Risk Management Policy

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Consultation groups	Trust Leadership Team
Approved by	Board of Trustees
Approval date	26 January 2022
Policy/document owner	Trust Leader
Status	Statutory
Frequency of review	3 years
Next review date	January 2025
Applicable to	Whole Trust

Document History

Version	Version Date	Author	Summary of Changes
V1.0	January 2022	Paul Stone	Policy created

Contents

1. **Purpose**

The purpose of this policy is to set out how the trust will identify and manage current and future risks to ensure it can further its charitable objects, protect its staff and assets and ensure financial sustainability.

2. **Scope**

This policy applies to Discovery Trust, constituent academies and traded services.

3. **Policy statement**

We are committed to effectively identifying and assessing risks, evaluating the actions we need to take to manage those risks and ensuring there is periodic monitoring and assessment.

Our aim is to ensure that:

- significant strategic and operational risks in the current context are known and monitored, enabling informed decisions and timely action to be taken;
- risks are identified and assessed at a formative stage as future opportunities arise;
- leaders at all levels throughout the trust will include risk management and awareness of risk as a key element of their role;
- our common purpose, vision, strategic priorities and operational plans are achieved more successfully.

4. **Roles and responsibilities**

- **Board of Trustees -** The Board will review this policy and monitor its effectiveness to ensure risk is managed appropriately across the Trust. The Trust Board has overall responsibility for risk management including at least annual oversight of the Trust risk register.

- **Finance, Audit and Risk Committee:** The committee oversees internal controls, internal scrutiny and external audit across the trust. It will monitor the implementation of this policy, ensure that risks are being addressed appropriately through internal scrutiny and report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

- **Accounting Officer**: The trust's accounting officer, who is the Trust Leader, is accountable to the board for the management of opportunities and risks on behalf of the trust and ensuring agreed actions are implemented.

- **Director of Primary Education (DOPE) & Deputy CEO (DCEO):** The DOPE and DCEO have overall responsibility for the organisation and implementation of the risk management process in their schools/cluster.

- **Headteachers & leaders**: The headteacher and departmental leaders and are responsible for identifying, assessing and managing risks relevant to their individual school/department.

- **Advisory Boards (ABs):** ABs are responsible for monitoring and contributing to the school risk register and escalating any concerns to the Board of Trustees**.**

- **Risk owner:** The risk owner is responsible for ensuring any actions identified to mange the risk are effectively implemented.

5. Risk management cycle

Risk management is not an annual event, but rather a series of reflections throughout the year to track, address and mitigate risks as their severity emerges or decreases due to the success of mitigations that have been put into place.
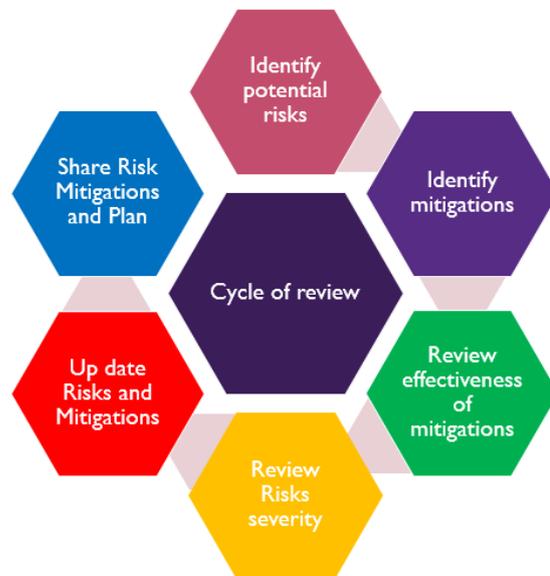

Figure 1: Risk management cycle

6. Identifying risks

Risk identification cannot be centralised to a core team or function, it must be a fluid part of the day to-day operation of the organisation and across its departments. Risk identification is a core competency and must be developed through the professional development/coaching of all leaders.

Risks are identified across several categories including:

- Performance e.g. pupil outcomes, safeguarding, inspection
- Operational e.g. contracts, suppliers, employment, health and safety, IT, business continuity
- School improvement e.g. areas of concern/weakness, quality of teaching, professional development, student learning, system effectiveness, performance and data trends
- Financial e.g. budgetary control, reserves, cashflow, investment, procurement, fraud
- Governance e.g. direction, strategy, forward planning, reporting
- External or environmental e.g. public perception, relationship with stakeholders, government policy
- Legal and regulatory e.g. statutory reporting, compliance

Discovery works to a framework around **five key risks** to track that are internally led and **three** that are externally influenced. This allows the organisation to take into consideration both internal and external factors that can positively or negatively affect the organisation. It also provides a clear focus to ensure only the most pressing risks are tracked and mitigated to reduce overload.

A list of risks will be identified using a variety of techniques including data analysis, strategy meetings and incident investigation among others.

7. Assessment of risk

Identified risks are considered in terms of the potential significance of their **impact** and the **likelihood** that they will happen. This helps to prioritise risks and decide whether any further action is required to manage them.

