Risk Management Policy

Policy Monitoring, Evaluation and Review

This policy is effective for all academies within The Mead Educational Trust, the Teaching School, the SCITT and all other activities under the control of the Trust and reporting to the Trust Board.

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Revision History:

Version	Date	Author	Summary of Changes
2.0	March 2023	CBR	General update, no significant changes
1.0	June 2021	CBR	New Policy

1. Introduction

The purpose of this Risk Management Policy is to outline the strategy and underlying approach The Mead Educational Trust adopts in relation to risk management. The policy further outlines the framework for risk management in the Trust and explains roles and responsibilities in managing risk.

Risk Management involves the identification, measurement, management, monitoring and reporting of threats to the Trust's business objectives. Trust and school leaders identify risks and implement appropriate mitigating control measures as part of normal business.

Effectively managing risk informs business decisions, enables a more effective use of resources, enhances strategic and business planning and strengthens contingency planning.

2. Legal Framework

The following are legal requirements that apply to risk Management in the Trust:

a. The Academy Trust Handbook requires Trusts to maintain a Risk Register and to have sound risk management and internal control processes in place.

b. The Charities Act requires charity trustees to set a risk framework and to regularly review and assess the risks faced by the charity, as set out in the Charities and Risk Management Guidance (CC26).

c. The Trustees' Annual Report must include a section on the Trust's principal risks and uncertainties together with a summary of the plans and strategies for managing those risks, as set out in the ESFA Academies Accounts Direction.

3. Aims and Underlying Approach to Risk Management

3.1. The Trust's approach to risk management aims to:

- Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or could make their achievement substantially more difficult.
- Assess the likelihood of such risks occurring and the potential impact of such occurrences.
- Enable decisions to be taken on: how much risk to accept; the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or to insure against the consequences; and, assign responsibility for implementation.

3.2. The following key principles outline the Trust's approach to risk management:

- The Trust Board has overall responsibility for overseeing risk management across the Trust.
- The Trust Board carries out this responsibility in detail through its Audit and Risk Committee.
- An open and receptive approach to solving risk problems is adopted by the Trust.

- Key risk indicators are identified and closely monitored on a regular basis at Trust and school level.
- The Trust Executive Team reviews the Trust Risk register regularly.
- Each school senior leadership team reviews their School Risk register regularly.
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- For all identified risks, the Trust scores them and identifies actions and sources of assurance.
- All Trustees, academy councillors and employees are encouraged to be involved in the risk management process by reporting of risks through line management and governance structures in place.

3.3. The aims and objectives of the Trust's risk management strategy will be achieved by:

- Establishing and maintaining a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all staff.
- Maintaining documented procedures for the control of risk.
- Providing suitable information, training and supervision.
- Maintaining effective communication and the active involvement of all staff.
- Maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence.
- Monitoring arrangements on an ongoing basis.

4. The Structure and Administration of Risk Management

4.1. The Trust Board will:

- Set the tone and influence the culture of risk management within the Trust.
- Determine the appropriate risk appetite or level of exposure for the Trust.
- Approve major decisions affecting the Trust's risk profile or exposure.
- Set policy and strategy for risk management.
- Frequently monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- Satisfy itself that the 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.

4.2. Senior Trust leaders will:

- Support and implement policies approved by the Trust.
- Establish internal risk policy and structures for individual services.
- Develop risk response processes, including contingency and business continuity programmes.
- Provide adequate information in a timely manner to the Trust Board and its committees on the status of risks and controls.
- Focus and co-ordinate risk management activities throughout the Trust.
- Raise the level of management awareness and accountability for the risks experienced by the Trust.

- Develop risk management as part of the culture of the Trust.
- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of the Trust.

4.3. Leaders of Trust service areas and school principals will:

- Have primary responsibility for managing risk on a day-to-day basis.
- Have responsibility for promoting risk awareness within their operations.
- Identify and evaluate the significant risks faced by their operations for consideration by Senior Leaders, the Board Audit and Risk Committee and other committees (as appropriate).
- Ensure that risk management is incorporated at the conceptual stage of projects as well as throughout a project.
- Ensure that risk management is a regular management meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis.
- Report early warning indicators to senior leaders.

