

Risk Management Policy

Trinity Multi-Academy Trust

Introduction to Trinity MAT's Risk Management Policy

Lead: Chief Finance Officer and Chief Operating Officer



Item	Detail
Policy	Risk Management Policy
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1. Purpose

- 1.1 The purpose of this Risk Management Policy is to outline the strategy Trinity Multi-Academy Trust adopts in relation to risk management and to explain the Trust's underlying approach to risk management. The policy further outlines the framework for risk management in the Trust and explains the roles and responsibilities of everyone within the Trust in managing risk.
- 1.2 Risk management is the process by which risks are identified, the severity assessed and actions are taken to mitigate and bring them down to acceptable levels if appropriate. Risk management covers the whole spectrum of risks and not just those associated with education delivery, finance, health and safety, and insurance. It also includes risks associated with public image (reputation), projects, partnership working, the environment, technology, breach of confidentiality etc.
- 1.3 The process of identifying risks and the introduction of internal controls to help mitigate such risks helps to improve the Trust's ability to respond quickly and effectively to opportunities and threats. It is an effective tool for strategic and business planning; is a key element of the Trust's governance framework; and is central to the achievement of the Trust's objectives.

- 1.4** Risk management is not about being “risk averse” – it is about being “risk aware” to achieve the trust’s objectives and is an essential component of the trust’s operation.

2. Aims and Underlying Approach to Risk Management

- 2.1** The following key principles outline the Trust’s approach to risk management and internal control:
- 2.2** The Board of Directors (BoD) has overall responsibility for overseeing risk management within the Multi-Academy Trust (MAT) as a whole.
- 2.3** The BoD carry out this responsibility through its Audit Committee via a Strategic Risk Register and each academy Local Governing Body (LGB) and Principal are responsible for maintaining an Operational Risk Register;
- 2.4** An open and receptive approach to solving risk problems is adopted by the Trust;
- 2.5** Key indicators are identified and closely monitored on a regular basis at Trust and academy level;
- 2.6** The Trust uses the risk appetite (figure 8 and 9 below) in recognition and disclosure of the financial and non-financial implications of risks;
- 2.7** The Trust uses a weighted gross and net scoring for all identified risks, early warning indicators, milestones on actions and details sources of assurance over the controls in place, relevant to each identified risk.
- 2.8** All Directors, Governors and employees are encouraged to be involved in the risk management process by reporting of risks through line management and governance structures in place.

3. Legal Framework

- 3.1** It is a requirement:

- 3.2** of the Academies Financial Handbook that the Trust has sound internal control and risk management processes in place;
- 3.3** under the Charities Act, which has also provided a Charities and Risk Management Guidance to follow under CC26;
- 3.4** to include a section in the Trust's annual report on principal risks and uncertainties, which are derived from the trust's Strategic Risk Register, which is managed by the Board of Directors' Audit Committee.

4. Risk management cycle



Figure 1: Risk management cycle

4.1 Identifying risks

- 4.1.1** 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 across the Trust. Risk identification is a core competency and must be developed through the performance management process.

4.1.2 Trinity MAT works to a framework of four key areas to identify and classify risks. This allows the organisation to take into consideration both internal and external factors that can positively or negatively affect the organisation.

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

4.1.4 Risks will be categorised into the following framework on the Trust's Strategic Risk Register and academies Operational Risk Registers.

Factor	Examples
Educational Standards	e.g. Ofsted categories; staffing issues affecting academy performance; academy results and rate of progress.
Financial	e.g. internal or external micro/macro economic factors.
Reputational	e.g. local and national factors which can affect the organisation; social and cultural dynamics which can affect the education system.
Operational	e.g. management information systems; HR and human capital; income risks.

Figure 2: Risk framework

4.2 Assessment of risk

4.2.1 Risks will be assessed on two core criteria:

- Probability: the probability of the risk occurring;
- Impact: the positive or negative ramifications of the risk coming to fruition.



Figure 3: Risk profile

4.2.2 Both criteria will be scored on the risk register, between 1 (the lowest) and 5 (the highest). When multiplied together, the total provides a quantifiable risk score. The risk score will then determine the severity of the risk through a simple Red, Amber, Green framework (severity).

Risk Score (severity)	RAG rating (Red, Amber, Green)	
0 ≥ 8		Green
9 ≥ 16		Amber
17 ≥ 25		Red

Figure 4: Risk Score and RAG

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 / Probability	1	2	3	4	5

Figure 5: Risk severity table

Probability *Probability scores are based on an event taking place within one academic year or less	
1	Under 1% chance of occurring. (i.e. exceptional circumstances)
2	1% - 25% chance of occurring. (i.e. few circumstances)
3	25% - 50% chance of occurring. (i.e. some circumstances)
4	50% - 75% chance of occurring. (i.e. many circumstances)
5	Over 75% chance of occurring. Almost certain. (i.e. frequently and in most circumstances)

Figure 6: Likelihood definitions table

Impact		
1	Very Low	Insignificant. Nothing to worry about.
2	Low	Fairly serious. Possibly important, but can be managed although it would take up some time and resources.
3	Medium	Serious. A threat, which could cause us reasonable problems and would definitely take up time and resources.
4	High	Very serious. Would hinder the achievement of our strategic objectives and/or would take up considerable time and resources.
5	Very High	Major disaster. Could seriously undermine the standing and position of the organisation.

