Risk Management Policy

Category: Management

Key Elements

This document explains the roles and responsibilities for risk management across the trust and how risk is managed

Issued on:
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Agreed by:
Directors

Due for Review:
March 2022

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We regularly review our policies to make sure that we continue to;

- promote equality of opportunity
- actively value diversity
- eliminate discrimination and harassment
- provide an inclusive education which enables all children and young people p to develop their full potential
meet the requirements of the Equality Act 2010 and the protected characteristics therein

1. Introduction

1.1. Whitefield Academy Trust's mission is to ensure enjoyment, achievement and wellbeing for all the children and young people we educate and support. This mission statement informs our approach to our structures and governance.

1.2. Risk management is an integral part of the Whitefield Academy Trust's internal control framework. Through active risk management, the Trust identifies, assesses and controls the risks it faces. By doing so it focuses on potential opportunities arising and uses its risk awareness to underpin good performance.

1.3. The benefits of ensuring that sound risk management is 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;

- inspiring trust and confidence in our stakeholders;

- protecting funds from waste and misuse; and

- complying with the law and safeguarding the health and safety of our staff and pupils.

2. Roles and responsibilities

2.1 Within the Trust's internal control framework, responsibilities fall as follows:

- **Trustees:** the proper management of risk falls to the Trustees and may not be delegated. The Executive Team will aim to assure the Trustees that risks are being adequately controlled or identify areas for improvement.

- **Finance and Audit Committee:** the Committee scrutinises the risk register and potential areas of risk at each meeting, reporting to the Trustees on the outcome of its discussions.

- **Executive Team:** the Trustees delegate the day-to-day operation of this Policy to the Trust Executive Team, which reports regularly to the Trustees.

- **Chief Executive:** the Chief Executive bears responsibility for the internal control framework, which incorporates risk management processes and the Trust-wide Risk Register. The Chief Executive's responsibility for risk management is overseen by the Board and Finance and Audit Committee. The Chief Executive's role includes: 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 and Audit Committee. The Chief Executive 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 schools that: individual members of staff are aware of their accountability for individual risks; and individuals report promptly to senior management any perceived new risks or failure of existing control measures

- **School principals, head teachers and service leaders :** the implementation of the Risk Management Policy is only possible with the full cooperation and assistance of the leaders of each school and/or service. They will do all they reasonably can to ensure this Policy is implemented effectively in respect of their own individual risk profile.

- **Chief Operating Officer:** the Chief Operating Officer is responsible for the Trust's overall risk management arrangements and for reporting on risk regularly to Finance and Audit Committee meetings.

3.   How risk is managed

3.1   Risk management in the Trust is undertaken using the following cycle:

Identify

3.2   Our approach to risk management is linked to the Trust's strategic aims and objectives. These have been set and agreed with the Trustees.

3.3   Risk identification is 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, using risk management best practice. The Trust will identify, define and categorise all potential events that could adversely influence the achievement of business objectives. Most risks will be categorised as strategic, HR, supplier, employee legislation, financial reporting, safeguarding and compliance, financial system, income and expenditure.

Measure

3.4   Following identification, the risks will be appropriately documented. The Trust will estimate:

- The severity of risks (defined as the harm to the individual and/or organisation) using the following scale:

Verbal	Numeric	Description
Catastrophic	5	Likely harm
Critical	4	Potential harm
Moderate	3	Potential for moderate harm
Minor	2	Potential for minor harm
Negligible	1	No significant risk

- The frequency that the risk is likely to occur using the following scale:

Verbal	Numeric	Description
Frequent	5	Risk likely to occur
Probable	4	Risk will be experienced
Occasional	3	Some manifestations of the risk are likely to occur
Remote	2	Manifestations of the risk are possible but unlikely
Improbable	1	Manifestations are very unlikely

3.5 The combination of the respective scores for each risk's severity and frequency result in a single risk score reflecting its overall level of threat. They are plotted on the 5 x 5 risk matrix shown below and assigned a RAG rating:

