

Risk Management Policy

Our vision is to enable all to flourish.

Status and review cycle; Annual - Non Statutory

Responsible group: The Trust

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**Statement of intent**

The Diocese of Gloucester Academies Trust recognises the importance of progression. It also recognises change and development does not come without its risks. The Trust’s highest priority is enabling children and staff to grow, flourish and succeed in an environment of educational excellence.

To do this, it is necessary to progress, make changes and ultimately create risk. The Trust will always take a proactive approach towards risk management.

Poor risk management processes could result in the Trust being negatively impacted in a way which may jeopardise the achievement of objectives and the maintenance of priorities, such as:

* Safeguarding
* Health and safety
* Finances
* Reputation
* Data protection
* Quality of teaching
* Staff retention
* New projects

The Trust is committed to minimising risk through effectively identifying, categorising, measuring, managing, monitoring and reporting risk.

# Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

* Academies Act 2010
* Companies Act 2006
* The UK General Data Protection Regulation (GDPR)
* Data Protection Act 2018
* Health and Safety at Work etc. Act 1974
* ESFA Academy Trust handbook
* ESFA Academy Trust risk management

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# Definitions

A **“risk”** in this context is the identification of anything which may be likely to negatively impact the Trust’s aims and objectives. Risks can arise from within the Trust as a result of decision making, which are generally easier to control, or they can come from outside the Trust and tend to be harder to control. Section 5 of this policy provides more information on identifying and categorising risks.

The word **“capitulation”** is used throughout this policy to differentiate between the presence of risk and what the consequences of this risk will be. In the context of this policy, ‘capitulate’ means the risk fails to resist and the consequences materialise.

A **“risk appetite”** is the level of risk the Trust Board is willing to accept in the pursuit of achieving its goals. Minimising safeguarding, compliance, reputational and financial risk is important; however, it is often necessary to take other risks to achieve strategic goals. A risk appetite gives an idea of whether the risk is worthwhile and justifiable.

**“Sinking funds”** are used as internal insurance; they are financial deposits used in the event of an emergency. Sinking funds would usually only be used for external risks which arise because of influences beyond the Trust’s control, e.g. damage to assets as a result of extreme weather.

1. **Roles and responsibilities**

**The Trust Board** will be responsible for:

* The overall approach to risk management in the Trust, including ultimate oversight of the Trust’s Risk Register.
* Drawing on advice provided to it by the audit, risk and finance committee.
* Reviewing the Strategic Risk Register at each Trust Board meeting.
* Ensuring risks are identified, managed, measured and reported appropriately by the correct people.
* Appointing an audit, risk and finance committee.
* Delegating responsibility to manage areas of risk, where applicable.

**The Audit, Risk and Finance Committee** will be responsible for:

* Carrying out functions in relation to risk management as delegated by the Trust Board.
* Oversight of the Trust’s operating model, providing recommendations to the Trust Board on the financial operating model of the Trust, ensuring it is fit for purpose as the Trust grows.
* Monitoring and oversight of the risk register, to include safeguarding and the risks associated to all aspects of finance and financial controls, ensuring these are appropriately recorded on the risk register.

**The CEO** will be responsible for:

* Overseeing the effective use of the Trust’s resources and assessing where investment might be required.
* Arranging for mitigation or prevention measures to be put in place where financial investment creates a risk.

**The Head of Business and Operations** will be responsible for:

* The strategic and operational leadership of risk management
* Maintain an up to date and accurate risk register and report risk summaries to the Trust Board.
* To implement risk management and loss prevention strategies in the schools to reduce insurance costs.
* Review the risk management and risk assessment policies annually

**Headteachers** will be responsible for:

* Ensuring the effective and consistent implementation of the Trust’s approach to risk management in their school.
* Reporting to the board of Trustees and audit, risk and finance committee, as required.

**The school’s health and safety officer/responsible person** will be responsible for:

* Acknowledging, mitigating and preventing risks which endanger the safety of pupils, staff and visitors.
* Ensuring risk-taking does not conflict with the Trust’s Health and Safety Policy.
* Identifying, assessing and manging risk
* Ensuring a local risk register is maintained
* Maintaining appropriate risk assessments are carried out.