Figure 7: Impact definitions table

4.2.3 In assessing impact, consideration may also be given to the descriptors for “impact” from the Charity Commission (CC26) publication, as follows:

Impact Descriptor	Score	Impact on service and reputation
Insignificant (Very Low)	1	No impact on service no impact on reputation complaint unlikely litigation risk remote.
Minor (Low)	2	Slight impact on service slight impact on reputation complaint possible litigation possible.
Moderate (Medium)	3	Some service disruption potential for adverse publicity – avoidable with careful handling complaint probable litigation probable.
Major (High)	4	Service disrupted adverse publicity not avoidable (local media) complaint probable litigation probable.
Extreme/Catastrophic (Very High)	5	Service interrupted for significant time major adverse publicity not avoidable (national) major litigation expected resignation of senior management and board loss of beneficiary confidence.

4.3 Risk Appetite

4.3.1 The Trust has produced, in consultation with the Audit Committee and the Board of Directors, a statement of risk appetite, which all risk should be assessed against in relation to appetite of the organisation to handle such risks. The main definitions of risk appetite are set out in Figure 8 below:

Averse	Avoidance of any risk exposure.
Minimal	Ultra-safe leading to only minimum risk exposure.
Cautious	Preference for safe, although accept there will be some risk exposure.
Open	Willing to consider all potential options recognising that there will be risk exposure.
Hungry	Eager to be innovative and take risks.

Figure 8 – definitions of risk appetite

4.3.2 In addition, the statement provides guidance on to aid risk owners on the applications of these definitions are set out in figure 9 below:

Risk Appetite	Categories
Averse	Safeguarding Children – the safeguarding of our pupils and students is top priority and the academies provide a safe environment for all.
Averse	Legal Compliance – including health and safety, fiscal, data, employment and public benefit regulations are all adhere too.
Minimal	Financial Sustainability – as an organisation the Trust has to comply with the ESFA financial manuals, so fiscal satiability as a MAT is a requirement. However, the Trust does take on schools that need improvement and as such will conduct due diligence to ensure any fiscal recovery can be safely done whilst ensuring educational impact is positive. Additionally, the trust operates separately external initiatives, for which it takes a cautious approach to risk (ie is prepared to take some limited risk but must ensure compliance to the ESFA overall MAT requirements).
Cautious	Ofsted Performance – as an organisation the Trust strives for excellence in all of its academies. However, the organisation does take on schools that need improvement and therefore take a cautious approach with some level of risk.
Cautious	Reputational – the Trust has built and continues to build a solid reputation ensuring educational excellence is achieved. However, as the Trust takes on schools in need of improvement whilst investing in innovative improvements, it is prepared to accept some managed risks.
Open	Operational delivery, including central services – the Trust will secure its operational capabilities, but it is open to continuous improvement, modernising operations in line with good practice and developing good practice.

Risk Appetite	Categories
Open	Leadership, capability and capacity – the Trust has grown over the last few years and at each stage looked to strengthen the leadership capability and capacity. The organisation is open to risk in developing the leadership team to ensure the best possible educational outcomes are achieved and innovative improvements can be developed and sustained.
Hungry	Innovative ways of working – the trust has and will continue to innovate and develop new ways of working, such as White Rose Education Services and curriculum developments, thus the organisation is prepared to take risks in these areas.

Figure 9 – guidance on applying the risk appetite

4.4 Risk Owner

- 4.4.1** Once a response type is agreed, a detailed strategy will be outlined and communicated by the risk owner. One individual, where possible, should be assigned as the risk owner.
- 4.4.2** During the formation of the risk management strategy phase, the risk owner will identify stakeholders with an interest in or affected by the risk. Stakeholders must be consulted to establish their relationship with the risk and what influence this might have on the risk management process. To ensure a holistic approach to risk management consultation must be ongoing.

4.5 Risk response/Owner's Update

- 4.5.1** The risk owner will then coordinate all activities to ensure the successful implementation of the strategy and will remain responsible for effective communication throughout the implementation phase.

4.6 Post implementation debrief

- 4.6.1** The final stage of the risk management cycle is to conduct a debrief after the implementation of the management strategy to assess the effectiveness of the strategy. A residual probability score is assigned, as against the original probability score, and this when multiplied with the impact score, gives an overall residual risk score. The residual risk score is RAG rated in accordance with figures 4 and 5 above, and paying attentions to organisations risk apatite outlined in figure 8 above.

