

RISK MANAGEMENT POLICY

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Introduction

This document sets out for The Ascent Academies' Trust ("the Trust") the Risk Management Policy ("the Policy"). Reference to the Trust includes all the academies within the Multi-Academy Trust (MAT).

The purpose of this document is to outline the Trust's risk management strategy and to ensure that the Trust maintains and develops a robust approach to risk and risk management in terms of process and procedures.

The Trust considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Trust's strategic aims and objectives. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education (DfE) and in line with the requirements set out in the Academy Handbook.

The Trust must comply with the principles of risk management outlined in the Academies guidance published by the DfE. This policy expands on that and provides detailed information of the Trust's risk framework, policy and procedures.

Purpose

This Risk Management Policy and Framework forms part of the Trust's internal control and governance arrangements. It is designed to provide assurance that the Trust has adopted best practice and set out the arrangements in place.

Risk is defined as, "any event happening that may have an impact on the achievement of business objectives".

"Risk" is used in this policy to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting:

- operational performance
- achievement of aims and objectives
- meeting the expectations of stakeholders.

"Major risks" are those risks which have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of the Trust and/or its academies.

The purpose of this policy is to outline the risk management strategy of the Trust. It sets a framework for the management of those risks and identifies roles and responsibilities of staff in the management of those risks.

The Trust sets out strategic aims and objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed.

Scope

This policy and procedure applies to the risk management strategy for the entire Trust and all academies within.

Risk management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

Key Principles

The Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

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

- The Trust has responsibility for overseeing risk management for the MAT as a whole
- The Trust carries out this responsibility through its Board of Trustees
- Key risk indicators (scores) are identified and closely monitored on a regular basis at Trustee Board and individual academy levels
- Risk registers and action plans are updated on a termly basis
- The Trust, through the Executive Team and senior leaders, are responsible for the operational management of this policy and in giving assurance to the Board on its compliance
- Resources are assigned to the management of risks in such a way to optimize value for money
- The Trust use a scoring system for all identified risk and details sources of assurances over controls in place
- All staff within the Trust are encouraged to be involved in the risk management process by identifying and reporting risks
- The Trust aims to ensure that its risk management policy, strategy and procedures are fully embedded across the Trust.

Rationale

The Trust has a responsibility under charity law to state in its annual accounts that the major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the Trust's strategic plan.

Policy

The Trust's policy is to adopt best practice with regards to risk management. This includes the identification, evaluation and effective control of risks to ensure they are managed to an acceptable and appropriate level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

Roles and Responsibilities

The Board of Trustees has overall responsibility for risk management and determining the risk appetite of the Trust. The Board of Trustees is also responsible for making a statement on risk management in the annual accounts of the Trust. In order to be able to make the required statement with reasonable confidence, the Trustees should ensure that:

- The identification, assessment and mitigation or control of risk is linked to the achievement of the Trust's vision, strategic ambitions and aims, as set out in the Strategic Plan
- The process covers all areas of risk and is focused primarily on major risks

- The process produces a risk exposure profile that reflects the Trustees' views as to levels of acceptable risk
- The principal results of risk identification are reviewed, evaluated and managed, and ensure that the risk management is ongoing and embedded in management and operation procedure

The Board of Trustees is responsible for overseeing the development and implementation of the risk management strategy. This responsibility is delegated to the Audit, Risk and Assurance (ARA) Committee to manage.

The Trust's Executive Team has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust. The team should support Heads of Academy in developing their risk registers and review academy risk registers on a termly basis in the Local Advisory Body (LAB) meetings. Academy risks should be incorporated into the Trust risk register where appropriate, in particular:

- Where the residual risk is red (scoring 15 and above)
- Where similar risks are present in multiple Academy risk registers

The Executive Team will challenge and scrutinise risk management across the Trust within academies and provide a termly update on risk management to the ARA Committee.

The Internal Auditors will review the risk management framework and advise the ARA committee on its effectiveness.

The External Auditors will provide assurance to the Board on internal controls as they relate to the Annual Report and Accounts.

The Senior Leaders across the Trust and within academies are responsible for ensuring that they take personal responsibility for championing risk assessment and management across the Trust and for reinforcing risk-aware attitudes and responses.

All staff have a responsibility to ensure there that are aware of risks, how to identify risks and to act accordingly in management and reporting risks.