**The DPO** will be responsible for:

* Ensuring the Trust’s data is secure and protected from external risks.
* Putting mitigation measures in place for the transfer of data.
* Ensuring risk-taking does not conflict with the Trust’s Data Protection Policy.

# Risk appetite statement

The Trust uses the GOV.UK Orange Book Risk Appetite to categorise its level of risk appetite as shown below:

|  |  |
| --- | --- |
| **Risk Appetite** | **Description** |
| **Averse** | Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk |
| **Minimalist** | Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk. |
| **Cautious** | Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent. |
| **Open** | Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk. |
| **Eager** | Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk |

The risk appetite will be informed by an understanding of the Trust’s capacity, such as finances and staff availability, to mitigate the risk and secure positive outcomes.

The Trust recognises five key risks in the pursuit of its objectives and differentiates its appetite for risk as follows:

1. **Safeguarding and welfare**

Safety and wellbeing of children and staff is the Trust’s first priority. Within this area the Trust is risk averse. The Trust has no appetite for non-compliance or systems failures in activity designed to keep all children and staff safe and cared for.

1. **Health and Safety**

The Trust has no appetite for non-compliance with legislation and regulations designed to ensure our staff and students can work and learn in safe environments. Within this area, the Trust is risk averse. The Trust does tolerate low levels of risk where these are proportionately managed in the pursuit of providing new and challenging experiences for children and young people.

1. **Financial**

Within the current financial climate both internal and external to the organisation the Trust has a cautious approach to risk. The Trust has no appetite for operating long term deficits in its overall budget or delegated school budgets however, it tolerates proportionate and limited risk in using unspent funds for targeted investment in school improvement as necessary. It also tolerates proportionate and limited risk in selecting activities to undertake to achieve an improvement in the financial position of the organisation.

1. **Pupil Outcomes**

This Trust is committed to providing the best possible education for every child and the risk appetite is open in most circumstances. Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk. Risk appetite is more cautious in schools that have been recently sponsored.

1. **Governance**

The Trust has low appetite for risk to its relationship with key governance stakeholders, including regulatory bodies, but it will be robust in arguing for approaches to governance it believes to be responsible and effective. The risk appetite therefore is cautious.

Risk appetite will be reviewed and decided annually by the Trust Board.

An overview of the risk register will be provided at each Audit, Risk and Finance committee meeting illustrating the highest, the rising and the new risks from the full risk register.

1. **Identifying and categorising risk**

It is the responsibility of the Trust Board, Audit, Risk and Finance committee, and staff members in the Trust to identify and categorise the risks involved in decision making, operations and changes which come about because of an internal, external, strategic or project variable. For all risk categories, the Trust will refer to mitigation or contingency plans which will help to minimise the impact of risks.

**a)** **Internal Risks** – These risks will be, to some extent, under the control and responsibility of the Trust and are a consequence of the decisions which it makes and events arising from within the Trust. The Trust will take the following actions to manage internal risks:

* The Trust will conduct risk assessments for all activities related to internal risks, e.g. managing health and safety in line with the Trust’s Health and Safety Policy and data protection in line with the Data Protection Policy
* The Trust will maintain full control and responsibility for internal risks and assessing the risks associated with these
* Communication with decision makers and stakeholders will be prioritised when identifying internal risks
* Everyone who is impacted by the capitulation of an identified risk will be fully informed and made aware of what could happen

**b) External risks** – The Trust will prepare for external events, e.g. a pandemic or extreme weather, and considers how to make the Trust more resilient to such events. The Trust will take the following actions to manage external risks:

* The Trust will take all necessary action to avoid negative impacts associated with the capitulation of external risks, including the implementation of contingency planning for unpredictable events
* As part of contingency planning, sinking funds will be made available to aid the recovery from unexpected events which negatively impact the Trust’s finances
* Policies and procedures will be under constant review to ensure they are compliant with changes in statutory requirements for academy trusts
* The site will be made safe to attend and the Trust will take the appropriate action if extreme weather threatens the safety of any pupils, staff or visitors
* To protect the Trust’s staff, pupils and assets, security measures will be in place and unauthorised visitors will not be permitted on the school site

