# Risk Management Policy

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**Purpose**

The purpose of this policy and procedure is to outline The Academy Trust's risk management strategy.

The Trust sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.

"Risk" is used in this policy and procedure to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting: operational performance; achievement of aims and objectives; or meeting the expectations of stakeholders.

"Major risks" are those risks that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of the Trust.

**Scope**

This policy and procedure applies to the risk management strategy for the Trust as a whole.

**Key Principles**

The Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

**Rationale**

The Trust has a responsibility under charity law to state in its annual accounts that the major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the Trust's strategic plan.

**Policy**

The Trust's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Trust Board is responsible for making a statement on risk management in the Trust's annual accounts. In order to be able to make the required statement with reasonable confidence the Trustees should ensure that:

- The identification, assessment and mitigation of risk is linked to the achievement of the Trust's vision and strategic goals as set out in the development plan;
- The process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- The process produces a risk exposure profile that reflects the Trust views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.

The trust board is responsible for overseeing the development and implementation of the risk management strategy.

The Trust's Executive Leadership Team (ELT) has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust. The risk management assessment will be reviewed regularly by the finance, estates and audit committee of the trust board.

The CEO and the ELT are responsible for ensuring that they take personal responsibility for championing risk assessment and management across the trust and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the trust board that:

- Risks are correctly evaluated
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating effectively
- Management is properly reporting the status of key risks and controls.

Individual Headteachers and Heads of School are responsible for ensuring an appropriate risk assessments are in place for school risks including those associated with trips and visits which should be overseen and reviewed for each trip/visit by an appropriately qualified educational visits co-ordinator or in their absence the Headteacher/head of school.

**Procedure**

**Risk Identification**

The process of risk identification will involve both Trustees, the ELT, the Director of Business and Finance and the Facilities and Estate Manager.

- Consideration will be given to the following factors:
- The vision, beliefs, values and strategic goals;
- The nature and scale of the Trust's activities, both current and planned;
- External factors that may affect the Trust such as legislation and regulation

- The Trust's reputation with its key stakeholders;
- The operating structure, e.g. functions and issues that the Trust may face due to transition to academy status.

**See Appendix 1– Typical Categories of Risk**

**Risk Assessment**

- Discuss and agree that all involved are satisfied with the list of risks;
- Determine the appropriate response to each risk;
- Assess existing controls and determine appropriate action;
- Allocate responsibility for action; and
- Agree future reporting and review procedures.
- Taking each of the risks in turn, discuss and rate them in terms of likelihood
- A risk matrix (Risk Management Assessment) will be used to plot each risk.

The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified. The value for money of the chosen responses needs to be considered, i.e. it is as important to avoid over-control of minor risks as under- control of serious risks.

With this exercise complete, the Trust Board will decide what their risk appetite is, (what level of risk they are willing to tolerate). This will determine what response the Board wishes to make to each risk.

**Action Planning/Risk Register**

Any risks requiring action will be recorded in the risk management assessment. The actions required to produce an acceptable control system will be identified and documented. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version will be circulated to all senior executive members of the Trust so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

**Monitoring and Review**

The risk management assessment will be reviewed regularly by SLT and the trust board to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

**References**

Academy Trust Handbook

Charity Commission Guidance on Charities and Risk Management

## Appendix 1 - Typical Risks in an Academy Trust

**Corporate/Strategic**

- Lack of strategic planning, no link to financial planning
- Reputation

**Governance**

- Responsibilities not defined
- Too much/little delegated to Head Teacher and Finance Director
- Unable to attract Governors
- Non attendance at meetings by Governors

**Academic**

- Unable to achieve targets
- Staff recruitment and retention

**Pupil Support**

- Welfare of pupils
- Safety of pupils

**Contractual/partnership**

- Over-dependency on a relationship, liabilities arising

**Financial**

- Changes in funding
- Changes in pupil numbers
- Internal control breakdown/Fraud
- Inaccurate financial reporting

**IT**

- Security risks
- Business continuity
- Obsolescence of current systems

**Physical**

- Legislation- DDA, fire safety etc.
- Loss, damage or theft of assets

**Commercial**

- VAT/taxation exposure

**Political**

- Failure to maximise opportunities

**Legal**

- Child Protection
- Admissions
- Employment Legislation,
- Data Protection, FOI etc.
- Contracts etc.

**Appendix 2 - Risk Management Procedure and Matrix**
**Guidance on the Definition of Likelihood and Impact**

***Likelihood***

***3 Likely***

Expected – more than even chance of happening

***2 Possible***

Even chance of happening

***1 Remote***

Extremely unlikely

***Impact***

***3 Critical*** – will make a material difference

***2 Major***- will make a difference

***1 Manageable*** - impact deemed to be manageable