Risk owners are responsible for reviewing the risk status, assessing the effectiveness of controls and agreeing actions required.

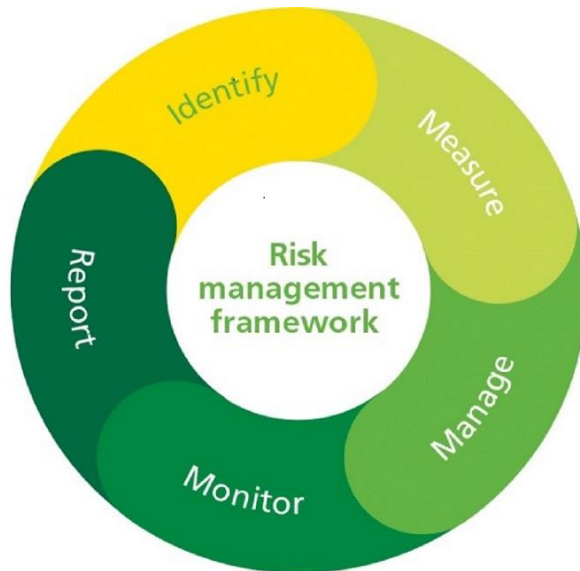
Control owners are responsible for reviewing, refining and implementing key controls and reporting on progress to risk owners.

Training

Training is provided to all those involved in the risk management process, including risk owners, control owners and all staff and Trustees involved in the monitoring and reporting of risks. Training is tailored to suit the needs and role. Specific external training is given to those staff and Trustees directly using the Trust's online Risk Management software 4Risk. Training needs and requirements are monitored on a regular basis to ensure all personnel can fulfil their responsibilities within the framework and risk management process.

Risk Management Approach

The risk management framework the Trust follows is in line with DfE guidance and involves:



The framework adopted includes the Trust’s risk appetite, the process for identifying, categorizing, measuring risks and the strategy for managing risks. The framework together with the policy which defines roles and responsibilities, monitoring, reporting and review procedures and training arrangements, will ensure effective risk management is embedded throughout the Trust.

The Trust’s goal is to be “in control” which means that all risks have been effectively identified, assessed and that controls have been put in place to reduce the risk to within the Trust’s risk appetite. Once identified, the Trust will then ensure that risks continue to be appropriately managed and reported to enable effective decision making to be made.

Risk Identification

The process of risk identification will involve Trustees and Leaders across the Trust. This is an ongoing process and is recognised that the identification and proactive management of risk in the early stages is far more cost effective than introducing retrospective interventions later.

When identifying risks, consideration will be given to the following factors:

- The vision, values and strategic ambitions and aims
- The nature and scale of the Trust’s activities, both current and planned
- External factors that may affect the Trust such as legislation and regulation
- The Trust’s reputation with its key stakeholders
- The operating structure, e.g. issues that the Trust may face due to new and different ways of working and/or incorporating new ventures and developments

Risks will be identified and grouped into two levels and nine areas (in line with risk appetite) which will reflect the size and scale of the Trust’s activities and includes:

- Trust Level – Corporate and Strategic Risks
- Academy / Operational Level – Operational Risks

Risk areas include:

- Safety
- Finance
- Reputation
- Performance & Quality
- Learning
- Governance & Compliance
- IT, Data Protection & Cyber Security
- Estate Management
- External Risks

(See Appendix 1 – Typical Risks in an Academy Trust)

Risk Measurement (Assessment)

Each identified risk will be assessed to determine the likelihood of the risk occurring and the potential consequence or impact of its occurrence for the Trust and/or individual academies.

Risks are assessed in the context of the scale of the risk associated with each.

The assessment process involves taking each of the risks in turn, before any controls or interventions, rate them in terms of likelihood e.g. 1 = Very Low, 5=Very High and impact, e.g. 1= Negligible, 5 = Catastrophic.

Risk factors are then calculated by multiplying the likelihood and impact ratings together. The higher the risk factor, the more severe the risk. The severity of risk is categorised as negligible, minor, moderate or major, and coloured accordingly as green, yellow, amber, red.