5. Escalation

- 5.1** Risk should be understood and reported at all levels within the Trust.

5.2 The Board of Directors and Audit Committee should:

- know about the most significant risks facing the MAT;
- ensure appropriate levels of awareness throughout the organisation;
- know how the organisation will manage a crisis;
- know the importance of government and stakeholder confidence in the company;
- be assured that the risk management process is working effectively; and
- publish a clear risk management policy covering risk management philosophy and responsibilities.

5.3 Local Governing Bodies should:

- know about the most significant risks facing the schools within the trust via the operational risk register;
- ensure appropriate levels of awareness throughout the academy;
- know how each school will manage a crisis;
- know the importance of government, parents and local community confidence in the schools; (MAT) Risk Management Policy;
- be assured that the risk management process is working effectively.

5.4 Executive Leaders (including the Chief Finance Officer and the Chief Operating Officer), Principals, and Senior Leaders within schools should:

- be aware of risks which fall into their area of responsibility, the possible impacts these may have on other areas and the consequences other areas may have on them;
- have performance indicators which allow them to monitor the key business and financial activities, progress towards objectives and identify developments which require intervention;
- have systems which communicate variances in budgets and forecasts at appropriate frequency to allow action to be taken;
- report systematically and promptly to the Audit Committee any perceived new risks or failures of existing control measures, which will be co-ordinated by the Chief Operating Officer for operational risk and by the Chief Finance Officer for the strategic risks;
- The Chief Operating Officer will ensure three times a year there are reviews of operational risk register with Senior Leaders of support services and Principals of Academies. The Chief Operating Officer will liaise with Chief Finance Officer where operational risk need to be escalated to the strategic risk register (as set out in appendix A); and
- The Chief Finance Officer will co-ordinate the strategic risk registers reviews and reporting.

5.5 Individuals should:

- understand their accountability for individual risks;
- understand how they can enable continuous improvement of risk management response;
- understand that risk management and risk awareness are a key part of our culture; and
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.

6. Training

- 6.1** Risk management training is available via the iHASCO training through the Human Resources system, and staff who need to undertake risk assessments and management will be enrolled into the appropriate course.

7. Related Policies or Documents

- The Trust Operational Risk Registers (available via the Chief Operating Officer)
- The Trust Strategic Risk Register (available via the Chief Finance Officer)
- The Trust Statement of Risk Appetite (available via the Chief Operating Officer)
- Monitoring and Review Process Procedure (appendix A)

Appendix A: Monitoring and Review Process

A.1 Introduction

- A.1.1** Trinity Multi-Academy Trust (TMAT) operate a two-tier system of risk management, one at a school level – Operational Risk Registers (ORR), and one also at a TMAT level – Strategic Risk Register.
- A.1.2** This document outlines the procedure for operating these tiers of risk management controls, including review, update, governance oversight and escalation.

A.2 Operational Risk Registers

- A.2.1** Each academy operates their own risk register, which is based upon a standard Monti Carlo model including a consistent scoring regime. These ORRs are reviewed in October and June each year by the Chief Operating Officer and Principal of the Academy. The risks are reviewed for relevance, accuracy, and progress.
- A.2.2** The progress or any changes are recorded in 'Red' text for the easy for review. Risks can be proposed for change, removed and new risks added. Risks that are seen to be mitigated are highlighted in full in 'Purple' and subsequently removed, this ensures the registers hold only current live risks that Governors need to be aware of, therefore don't become too onerous and lacking in value.
- A.2.3** Any risks that are deemed to be a significant risk to the TMAT overall are then escalated, in discussion with the Chief Finance Officer and where appropriate the Chief Executive Officer, to the Strategic Risk Register and then reviewed by the Board of Directors.
- A.2.4** ORR's are reviewed by the Local Governing Body (LGB) of each Academy in the next scheduled meeting. The purpose of this review is to ensure the LGB is sighted on the operational risks and have an opportunity to provide challenge or raise concerns. Any revisions or additions are then captured, and the ORR updated as appropriate.

A.3 Strategic Risk Register (SRR)

- A.3.1** The SRR considers TMAT's wider over-arching risks and those of the Central Services. This document is reviewed by the CFO and COO before being presented to the Audit Committee three times per year and to the Board of Directors six times per year.
- A.3.2** The update process follows the same protocol as the ORRs and any changes are highlighted in 'Red' for easy of review. Risks that are seen to be mitigated are highlighted in full in 'Purple' and subsequently removed, this ensures the registers hold only current live risks that Directors need to be aware of, therefore don't become too onerous and lacking in value.
- A.3.3** Any significant risks that have been highlighted from the ORR review are added to the SRR and reviewed by both the Audit Committee and the Board of Directors in line with the schedule above.
- A.3.4** Note: all risks are reviewed paying due regard to the Trust's risk appetite statement.