to be below £1,000 Has a very low impact on strategy or on teaching and learning Very Low stakeholder concern

Probability of risk occurring		
Probability	Description	Indicator
High / Very High	Likely to occur each year, or more than a 80% chance of occurrence within the next 12 months	Potential of it occurring within a year Has occurred within the last year
Significant	Likely to occur within a 2 year time period, or more than a 50% chance of occurrence within the next 12 months	Potential of it occurring within 2 years Has occurred within the last 2 years
Moderate	Likely to occur within a 3 year time period, or more than a 30% chance of occurring within the next 12 months	Potential of it occurring within 3 years Has occurred within the last 3 years
Very Low / Low	Not likely to occur within a 3 year time, and less than a 30% chance of occurrence within the next 12 months	Potential of it occurring within 3-5 years Some history of occurrence

### 3.4 Risk appetite

The term risk appetite describes the Trusts’ readiness to accept risks and those risks it would seek to reduce. The Trust’s risk threshold is the boundary delineated by the amber/red scores (scores of 5 and above) in the risk matrix in paragraph 3.3. At or above this threshold the Trust will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

### 3.5 Addressing risks

When responding to risks, the Trust will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises. The Trust will adopt one of the 4 risk responses outlined below:

Avoid	Counter-measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business
Transfer	The risk is transferred to a third party, for example through an insurance policy
Treat / Mitigate	The response actions either reduce the likelihood of a risk developing, or limit the impact on the Trust to acceptable levels
Accept	We accept the possibility that the event might occur, for example because the cost of the counter-measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring

## 4. Risk Reporting and Communication

The aim of reporting risk is to provide assurance to Trustees, Senior Leadership and Auditors that the Trust is effectively managing its risks and has a robust system of internal controls.

### 4.1 Risk register

The reporting mechanism will be the Trust’s Risk Register - this will highlight the key risks (amber or red). Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk, will be recorded on the risk register as it occurs. Any new or increased risks identified by Trustees, the SLT, or raised by a member of staff, will be evaluated and, if appropriate, recorded in the Risk Register.

Each academy will have its own Risk Register which reflects appropriate risks identified at Trust level but also addresses local risks.

## **4.2 Communicating Risks**

The full Board monitors the risk management plan each term with detailed scrutiny taking place at committee level. The Chief Operating Officer will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered by the SLT and reported to the relevant committee, along with a summary of actions taken.

The COO will endeavour to raise awareness that risk management is a part of the Trust's culture and seek to ensure across the Trust and its academies that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to senior management any perceived new risks or failure of existing control measures

## **4.3 Risk review and assessment**

Internal audit will, periodically (not less than triennial), provide an assessment of the effectiveness of the Trust's management of risk.

The COO will update the Risk Register on a termly basis in consultation with the Trust's SLT. This will enable reporting to Trustees on:

- The higher risks (amber and red) facing the Trust
- The effectiveness of the risk management processes
- That the Trust has published a risk management policy covering risk management philosophy and responsibilities

## **5. Monitoring and Review**

5.1 This policy will be reviewed every three years, or sooner as necessary.

Links to other policies:

- Finance Policy
- Health and Safety policy
- Safeguarding Policy