(See Appendix 2 – Risk Factor Assessment and Matrix, including Guidance on the Definition of Likelihood and Impact)

LIKELIHOOD	5	5	10	15	20	25
	Very High					
	4	4	8	12	16	20
	High					
	3	3	6	9	12	15
	Significant					
	2	2	4	6	8	10
Low						
1	1	2	3	4	5	
Very Low						
		1	2	3	4	5
		Negligible	Minor	Moderate	Significant	Major
		IMPACT				

	Negligible
	Minor
	Moderate
	Major

Risk Management

The initial risk, before any controls or interventions, is known as the “inherent risk”. Having assessed the inherent risk, the next step is to identify, evaluate and develop controls in place to manage the risk.

More complex risks may have multiple controls. Each control should have a “control owner”, who is responsible for ensuring its effectiveness once implemented

The risk should then be reassessed, using the likelihood and impact matrix used before, taking into consideration the control measures identified as in place or to be put in place to manage the risk. The controls identified will be assessed to determine whether they are an appropriate mitigation of the risks identified.

The risk factor of the reassessed risk, after management controls, is known as the “residual risk”.

Each control should be assessed on both the effectiveness of its design and the effectiveness of its implementation.

For each major risk identified, the Board will need to ensure that appropriate action is taken to mitigate these to an acceptable level. They will also want to gain assurance for those risks showing significant reductions in the inherent to the residual score. This will involve:

- Establishing the effectiveness of the key factors mitigating or controlling the inherent risk
- Identifying further actions and resources required to achieve a target risk score or risk level (in line with risk appetite)
- Taking responsibility for monitoring the risk and sources of assurance

The risk register should outline the sources of assurances available to ensure the controls in place are effective. These assurances can be both internal measures/processes and/or external reviews.

With this exercise complete, the Board of Trustees will decide what their risk appetite is (what level of risk they are willing to tolerate). This will determine what response the Board wishes to make to each risk.

Risk Monitoring

Risk monitoring should be ongoing and continuous as this supports the Trust’s understanding on whether and how the risk profile is changing. Monitoring also provides assurance on the extent to which the mitigating actions and controls are operating as intended and whether risks are being managed to an acceptable level.

The strategic risk register is central to risk monitoring. As risks are identified, they should be logged on the register and the associated control measures documented. The risk register is a

live document and is an ongoing process.

Each academy should hold also their own risk register, in addition to central services and the overarching Trust strategic register. The risk registers should cover all key risks.

Risk monitoring occurs at a number of levels to ensure availability of timely/relevant information to support informed decision making on an ongoing basis.

The risk registers will be reviewed and updated on a regular basis by the leadership teams within the academies and central services team to ensure they are up to date, reflects current key issues and that actions are implemented.

Risk Reporting (Scrutiny and Assurance)

Risk reporting aims to provide the Trust Board, the Executive Team and Senior Leaders with an accurate, timely and clear account of the current and projected risk exposure. This in turn assists management when making informed strategic and operational decisions to ensure the Trust continues to operate in line with our values, ethics and strategic aims and objectives.

Academy and central services risk registers should be reviewed by LABs and the Central Services Accountability Group (CSAG) on a termly basis and a summary of risk levels and actions reported.

The strategic risk register should also be reviewed by the ARA committee each term to review high level risks and any outstanding actions to assess risk in line with the Trust risk appetite and capacity.

The Board and ARA committee will use the services of the internal auditors to provide assurance of compliance with this policy and effectiveness on the risk management framework.

The Trust overarching risk register should be formally reviewed on an annual basis in line with the risk management policy (and Academy Handbook requirements) to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

Risk Register

The Board has adopted a standard risk register template for use across the Trust (see appendix 3 for Risk Register Template Headings).

All potential significant risks should be recorded in a risk register. The inherent risk score, controls in place and residual risk score should be clearly set out. The actions required to produce an acceptable risk level will be identified and documented. Clear responsibilities should be allocated to each risk and owners for each of the controls identified. The register will include specific actions to be completed and a scheduled date for review.

The Trust use 4Risk software as the online system to manage and report risks. Risk registers are live, real time documents in 4Risk and used by staff, leaders and trustees to monitor and report the current status of all identified and recorded risks.

The latest version of the register will also be available to all relevant senior leaders of the Trust on SharePoint, so that they are aware of the identified risks, score, controlling actions and actions required at any time.

The risk management policy and register will be circulated to all senior leaders of the Trust so they are aware of the risk management framework, processes and controls in place to limit exposure to risk.