5. Risk Management Process

5.1. Risk identification

At the risk identification stage, all potential events that are a threat to the achievement of business objectives (including not capitalising on opportunities) will be identified, defined and categorised. Risk identification should be done as a joint effort, not just a core team.

TMET works to a framework of the following risk categories to identify and classify risks:

Financial	Operational – HR, IT, Premises & Health & Safety
Governance	Strategic & Reputational – Educational & Safeguarding
Compliance	

A list of risks within these categories will be identified using a variety of techniques including data analysis, incident investigation and discussion sessions. The risks that have been identified will be recorded on the risk management system.

5.2. Risk measurement

Risks will be assessed on two criteria:

- the likelihood (or probability) of it occurring
- the impact (or severity) if it did occur

Both criteria will be scored on the risk register between 1 (the lowest) and 4 (the highest).

Each risk is evaluated by multiplying the likelihood and impact scores to give an overall level of threat. The risks are then ranked based on their overall levels.

5.3. Risk management (control)

These are the actions to manage the risks identified and include preventative controls, mitigation processes and contingency plans, if risks materialise.

There are four main strategies that can be used, the '4Ts':

- **Tolerating** risk is where no action is taken. This may be because the cost of instituting controls is not cost-effective or the risk or impact is so low that they are considered acceptable. For instance, a trust may decide to tolerate the risk of contracting with a supplier with a poor credit rating provided the goods/services could be obtained relatively easily from someone else.

- **Treating** risk involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur. For instance, a trust may decide to train more than the statutory minimum of staff as paediatric first aiders and to put in place a rota for first aid cover during lunchtimes.

- **Transferring** risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing). A trust may decide to take out insurance to mitigate the risk of the excessive costs of supply staff in the event of extended staff absences.

- **Terminating** risk can be done by altering an inherently risky process to remove the risk. If this can be done without materially affecting operations, then removal should be considered, rather than attempting to treat, tolerate or transfer. Alternatively, if a risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the rational decision may well be that this is a process the trust should not be performing at all. For instance, a trust may decide not to contract with a related party to eliminate reputational risk.

A risk owner will be allocated to each risk who may be an individual person, team or committee. They will be responsible for ensuring that the response plan to the risk is implemented.

A residual score will be calculated for each risk as a result of the approach.

5.4. Risk monitoring

The owner of each risk will regularly monitor the status of each risk and reassess its residual score, identifying whether it is increasing or decreasing and any further actions to manage the risk.

The Trust senior leadership team will monitor the overall risk profile to ensure the risk registers are being reviewed and updated on a regular basis and that mitigating actions and controls are operating as intended.

5.5. Risk reporting and scrutiny

The Board Audit and Risk Committee will receive a regular summary report on significant risks. The information should support the Board and the Audit and Risk Committee to assess whether decisions are being made within their risk appetite, to review the adequacy and effectiveness of internal controls, to reprioritise resources and improve controls and to identify emerging risks. The Committee will report to the Board after each Committee meeting.

The Board must review the Trust Risk Register at least annually as required by the Academy Trust Handbook.

The Board Audit and Risk Committee is responsible for directing the Trust’s programme of internal scrutiny. The internal scrutiny function must focus on evaluating the suitability of, and level of compliance with, financial and non-financial controls, offering advice and insight to the Board on how to address weaknesses in financial and non-financial controls and ensuring all categories of risk are being adequately identified, reported, and managed. The risk register also facilitates a rational risk-based approach for the internal scrutiny function’s work programme and the risk register must be used as a reference point, as required by the Academy Trust Handbook Part 3.

The Trustees’ Annual Report includes a section on the Trust’s principal risks and uncertainties together with a summary of the plans and strategies for managing those risks, as set out in the ESFA Academies Accounts Directions.