**c) Strategic risks** – Risks involved in the achievement of the Trust’s core objectives will be considered and identified. The Trust will take the following actions to manage strategic risks:

* The Trust will take steps to communicate and listen to all staff members to limit staff turnover and ensure quality of provision
* The Trust’s decision making, planning and prioritisation will be continually monitored by maintaining a structured understanding of the wider environment
* Efficient allocation and use of resources within the Trust will be supported
* The Trust will constantly review sector guidance and ensure its strategy is always compliant and in line with this
* Core decisions will be made by the board of Trustees and action will only take place where there is the required level of agreement.

**d) Project and operational risks** – The Trust’s involvement in critical projects, e.g. new buildings, will be subject to an assessment of how the project will be completed, what the benefits will be and whether the risk involved will benefit the Trust to a satisfactory standard. The Trust will take the following actions to manage project risks:

* To avoid harm to individuals or damage to assets, risk assessments will always be carried out before any building work takes place
* The Trust will ensure all projects are affordable, beneficial, and within the limits of financial constraints and budgets
1. **Measuring risk**

Having identified any risks, e.g. via risk assessments, the risk managers assigned to the risks will measure and rank them to help assess whether the risk is worthwhile and if the risk is likely to be detrimental to the Trust’s aims and objectives.

The Trust will assess all instances of risk by estimating the probability and severity of the risk and how it could negatively impact the Trust’s objectives. The Trust will identify whether risks have minimal, minor, significant or major impact on its aims and objectives, and will take all the necessary steps to mitigate consequences.

The Trust’s risk appetite and risk tolerance grid will always be adhered to and, where the likelihood of a risk capitulating and the impact of this is very high, the Trust will not tolerate the risk and will prioritise risks which are less likely to have a negative impact on the Trust’s objectives. Where the risk tolerance grid indicates that an activity is too perilous, actions will be taken to reduce the risk score to mitigate this risk and minimise the impact or likelihood of capitulation. Risks which are deemed low level may be accepted, while medium level risks will be monitored with mitigation plans in place should the impact and likelihood of capitulation increase for any reason.

The below table outlines what level of risk will be tolerated. This table will be utilised whenever making operational decisions. The columns are numbered from one (low risk) to five (very high risk) to indicate when risks cause intolerable detriment towards the Trust’s objectives, reputation and operations.

**Risk tolerance grid**

 

**5 (Red)** – Unless uncontrollable, e.g. external risk, or necessary, the Trust will not carry out risks which are considered to have a high negative impact, especially if the likelihood of the risk capitulating is high.

**3 (Amber)** – The Trust will generally proceed with caution where the impact is high, but the likelihood is low, or if the impact is of a medium level for concern.

**1** **(Green)** – Where the impact and likelihood are low, the Trust will proceed to take risks with minimal additional precautions in place, as controlling the risk does not raise any significant concerns.

The risk score is calculated by multiplying the likelihood score by the impact score.

1. **Managing risk**

After assessing, evaluating and ranking the risks, the Trust will implement preventative controls, such as contingency planning and strictly adhering to the Trust’s risk appetite and risk capacity. The Trust’s risk appetite and capacity to take risks will inform how risks will be managed, mitigated or prevented. The Trust will discuss and challenge the effectiveness of these controls and determine if they are appropriate.

The Trust will hold discussions to ensure stakeholders are comfortable with the control measures in place to minimise risks having a negative impact.

The Trust understands that good methods for risk prevention and mitigation will give greater control of the risk and consider the capacity of the Trust’s resources to deal with mitigating or preventing the risk.

To manage risks, the Trust will adhere to the following four treatments.

* Tolerate risk and take no action to control the risks if control measures are deemed unnecessary for the level of risk or impact
* Treat the risk through contingency planning and preparation to minimise the likelihood of occurrence and impact.
* Transfer risk by taking out insurance or carrying out strategic risks through third parties and mitigate any negative impact risk occurrence would have on the Trust.
* Terminate risk by altering and removing potential risks, making rational decisions, and deciding when the risk is too high to perform an action.