Risk Appetite

Risk appetite indicates the amount of risk the Trust is willing to accept in the pursuit of its strategic objectives.

As identified in the UK Code of Corporate Governance, risk appetite is set by the Board, in considering the Trust's strategic goals and how these will be achieved. Hence, the Trust has a range of appetites for different types of risks, dependent on how they may impact on the Trust's objectives.

Four levels of risk appetite have been defined at the Trust. Each of these appetite levels reflect a willingness to take on a different level of risk:

- **Averse** - Very safe approach with the avoidance of all but the minimum risks
- **Cautious** - Preference for safe, though accept there will be some low risk exposure
- **Open** - Open to considering potential options recognising that there will be risk exposure
- **Willing** - Willing to innovate and take risks.

The Board has assessed and determined an agree level for each of the 9 risk areas/themes (see appendix 4 – Risk Appetite Definitions table)

Risk appetite will be reviewed in line with this policy by the Audit, Risk and Assurance Committee.

Policy Monitoring and Review

The Trust's Board of Trustees will review this policy every 2 years, ensuring that all procedures are up to date, compliant and in line with latest best practice.

The Board will also assess the effectiveness of the risk management framework and system of internal controls in place in the annual reports and financial statements.

References

- ESFA Academy Handbook
- ESFA Academy Trust risk management
- Charity Commission Guidance on Charities and Risk Management

Appendix 1 - Typical Risks in an Academy Trust (examples)

1. Corporate/Strategic

- Lack of strategic planning, no link to financial planning
- Reputation

2. Governance

- Responsibilities not defined
- Too much/little delegated to Heads of Academies
- Unable to attract Trustees
- Non-attendance at meetings by Trustees

3. Academic

- Unable to achieve targets
- Staff recruitment and retention

4. Pupil Support

- Welfare of pupils
- Safety of pupils

5. Contractual/partnership

- Over-dependency on a relationship, liabilities arising

6. Financial

- Changes in funding
- Changes in pupil numbers
- Internal control breakdown/Fraud
- Inaccurate financial reporting

7. IT

- Security risks
- Business continuity
- Obsolescence of current systems

8. Physical

- Legislation- DDA, fire safety etc.
- Loss, damage or theft of assets

9. Commercial

- VAT/taxation exposure

10. Political

- Failure to maximise opportunities

11. Legal

- Child Protection
- Admissions
- Employment Legislation,
- Data Protection, GDPR, FOI etc.

- Contracts etc.

12. Academy specific

- Ash Trees
- Barbara Priestman
- Hope Wood
- Portland

Appendix 2 - Risk Factor Assessment and Matrix Guidance on the Definition of Likelihood and Impact

<u>Likelihood</u>						
5- Very High						
There is little doubt that it will happen soon						
Potential of it occurring several times with a year						
Has already happened						
4- High						
Strong chance it will happen in the next year						
Chance it could occur more than once						
Some history of occurrence						
3 - Significant						
50/50 chance this will happen in the next year						
Chance it could occur over the next 2-3 years						
2- Low						
Not expected to happen in the next year						
Not likely to occur						
Has not occurred in past 3 years						
1- Very Low						
Almost impossible						
Has not occurred in the past						
<u>Impact</u>						
5 – Major						
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 that threatens existence						
4 – Significant						
Loss of operations for up to a week; severe injuries; severe financial loss (requires use of reserves) with impact on operations; damage to reputation, local press coverage						
3 – Moderate						
Some disruption to operations (up to 48 hours); short term illness/injuries; some damage to reputation; financial loss than can be managed within revenue budget						
2 - Minor						
Limited short-term disruption to operations (within a business day); minor injuries/illness; small financial loss						
1 - Negligible						
Not a noticeable effect on the school; no injuries; no damage to reputation, financial impact is nil or negligible						

LIKELIHOOD	5 Very High	5	10	15	20	25
	4 High	4	8	12	16	20
	3 Significant	3	6	9	12	15
	2 Low	2	4	6	8	10
	1 Very Low	1	2	3	4	5
		1 Negligible	2 Minor	3 Moderate	4 Significant	5 Major
		IMPACT				
	Negligible					
	Minor					
	Moderate					
	Major					

Appendix 3 – Risk Register Template

Headings included:

