Risk Management Policy

2024-2026

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*Publication on website			
Trust Alliance website		School website	
1	Statutory publication	A	Statutory publication
2	Good practice	B	Good practice
3	Not required	C	Not required

**Policy level			
1	Trust wide	Single policy relevant to everyone and consistently applied across all schools and departments, with no variation. e.g. Complaints procedure	Statutory policies approved by the Board of Trustees (or designated Trustee Committee). Non-statutory policies approved by the CEO with exception of Executive Pay.
2	Trust core values	This policy defines the Trust core values in the form of a Trust statement to be incorporated fully into all other policies on this subject, that in addition contain relevant information, procedures and or processes contextualised to that school. e.g. Safeguarding, Behaviour	Statements in statutory policies approved by the Board of Trustees (or designated Trustee Committee). Statements in non-statutory policies approved by the CEO. Policy approved by Local School Board.
3	School/department	These policies/procedures are defined independently by schools as appropriate. E.g. Anti-bullying	Approved by Local School Board.

Updated June 25 to reflect Internal audit observations on risk register ownership/updates

1. Introduction

1.1. The Alliance Schools Trust (the Trust) recognises that risk management is an integral part of sound management practice and good governance. Managing risk improves the way we operate and increases the likelihood of achieving strategic objectives. To that end the Trust has invested in the 4Risk platform for maintaining risk registers, controls, assurances and actions.

The Trust's strategic objectives are currently:

- building on our reputation and educational outcomes
- ensuring the correct financial model for sustainable growth
- robust and challenging governance
- improving the skills and capacity of the central team
- an efficient auditing and monitoring programme

2. Purpose

2.1. Risk management processes should be integrated in the management and operation of businesses.

2.2. Overall responsibility for risk management, including the oversight of the risk register and risk appetite lies with the Trust Board (the Board), who must appoint an Audit and Risk Committee in accordance with The Academy Trust handbook to:

- direct the trust's programme of internal scrutiny
- ensure that risks are being addressed appropriately through internal scrutiny
- report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

2.3. The CEO has responsibility for risk management on a day-to-day basis, delegated to Exec. Headteacher/Headteachers in schools.

3. Principles

3.1. The Trust strives to embed a culture where risk management is a key component in all its decision-making. This will enable individuals and groups to take the right risks in an informed manner.

3.2. Every employee, member of the Executive Team, governor, and trustee is responsible for effective risk management. Everyone should remain alert to issues that may have a negative impact on the Trust, its employees, its objectives and ultimately, its students and other stakeholders.

4. Identifying risk

4.1. At the risk identification stage, all potential events that are a threat to the achievement of business objectives (including not capitalising on opportunities) are identified, defined and categorised. Events that appear to be negative, but which do not have any direct impact on business objectives, may not be risks at all.

4.2. The CEO (Trust/All Schools) and Exec. Headteachers/Headteachers [School] are responsible for identifying risks and ensuring the relevant risk registers are updated, with

the support of the relevant administrator. At least termly, the Trust and All schools risk registers will be reviewed by the CEO/Director of Education. School Risk Registers will be reviewed at least termly by the Headteacher and the LSB Committee. Priority risks will be identified to the relevant Trust Committee.

4.3. Headteachers and/or Chairs of any Trust committee, including Local School Boards can and should escalate any red RAG rated risks or risks that have significantly increase to the CEO/Director of Education/Head of Audit & Risk Committee. The CEO will inform the Trust Board of any significant escalation or de-escalation of risks.

4.4. Concerns about emerging risks should be communicated directly and immediately to the CEO and Chair of the relevant Trust Board Committee including LSBs.

4.5. To ensure all major risks are identified it is helpful to consider the various types of risk and there are several different ways to categorise them:

4.5.1. Internal risks - risks over which the academy trust has some control, by managing them through internal controls/ additional mitigating actions. Examples of such risks include health and safety risks, data security.

4.5.2. External risks - this focuses on big external events/perils and then considers how to make the academy trust more resilient to such events. Examples of such risks include a pandemic and extreme weather.

4.5.3. Strategic risks – risks to the achievement of the academy trust's core objectives. For example, the risk of high staff turnover.

4.5.4. Project risks – risks associated with any critical projects the trust may be involved in. For example, slippage on the delivery timescale for a new building.