The Trust will take this approach to ensure that taking risks is an opportunity rather than a rudimentary threat to aims and objectives.

1. **Monitoring risk**

The Trust will monitor its risk profile continuously and recognise the changing landscape of this.

The Trust will cooperate with risk management auditors and risk managers and implement reasonable risk management audit recommendations made to them.

A Risk Register will be maintained to identify and document risks and control measures. This will include the following elements:

* **Risk category** – Identified risks will be categorised under the appropriate categorisation – this makes it clear which department and who would be impacted as the result of a risk capitulating, and who is responsible for managing the mitigation and prevention controls.
* **Risk description** – A short description will follow the risk category to provide more clarity as to what the risk is, who needs to take action and what the consequences are.
* **Risk ID** – Each risk will be given a unique number to reference and track the risk.
* **Trust objective threatened** – This will be used to briefly outline which Trust strategic objective, will be impacted by an identified risk to establish which area of operation might need to be mitigated.
* **The inherent risk score** – This will be the estimated likelihood that the risk will occur and the level of impact this will have. These two elements refer to the risk tolerance grid above. Once the risk has been identified and measured, the appropriate risk level will be stated with reference to how high the likelihood and impact is.
* **Control measures** – This section will be informed by the gross risk score, meaning that, having measured the risk, the Trust will know whether the risk will be tolerated, treated, transferred or terminated.
* **The residual risk score** – After putting control measures in place, the Trust will reassess the level of risk and give an honest reflection of how effective the mitigation processes are. The net risk score is a revised version of the gross risk score.
* **Risk ranking** – This section will indicate which risks are deemed to be of a high priority and require further interventions.
* **Risk trigger** – This will state what caused the need for mitigation or a contingency plan to be implemented.
* **Risk owner** – An identifiable individual will be established who decides if control measures are needed.
* **Date of last review** – Risks will be clearly dated on the register whenever they are reviewed or added. There may be risks which are reoccurring or ongoing, meaning that they will be reviewed regularly to ensure mitigation implementation is suitable.
* **Status of risk** – The person filling out the register will be able to establish how the risk progresses and whether more or fewer mitigation methods need to be implemented.
* **Risk retired date and rationale for retiring risk** – This element will only be used where the monitoring of a risk is no longer needed as the risk is no longer present or plans to take a risk have been retired. Once risks have been retired, they will be removed from the live register and be retained on the retired risks list held on a separate tab on the Risk Register.

The Risk Register will be reviewed by the Audit, Risk and Finance committee at each meeting currently four times per academic year and report any concerns to the Trust Board when relevant.

Each committee will also review the risks that are relevant to their terms of reference at each meeting.

The Trust Board will review the risk management arrangements on an annual basis.

Risk owners will review their risks at least monthly and/or when a change of circumstance dictates.

# Reporting risk

It is the responsibility of all staff within the Trust to identify and raise potential new risks or if there is a concern that controls are failing. These will be reported to the Headteacher in a school context or the Head of Business and Operations so that action can be taken promptly. All staff will report new risks or failing control measures as soon as possible.

Committees will set out when and what information regarding risks should be received. This information will be clear and offer important information on the Trust’s significant/strategic risks. The information reported to the board of Trustees and the committees will help decide whether risks are being managed within the Trust’s risk appetite and being thoroughly mitigated. Committees may interrogate risks that appear well mitigated to assure themselves of the robustness of the risk management measures.

# Insurance

The Trust is a member of the risk protection arrangement (RPA). The Trust will cooperate with risk management auditors and risk managers from the RPA and will implement reasonable risk management audit recommendations that are made.

Additional commercial insurance in addition to RPA may be taken out to mitigate risks for example – occasional use motor insurance. The Head of Business and Operations is responsible for this.

# Monitoring and review

This policy and the effectiveness of the Trust’s risk arrangements be reviewed by the Trust Board on an annual basis.