- Risk Reference
- Strategic Plan Area
- Risk Area/Theme
- Risk Description
- Risk Owner (Exec and Committee)
- Causes
- Effects
- Inherent Risk Score and Category
- Existing Controls
- Control Owner/s
- Assurance (Internal and External)
- Residual Risk Score
- Risk Appetite
- Actions Required
- Progress
- Date Last Updated
- Review Date
- Comments

Appendix 4 – Risk Appetite

Risk Area / Theme:	Averse	Cautious	Open	Willing	Proposed risk appetite level	Increase or decrease in risk appetite
Learning	Ultra-safe approach with the avoidance of all but the absolute minimum risks	Preference for safe though accept there will be some minimal risk exposure	Open to considering potential options recognising that there will be risk exposure	Willing to innovate and take risks	Open	↑
Performance & Quality	No appetite for any performance & quality risk exposure that could result in diminishment in any of our performance & quality indicators such as schools performance data, quality of teaching and learning, curriculum, Ofsted grades	Low performance & quality risk but prepared to accept some minor risk exposure that may result in a minor diminishment in any of our performance & quality indicators such as schools performance data, quality of teaching and learning, curriculum, Ofsted grades	Medium performance & quality risk and prepared to accept some risk exposure that may result in failure to deliver our performance & quality indicators	Accept the risk of poor performance in pursuit of our objectives	Cautious	↑
Governance	We only take the absolute minimal risks in relation to any matters relating to governance	We only take low risks in relation to governance	In pursuit of our objectives we will take some risks in relation to our approach to governance	In pursuit of our objectives we will take significant risks in relation to governance	Cautious	↔
Compliance	We only take the absolute minimal risks in relation to any matters relating to compliance	We only take low risks in relation to compliance matters	In pursuit of our objectives we will take some risks in relation to our approach to compliance	In pursuit of our objectives we will take significant risks in relation to compliance	Averse	↓
IT, Data Protection and Cyber Security	In pursuit of our objectives we will only take the absolute minimal risks with regard to data protection or cyber security. We will not accept any diminished performance of IT systems	In pursuit of our objectives we will only take low risks with regard to data protection or cyber-attack incidents. We are prepared to accept only minor risk that may result in a reduction in performance of IT systems	In pursuit of our objectives we will take medium risks with regard to data protection or cyber-attack incidents. We will accept some risk that may result in poor performance of IT systems	In pursuit of our objectives we will innovate and take risks that may result in significant data protection or cyber-attack incidents. We accept the risk of poor performance of IT systems	Averse	↔
Finance	In pursuit of our objectives we will not accept opportunities where there is chance of anything other than a notional amount of money being lost	In pursuit of our objectives we are willing to accept opportunities that may result in low financial gains or losses	In pursuit of our objectives we are willing to accept opportunities that may result in moderate financial gains or losses	In pursuit of our objectives we are willing to accept opportunities that may result in significant financial gains or losses	Cautious	↔
Reputation	No negative impact on reputation is accepted	Low levels of short negative exposure are accepted where these are easily recoverable	Moderate levels of negative exposure are accepted	We are willing to have extensive and prolonged negative exposure to support high risk strategies	Cautious	↓
Safety	No appetite for any safeguarding or healthy & safety risk exposure that could result in significant harm (physical or mental), injury or loss of life to any pupil, employee or member of the public. Safety drives all major decisions in the Trust; all targets are met and where possible, improved year on year	Low safeguarding and health & safety risk is a key driver but we are prepared to accept some risk exposure resulting in minor harm (physical or mental) or injury to a pupil, employee or member of the public	Medium safeguarding and health & safety risk is accepted, meaning we are prepared to accept some risk exposure that may result in harm (physical or mental) or injury to a pupil, employee or member of the public	Accept the risk of harm (physical or mental), injury or death in pursuit of our objectives	Averse	↔
Estate Management	We only take the absolute minimal risks in relation to the fabric of our estate	We only take low risks in relation to the fabric of our estate	In pursuit of our objectives we will take some risks in relation to the fabric of our estate that may be detrimental to the performance of our pupils or health & safety of our staff, pupils or public	In pursuit of our objectives we will take significant risks in relation to the fabric of our estate, even where the results could be detrimental to the performance of our pupils or health & safety of our staff, pupils or public	Open	↑
External Factors	The risk appetite will be assessed on a case by case basis. Where the risk exposure may result in non-compliance or safety concerns, we will adopt a risk averse approach				N/A	

