



# Education Learning Trust Multi Academy Trust

## Risk Management Policy

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## 1.0 Statement of Intent

Education Learning Trust recognises the importance of trust progression; however, it is important that we recognise change and development does not come without its risks.

The trust will always take a proactive approach towards risk management.

The realisation of a risk 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 education
- Staff retention
- New projects

Education Learning Trust is committed to minimising risk through effectively identifying, categorising, measuring, managing, monitoring and reporting risk. This means managing the **likelihood** of an unwanted event happening, assessing the **impact** of this, and ultimately assessing the benefits and threats to focus mitigating and preventing harm in all areas of the trust's operations.

## 2.0 Scope and 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 (2021) 'Academy trust handbook 2021'

This policy operates in conjunction with the following policies:

- Health and Safety Policy
- Data Protection Policy
- Child Protection and Safeguarding Policy
- Finance Policy
- Tendering and Procurement Policy
- Records Management Policy
- Business Continuity Plan

### 3.0 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 which are often harder to control. The Identifying and Categorising risks section of this policy provides more information on identifying and categorising risks.

The word **'realisation'** 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, 'realisation' means the risk fails to resist and the consequences materialise.

A **'risk appetite'** is the level of risk the trust 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 unexpected emergency. Sinking funds would usually only be used for external risks which arise as a result of influences beyond the trust's control, e.g. damage to assets as a result of extreme weather.

### 4.0 Roles and Responsibilities

#### 4.1 The Trust Board are responsible for:

- Discussing, reviewing and agreeing on the trust's risk appetite.
- Reviewing the risk register at least annually.

#### 4.2 The Audit and Risk Committee are responsible for:

- Discussing, monitoring and reviewing risks on a termly basis and reporting back to the Trust Board.
- Quality assurance of risk controls and mitigations.
- Ensuring the monitoring of and discussions about new and emerging risks (as applicable).

#### 4.3 The Senior Leadership Team are responsible for:

- Ensuring risks are identified, managed, measured and reported appropriately by the correct people.
- Ensuring communication with all staff is clear so that risks or control failures do not go unreported.
- Delegating responsibility to manage areas of risk, where applicable.

#### 4.4 The Headteacher / SLT (with support from the CEO/DFO) is 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.
- Approving and creating budgets.

#### 4.5 The designated health and safety officer (with support from the Trust Operational lead) is 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.
- Communicating with the site manager to ensure the site is safe to attend in the event of adverse weather.

#### 4.6 The senior leader for data protection (with support from the Trust DPO) is 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.

#### **4.7 Local governing boards are responsible for:**

- Keeping informed about significant risks within the trust and what mitigation processes are being employed.
- Informing the board of trustees if the measures in place to mitigate risks are inefficient.
- Approving or rejecting major developments where they are delegated responsibility to do so.

#### **4.8 All staff are responsible for:**

- Defending and upholding the trust's reputation and protecting the trust from the negative impact of risk on a day-to-day basis.
- Reporting risk and control failures to the headteacher (or nominated senior leader).

## **5.0 Risk Appetite Statement**

The trust will not take unnecessary risks unless they are justifiable. If taking a risk indicates that the trust's reputation and operation could be jeopardised, the trust will always consider the likelihood of this happening and how the risk will be controlled.

The trust accepts that risk is inevitable and is part of improvement, development and implementation; however, risk taking will be subject to the satisfactory completion of assessment and due diligence.

Where the cost or consequence of the risk and its likelihood of being realised is deemed too high, and the methods involved which create the risk cannot be amended or removed to decrease the probability of severe impact, the action will not take place as long as the trust can control this.

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.

## **6.0 Identifying and Categorising Risk**

It is the responsibility of the ELT, board of trustees, audit and risk committee, school leaders and LGBs to identify and categorise the risks involved in decision making, operations and changes which come about as a result 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.

**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/threats associated with these.
- Communication with decision makers and stakeholders will be prioritised when identifying internal risks.

- Everyone who is impacted by the realisation of an identified risk will be fully informed and made aware of what could happen.

**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 realisation 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.

**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.
- The trust will seek to find positive solutions for all stakeholders.

**Project 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.

## 7.0 Measuring Risk

Having identified any risks, the trust 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 likelihood and severity of the risk and how it could negatively impact the trust’s objectives. The trust will identify whether risks have trivial, minor, major or critical 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 being realised 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 in an attempt to mitigate this risk and minimise the impact or likelihood of realisation. 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 realisation increase for any reason.

