



Risk Management Strategy

Policy Approved by the Board – 11 June 2018 (for implementation from 1st September 2018)

Responsible Officer: Chief Operating Officer (COO)

Next Review Date: September 2021

1. Purpose of this Document

This risk management strategy forms part of the Trust's internal control framework and corporate governance arrangements. It is a requirement of the Academies Financial Handbook that the Trust must have in place sound internal control, risk management and assurance processes.

The Handbook also states that:

“The Trust should make a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. The Trust must recognise and manage present and future risks to ensure its effective and continued operation. The Trust should maintain a risk register. The Trust's management of risks must include contingency and business continuity planning.”

This strategy explains the Trust's underlying approach to risk management, documents the roles and responsibilities of the Board, Finance Committee, Local Management Boards and Head Teachers. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

2. Underlying Approach to Risk Management

Risk is defined as the probability of an event occurring and its consequences.

Risk management is defined as the process by which the Trust manages threats, enhances opportunities and adds value to its operations.

Risks to the Trust's services can be categorised as follows:

- Strategic risks – risks to the Trust's strategic objectives or outcomes.
- Operational risks – risks arising from the day-to-day operation of services.

Risk management identifies, assesses and mitigate risks, and underpins good performance in an organisation. Effective management of risk will ensure that the Trust:

- Has increased confidence in achieving its objectives
- Inspires trust and confidence in our stakeholders
- Promotes improvement in its delivery of services
- Protects itself against financial waste and misuse
- Complies with the law and other regulations which apply to it
- Can make informed decisions and plan effectively, and
- Set priorities for its resources to address the most significant risks

The following key principles outline the Trust's approach to risk management and internal control:

- The Board has responsibility for risk management within the Trust as a whole;

- The COO and the Governance & Policy Manager will advise academies on the implementation of policies approved by the Board;
- The Trust will adopt a prudent approach to the recognition and disclosure of the financial and non-financial implications of risks; and
- Risk Registers will be completed in a consistent way cross the Trust to ensure consistency of approach and enable the operational registers to feed into the Trust's Strategic Risk Register as appropriate.

3. Role of the Board

The role of the Board in the management of risk is to:

- Set the tone and influence the culture of risk management within the Trust.
- Determine what types of risk are acceptable and which are not.
- Approve major decisions affecting the Trust's risk profile or exposure.
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

4. Role of the Trust's Audit Committee

The Audit Committee will:

- Monitor on an ongoing basis strategic risks identified by the Trust
- Make recommendations to the Board concerning the content of the policy, the registers and actions
- Escalate to the Board areas where it considers strategic risks are being managed in a way that exposes the Trust to an unacceptable level of risk
- Agree an annual report to the Board reviewing the effectiveness of risk management arrangements across the Trust

5. Role of the COO, Head Teachers and Local Governing Bodies

- The Central Services team and each academy within the Trust will maintain its own operational risk register of the key risks it faces on a day to day basis.
- Each Local Governing Body will receive a copy of the risk register for review as a standing item at each of its meetings.
- Where operational risks with a significant impact are identified as a trend across a number of the Trust's academies then consideration will be given to escalating this to the Trust's overall Strategic Risk Register.
- The COO will ensure appropriate risk management training and guidance is delivered both to initially embed the risk management culture throughout the

Trust and then at regular intervals moving forward for existing governors and staff and any new appointments.

6. Recording and Scoring risks

- Both operational and strategic risks will be scored in a consistent manner using the matrix below and based on the formula:

LIKELIHOOD X IMPACT = TOTAL RISK SCORE

- Risks will be scored both before and after the application of agreed internal controls

Likelihood (Probability)	Almost Certain >80%	5	Low (5)	Medium (10)	Medium (15)	High (25)	High (35)
	Likely 51% - 80%	4	Low (4)	Low (8)	Medium (12)	High (20)	High (28)
	Possible 21% - 50%	3	Low (3)	Low (6)	Medium (9)	Medium (15)	High (21)
	Unlikely 6- 20%	2	Low (2)	Low (4)	Low (6)	Medium (10)	Medium (14)
	Rare <6%	1	Low (1)	Low (2)	Low (3)	Low (5)	Low (7)
			1	2	3	5	7
			Insignificant	Minor	Moderate	Major	Extreme
			Impact				

- Extreme Impact – Major financial loss of over £100,000, potential for fatal injury, major disruption to Trust’s operations, very significant reputational damage, very significant failure to meet contractual liability or statutory duties, forced government intervention.
- Major Impact - Financial loss between £25,000 and £100,000, potential for very serious injury, serious disruption to Trust’s operations, significant reputational damage or significant failure to meet contractual liability or statutory duties.

- Moderate Impact – Financial loss between £1,000 and £25,000, potential for serious injury, noticeable disruption to Trust’s operations, minor breach of contractual liability or statutory duties.
- Minor Impact - Financial loss between £100 and £1,000, potential for minor injury, very low level disruption to Trust’s operations, partial and minor breach of contractual liability or statutory duties.
- Insignificant - Financial loss under £100, no potential for injury, risk of low level non-compliance with agreed policies and procedures.

7. Risk Appetite and Escalation

- The Board wishes the Trust to adopt a low risk appetite with a cautious approach to its exposure to risks and always being minded that any exposure should be proportionate to the opportunity or reward to be gained. This will be delivered by the following approach:
 - Any RED risks (with a current score of above 20 on the risk matrix) must be wherever possible managed down to the lowest practicable level urgently.
 - Any AMBER risks (with a current score of 9-15) must be wherever possible managed down to the lowest practicable level as soon as possible and their escalation to RED prevented
 - Any GREEN risks are accepted and no specific action is required.
- When, following review, risk scores move outside of the Trust’s risk appetite, or where risk controls have failed or are no longer effective in reducing a risk, this must be escalated by the risk owner to the next level of management as soon as possible.