4.6. Whilst risk management assessment at Trust Board level will focus on the highest priority risks, which will have the greatest impact on the Trust, there is also a need for school leaders to assess operational risks. Loca governance plays an important role in working with Exec. Headteachers/Headteachers to identify these risks and ensure plans are in place to minimise any impact on the Trust and its pupils. The Audit and Risk Committee's role is to oversee that all categories of risk are identified and must extend to ensuring the risks at constituent academies are being assessed and addressed appropriately.

4.7. The risk climate can change rapidly, and it is important emerging risks are carefully assessed and where appropriate are reflected in Trust risk registers.

5. Measuring risk

5.1. Once risks have been identified it is important to measure them to give a standard for comparing the risks consistently. Measurement consists of assessment according to risk appetite, evaluation, and ranking.

5.2. The aim of assessment is to understand better each specific instance of risk, and how it could affect business objectives against the Trust's risk appetite. Academy trusts should estimate:

5.2.1. the likelihood (or probability) of it occurring, and

5.2.2. the impact (or severity) if it did occur

5.3. Likelihood and impact will be scored using a range 1 to 5. To ensure consistency with scoring, each point is defined in *figure 1* below and should be used to gauge each risk's score. The score for likelihood, *figure 2* is multiplied with the score for impact to give an overall risk score.

5.4. Once the scores for likelihood and impact have been combined into a single risk score, they can be plotted on a risk matrix (as in *figure 3*).

5.5. Risks which are of very low likelihood and very high impact will be ranked in the same position as a risk with very high likelihood and very low impact. However, as the former could be catastrophic for the trust, if realised, they should be prioritised accordingly. The RAG rating within the matrix above takes this into account.

Figure 1: Risk Assessment Impact

"Risk Assessment: The results of risk identification are assessed in terms of likelihood and impact. Each of these factors is scored from 1 to 5, with 5 being the most severe, as follows:"						
	Impact	H&S	Reputation	Financial	Regulatory	Educational Performance
1	Insignificant	No risk of injury	No adverse media reporting. Stakeholders are not aware	Up to 0.5% of incoming resources	Advice received from external sources	Performance outcomes maintained or improving
2	Minor	Small risk of minor injury. H&S policy not regularly reviewed	Minor media coverage. Some stakeholders are aware but suffer no disruption	Between 0.5% and 2% of incoming resources	Recommend ation received from external sources	Slight adjustments to delivery are required to maintain performance
3	Moderate	Risk of injury, possibly serious. H&S standards insufficient / poor training	Some media coverage. Stakeholders are aware & impacted by problems	Between 2% and 5% of incoming resources	External intervention or instruction	Standards of education are falling and change in delivery is required to improve performance
4	Major	Risk of serious injury H&S notification could result in investigation	Widespread media coverage. Significant disruption or cost to stakeholders	Between 5% and 10% of incoming resources	Repeated failings result in intervention	Significant reduction in performance, which may lead to intervention
5	Extreme/ Catastrophic	Potential to cause fatality. H&S breach causing serious fine, investigation, legal fees	Mass media coverage. Major disruption or cost to stakeholders	In excess of 10% of incoming resources	Action brought against the trust for significant failings	Failure in performance levels leading to intervention

Figure 2: Risk Assessment Likelihood

	Likelihood	
1	Remote	Will almost never occur. (less than 10%)
2	Unlikely	Will seldom occur (between 10% and 20%)
3	Possible	Will sometimes occur (between 20% and 50%)
4	Probable	Will frequently occur (between 50% and 80%)
5	Highly Probable	Certain or almost certain to occur (over 80%)

Figure 3: Risk Matrix

		Impact				
		Insignificant	Minor	Moderate	Major	Extreme/ Catastrophic
Likelihood	Highly Probable	5	10	15	20	25
	Probable	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Remote	1	2	3	4	5

6. Management

6.1. Once risks have been assessed, evaluated and ranked, the board will need to ensure there are appropriate plans to manage them. These plans, generically termed controls, include preventative measures, mitigation processes and contingency plans. The approach taken will depend substantially on the academy trust's risk appetite and risk capacity:

6.1.1. Risk appetite – the amount of risk the Trust is willing to accept in the pursuit of its objectives *(See Appendix 1).*

6.1.2. Risk capacity – the resources (financial, human, and so on) which the Trust is prepared and able to put in place in managing risk.