The table below outlines what level of risk will be tolerated. The columns are numbered from one (low risk) to four (very high risk) to indicate when risks cause intolerable detriment towards the trust’s objectives, reputation and operations.

**7.1 Definitions – Likelihood and Impact**

5	Likelihood	5	10	15	20	25
4		4	8	12	16	20
3		3	6	9	12	15
2		2	4	6	8	10
1		1	2	3	4	5
		<b>Impact</b>				
		1	2	3	4	5

**Key to risks: (L = Likelihood; I = Impact)**

**Likelihood**

<b>5 Very High</b>	There is little doubt that it will happen soon
<b>4 High</b>	Strong chance it will happen in the next year
<b>3 Significant</b>	50/50 chance this will happen in the next year
<b>2 Low</b>	Not expected to happen in the next year
<b>1 Very Low</b>	Almost impossible

**Severity**

<b>5 Catastrophic</b>	Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national / professional standards; major long-term consequences; extensive coverage in press; major financial loss then threatens existence.
<b>4 High</b>	Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage
<b>3 Moderate</b>	Some disruption to operations for 48 hours; short term illness / injuries; some damage to reputation; financial loss than can be managed within budget.
<b>2 Low</b>	Limited short-term disruption to operations; minor injuries / illness; small financial loss.
<b>1 Negligible</b>	Not a noticeable effect on the Trust; no injuries; no damage to reputation.

**7.2 Overall Risk Scores**

**Red (Risk Score 15 or above):** Unless uncontrollable, e.g. external risk, or absolutely necessary, the trust will seek to mitigate risks which are considered to have a highly negative impact.

**Amber (Risk Score of 8 to 12):** The trust will generally proceed with caution where the impact is high and commit sufficient resource to manage the risk to acceptable level.

**Green (Risk Score of up to 6):** Where the impact and likelihood are low, the trust will investment minimal additional resources/controls, as controlling the risk does not raise any significant concerns.

**8.0 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:

- **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.

## 9.0 Monitoring Risk

The trust will monitor its risk profile continuously and recognise the changing landscape of this. As advised by the ESFA, 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 being realised, and who is responsible for managing the mitigation and prevention controls.
- **Risk description** – A short description will follow the risk category in order 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.
- **Business objective threatened** – This will be used to briefly outline which objective, e.g. safeguarding, finance, or quality of education, will be impacted by an identified risk to establish which area of operation might need to be mitigated.
- **The gross 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 back 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 net 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.
- **A target risk score (where applicable)** – This identifies any area of risk which could be further mitigated if the situation allowed and/or additional controls were put in place.
- **Risk ranking** – This section will indicate which risks are deemed to be of a high priority and require further interventions.
- **Contingency plan** – This will be completed where it has been deemed necessary to implement one. This will outline the action required to reduce or eliminate the detriment that a risk's capitulation would have otherwise caused, and what would happen without contingency plans in place.
- **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.
- **Current 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.

## **10.0 Reporting Risk**

The board of trustees and the audit and risk committee 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 risks. The information reported to the board of trustees and the audit and risk committee will help decide whether risks are being performed within the trust's risk appetite and being thoroughly mitigated. The number of risks reported and assessed will be a manageable number in order to ensure the trust's quality control and understanding of risks is not diminished.

### **Agreed Reporting Schedule to Trustees (including risk register review)**

***Trust Board – Meeting in the Spring Term each academic year***

***Audit and Risk Committee – On a termly basis, at each committee meeting.***

Risk management and the risk register is a standing agenda item for each local governing committee meeting. Local governing committees will be reassured that risk management processes are effective. Where applicable, local governing boards will be made aware of significant risks and how the trust/school will manage these.

New risks or risks that have increased significantly will be reported to senior leadership so that action can be taken promptly. All staff will report new risks or failing control measures as soon as possible.

The appropriate person responsible for the objective which is subject to risk will be aware of the risk and how to manage it. For example, each DSL is responsible for upholding the trust's Child Protection and Safeguarding Policy and will manage any issues related to safeguarding, whereas the DFO/SBM will be aware of and plan for mitigating risks which impact the trust financially.

The trust central team will report to stakeholders, including the trust board regarding the effectiveness of its risk management processes at least annually. Stakeholders will be made aware of whether the trust's risk management policies are effective in achieving its objectives.

The board of trustees ensures that the trust does not report too many overlapping risks and that the trust makes attempts to ensure risks are only being reported where they are significant. The trust will ensure communication is clear on all levels and that organisational systems allow for transparency so that all risks can be easily reported by all stakeholders.