The **impact** of a risk is judged according to the following scale:

Impact		
1	Very Low	Insignificant. Nothing to worry about. No impact on reputation
2	Low	Fairly serious. Possibly important, but can be managed although it would take up some time and resources. Slight impact on reputation
3	Medium	Serious. A threat, which could cause us reasonable problems and would definitely take up time and resources. Potential for adverse publicity, avoidable with careful handling.
4	High	Very serious. Would hinder the achievement of our strategic objectives and/or would take up considerable time and resources. Adverse publicity not avoidable (local media)
5	Very High	Major disaster. Could seriously undermine the standing and position of the organisation. Major adverse publicity (national media). Loss of DfE/EFSA confidence.

The **likelihood** of risk is judged according to the following scale:

Likelihood	
*Likelihood scores are based on an event taking place within one academic year or less	
1	Under 10% chance of occurring.
2	10% - 25% chance of occurring.
3	25% - 50% chance of occurring.
4	50% - 75% chance of occurring.
5	Over 75% chance of occurring. Almost certain.

The **risk profile score** is determined by multiplying the **likelihood** and **impact** score. The risk profile will then determine the severity of the risk through a simple Red, Amber, Green framework (severity).

Risk profile score (severity)	RAG rating (Red, Amber, Green)	
1 ≥ 5		Green
6 ≥ 12		Amber
13 ≥ 25		Red

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
Impact / Likelihood	1	2	3	4	5

Figure 2: Risk severity table

8. Risk management strategy

The risk management strategy determines the way in which the organisation will respond to a risk. The Trust has adopted four categories of risk response type:

- *Transfer* – Through conventional insurance or by supporting a third party to take the risk in another way.

- *Tolerate* – The Trusts ability to do anything about some risks may be limited, or the cost of taking any action maybe disproportionate to the potential benefit gained. Common for large external risks. In these cases the response may be to tolerate but the risk should be tracked so the Trust is ready to reconsider and act should the risk escalate. Tolerance levels must be set that determine the level of risk and inform the decision making process.

- *Treat* - Most risks will fall within this category. The purpose of taking action to reduce the chance of risk occurring is not necessarily to obviate the risk, but to contain it to an acceptable level. Risk will be dealt with at an appropriate level where the responsibility to decide on action will rest. Other risks may translate into activities designed to mitigate them. As is the case with any change in course of action, new risks may be encountered which subsequently require management.

- *Retire* – Do things differently thus removing the risk wherever it is appropriate to do so.

9. Managing risks

Once a response type is elected, a detailed list of mitigating actions will be identified by the risk owner.

The risk is re-assessed to take into account the strategies/mitigations that have been applied. The risk priority score before strategies/mitigations have been implemented is known as the **inherent risk**. The risk priority score after strategies have been implemented is known as the **residual risk**.

Each leader takes responsibility for the risk within their department area which may feature in the Trust Risk summary.   If a risk is featured in the Trust Risk summary, that leader takes responsibility for the tracking and mitigation of that risk.

The risk owner will then coordinate all activities to ensure the successful implementation of the risk mitigation and will remain responsible for effective communication throughout the implementation

phase. The risk owner will propose risk tracking changes/mitigations to the strategy group/Director of Primary for agreement.

10. Risk mitigation plan

Where the identified mitigations are not sufficient to reduce the residual risk, a risk mitigation plan will be required. The format of the risk mitigation plan is included as Appendix 1.

11. Monitoring risks

A Trust risk register is maintained to record the above identification, assessment and management processes and includes risks at different levels: trust-wide and departments/functions. This is a working document to be updated as new risks and issues emerge, new strategies are implemented, or lessons are learned from experience. The format of the risk register is included as Appendix 2.

Each school maintains its own risk register to feed into an overall cluster risk register, which senior leaders and advisory boards contribute to. The cluster risk register is monitored by the relevant cluster leader and reported to the Trust Leader. Common themes and trends are identified and assessed for inclusion on the Trust risk register.

The Board of Trustees will ensure appropriate action is being taken to manage identified risks and to identify any additional actions to be taken by:

- monitoring key risks identified by the Finance, Audit and Risk Committee i.e. high and very high risks – this is the responsibility of the Board; and

- monitoring the trust risk register on a termly basis and determining the key risks to be tracked by the Board – this is the responsibility of the Audit and Risk Committee.

12. Policy review

This policy is reviewed every three years and will be updated as necessary to reflect best practice and to ensure compliance with any changes or amendments to relevant legislation.

13. Appendix 1: Risk mitigation plan

<table>
<tr><td colspan="5" align="center">Title – Risk Mitigation Plan</td></tr>
<tr><td colspan="2">School/ Function:</td><td colspan="2">Start Date:</td><td>Risk Holder:</td></tr>
<tr><td colspan="5"><u>Risks:</u>
• </td></tr>
<tr><td colspan="5"><u>Goal:</u>
• </td></tr>
<tr><td><u>Objective</u></td><td><u>Actions</u></td><td><u>Implementation Date</u></td><td><u>Dept / Personnel</u></td><td><u>Cost/Resources</u></td></tr>
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14. Appendix 2: Risk register format

School/Function
Date: Date

Priority: 'High'	0	
Priority: 'Medium	0	
Priority: 'Low'	5	

Trend: '-'	0	
Trend: '='	0	
Trend: '+'	5	

Number	Risk title	Risk description	Owner	Category	Pre-mitigation score	Controls	Impact	Likelihood	Score	Priority	Last review	Next review	Trend
							low	low	1	Low			+
							low	low	1	Low			+
							low	low	1	Low			+
							low	low	1	Low			+
							low	low	1	Low			+

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