7. Control Strategy

7.1. The Trust's control strategy is to consider the "5 T's".

- **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.
- **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, an academy trust may decide to train more than the statutory minimum of staff as paediatric first aiders.
- **Transferring** risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing). An academy trust may decide to take out insurance to mitigate the risk of the excessive costs of supply staff.
- **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 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, the Trust may decide not to contract with a related party to eliminate reputational risk.
- **Take advantage** - recognition that the uncertainty attached to risk sometimes offers opportunities as well as threats.

8. Monitoring

8.1. Trustees must be assured that controls and mitigating actions are in place and appropriately effective, and the risk register is central to risk monitoring. As risks are identified, they should be logged on the register and the associated control measures and assurances documented. A risk register should be a 'live document' and should be updated regularly as set out in point 4.2.

9. Reporting risk

9.1. The Trust Board and the Audit and Risk Committee have agreed the use of the 4Risk platform for Risk Registers and associated reporting. The information provided should support the Trust Board and the Audit and Risk Committee to assess whether decisions are being made in line with the Trust Board's risk appetite, to review and improve the adequacy and effectiveness of internal controls, to reprioritise resources and to identify emerging risks.

9.2. For this process to be effective it is important that the number of risks reported is appropriate to the Trust's own circumstances and is a manageable number. If too many risks are reported the process may become more difficult to manage and may lose focus. With this in mind, the Board will mainly focus on risks that are RAG rated as red in the risk matrix.

9.3. The Board will review the risk register at least annually, as required by the Academy Trust Handbook. The Audit and Risk Committee may request the Trust Board or one of its committees to review or reassess a particular risk or the risk register more often.

Appendix 1

ALLIANCE SCHOOLS TRUST
BOARD ASSURANCE FRAMEWORK FOR RISK APPETITE
2023-2025
www.tastrust.org.uk

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Introduction & influencing factors

Introduction

Risk appetite, defined as 'the amount and type of risk that an organisation is prepared to pursue, retain or take' in pursuit of its strategic objectives, is key to achieving effective risk management. It represents a balance between the potential benefits of innovation and the threats that change inevitably bring, and therefore should be at the heart of an organisation's risk management strategy – and indeed its overarching strategy.

It is important that the Board understands and applies risk appetite because:

• If they do not know what the Trust's collective appetite for risk is and the reasons for it, this may lead to erratic or inopportune risk-taking, exposing the Trust to a risk it cannot tolerate; or an overly cautious approach which may stifle growth and development.

• If they do not know the levels of risk that are legitimate for them to take, or do not take important opportunities when they arise, then service improvements may be compromised and stakeholder outcomes affected.

• It can serve as the basis for consistent and explicit communication at different levels, and to different stakeholders. Risk appetite will be influenced by a number of factors including personal experience, political factors and external events among others.

Factors that influence the Denbigh Alliance

- Limited Financial resources.
- External influences- media, politics, crime
- Previous experiences for Trustees where a risk averse approach is common.

Risk can generate significant opportunities and therefore should be considered in terms of both opportunities and threats:

• When considering threats, the concept of risk appetite embraces the level of exposure which is considered tolerable and justifiable should it be realised.

• When considering opportunities, the concept embraces consideration of how much one is prepared to actively put at risk in order to obtain the benefits of the opportunity.

• It is important that the Board understands that in order to achieve their strategic objectives they may have to adopt a more assertive risk appetite, recognising that risk appetite should be forward-looking.

Risk tolerance

Risk tolerance is subtly different to risk appetite in that it reflects the boundaries within which the executive management are willing to allow the true day-to-day risk profile of the organisation to fluctuate while they are executing strategic objectives in accordance with the Board's strategy and risk appetite. It is the level of residual risk within which the Board expects its committees to operate and management to manage. Breaching the tolerance requires escalation to the Board for consideration of the impact on other objectives, competing resources, and timescales.

Strategic Objectives

Strategic Objectives

- Provide its students with the opportunity to achieve their full potential in a safe caring environment and give its schools the freedom to deliver a curriculum that best suits its students.
- Have a strong governance presence that will ensure strategic objectives and legal compliance are achieved.
- Offer challenge and support from a strong central structure, ensuring high-class central functions that help our schools achieve their goals.
- Inspire staff to be innovative, without the fear of blame and promote wellbeing.
- Grow at a pace that best benefits all students and schools in the Trust and those joining.
- Allow each school to retain their local identity to create a learning environment suitable for its local context.
- Support and encourage schools to work closely with other Trust schools, sharing resources and best practices.

Setting Limits

The Board may set limits regarding the Trust's risk appetite, i.e. the risk limits that the Board desires, or is willing to take.