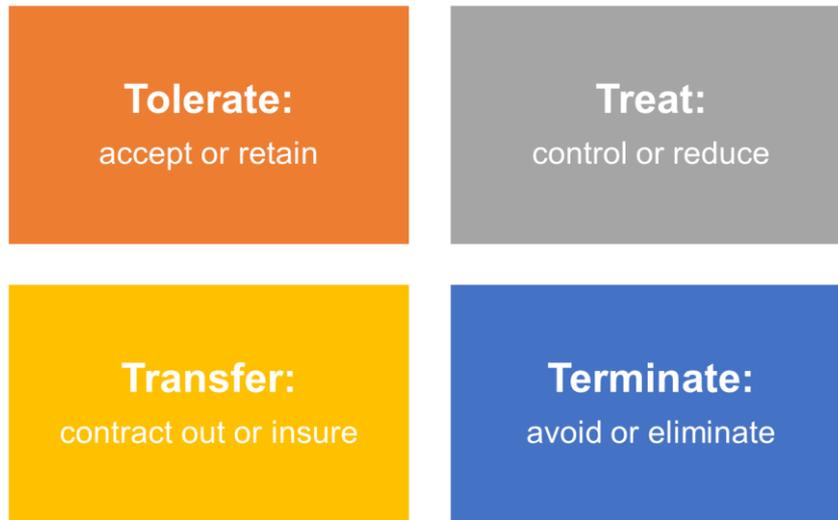| FREQUENCY					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	**2**	**3**	**4**	**5**

SEVERITY

Manage

3.6 Once risks have been assessed, evaluated and ranked, the Trust will ensure there are appropriate plans to manage them.

3.7 It will first assess the **risk appetite** for each risk – or the amount of risk the Trust is willing to accept in the pursuit of its objectives. This will be measured as follows:

- A **low** appetite is defined as "the Trust would be fundamentally affected if the risk came about and will take all action which is cost effective and practical to eliminate or reduce it to the lowest possible level. If the risk cannot be avoided or mitigated further, then additional monitoring will be implemented and contingency plans produced in the event of the risk crystallising".

- A **medium** appetite is defined as "the Trust would be significantly affected if the risk came about but accepts a small degree of risk as there would be benefit to taking the course of action. However, we will take proportionate action to limit this as far as possible".

- A **high** appetite is defined as "the Trust would be affected to a lesser degree if the risk came about but accepts the risk as there would be benefit to taking the course of action. However, we will take reasonable action to reduce the most severe of its impacts".

3.8   The Trust will take action through a range of approaches, including preventative controls, mitigation processes, accepting or transferring the risk. Using the risk appetite as a guide, the Trust will take one of four approaches for each risk:

Tolerate: accept or retain	**Treat:** control or reduce
Transfer: contract out or insure	**Terminate:** avoid or eliminate

Monitor

3.9   The Trust will keep risk management simple and proportionate and will keep only one risk register, which will include the most significant corporate risks. Lower level risks are managed as part of business.

3.10   As significant risks are identified, they will be logged on the register and relevant control measures documented. The risk register will record:

- Risk category and sub-category.

- Description of the specific risk.

- Risk rating and RAG.

- Risk appetite.

- The approach used to respond to the risk (tolerate, treat, transfer or terminate).

- Control procedures and mitigations in place.

- Risk owner.

- Post-mitigation rating, showing the residual risk after control procedures have been put in place.

Report

3.11   The aim of reporting risk is to provide assurance to Trustees, the Executive Team and auditors that the Trust is effectively managing its risks and has a robust system of internal controls.

Who	Examples of action undertaken
Trustees / Board	• Scrutinise the risk register once each year. In doing so it will be able to question academy trust management as to whether the various scores, rankings and control measures remain appropriate. • Finance and Audit Committee chair provides an overview of the Committee's consideration of risk to the Board following each Finance and Audit Committee meeting. • All Board papers include a consideration of risk. • Trustees can request individual exercises to "stress test" the supposed controls and mitigations. • The Board will keep its risk appetite under review and should consider the ongoing appropriateness of its risk management approach. Unforeseen events will materialise periodically, and, when this happens, the Board should consider the extent to which the risk was identified and measured and whether or not the chosen control measure was appropriate.
Finance and Audit Committee	• Scrutinises the risk register at each meeting. • The Committee may ask for further reports or presentations on specific risks as it considers necessary. • Reviews the Risk Management Policy annually. • All Board papers include a consideration of risk.
Executive Team	• Updates the risk register, paying particular attention to risks where the appetite is high or where residual (post-mitigation) risk is still above appetite. • Reviews the Risk Management Policy annually.
Scrutiny / internal audit	• Reviews how risks are managed via a programme of work designed to assess the specific risks and assurance requirements of the Trust and focus on areas or risk identified management. • In delivering this programme of work, internal audit considers the effectiveness of risk management, including consideration of whether risk management is undertaken in line with the Trust's risk management policy and procedures.

3.12   This policy, along with a copy of the Corporate Risk Register and the terms of reference for the Finance and Audit Committee, will be made available to all trustees and staff.

3.13   The Finance and Audit Committee will recommend specific training and further communication on risk management if necessary.

This policy is shared via the school website: www.whitefield.org.uk