The Board should monitor and audit the management of significant risk undertaken by senior leaders, and satisfy itself that decisions balance performance within the defined appetite and tolerance limits.

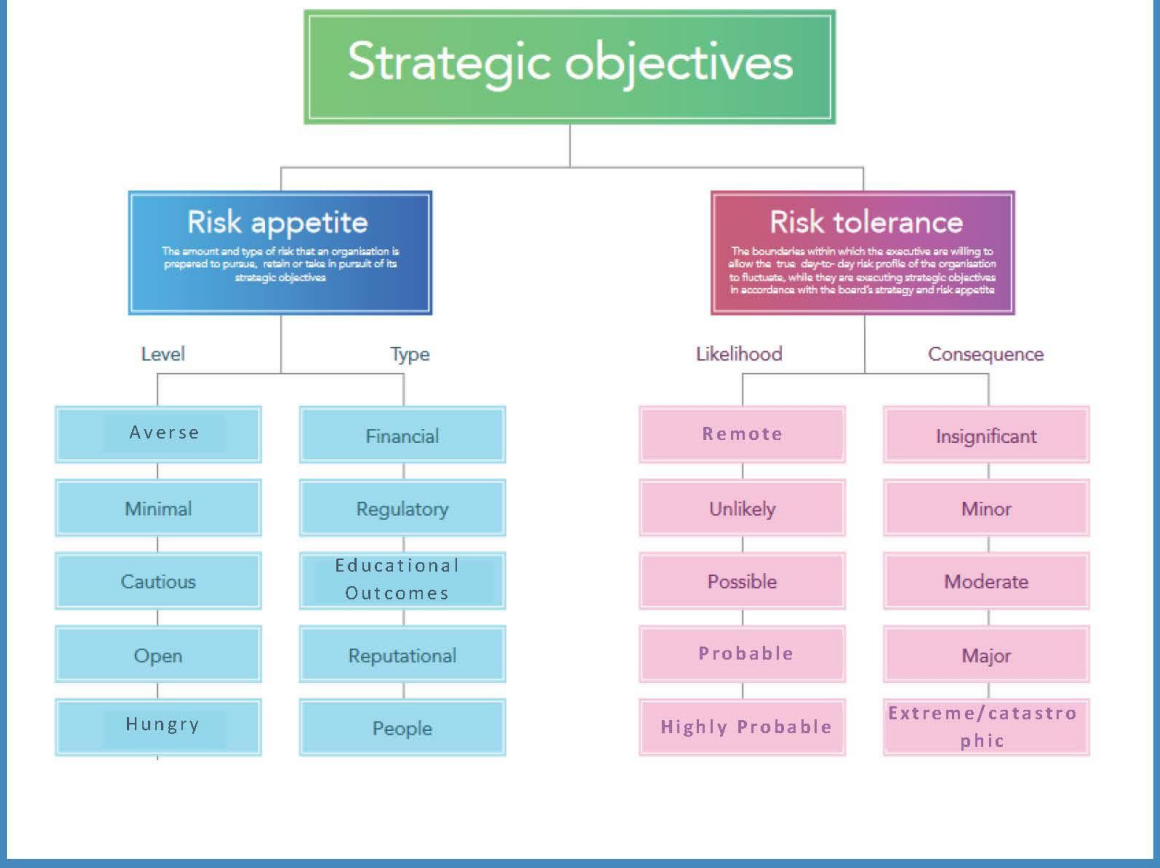
The Board should ensure that it understands the implications of risks taken by senior leadership in pursuit of better outcomes, as well as the potential impact of risk-taking by, and on, local communities, partner organisations, strategic providers and other stakeholders.

This process is dynamic; risk probability and impact as well as risk appetite can change through circumstances and experience. The perception of the public to risk and confidence in the Trust's ability to identify and mitigate risk successfully can shift quickly in the light of publicity and risk failures often outside the direct control of the Trust. As such, risk awareness and communication play an important part in protecting the reputation of the Trust from such instances of outrage.

At least once a year, the Board should set specific limits for the levels of risk the Denbigh Alliance is able to tolerate in the pursuit of its strategic objectives.
The Board should also review these limits during periods of increased uncertainty or adverse changes in the business environment.

4

Strategic Objectives Grid



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ALLIANCE SCHOOLS TRUST

Applying Risk Appetite

Applying Risk Appetite Matrix

Risk Appetite level Risk Types	Cautious	Open
Financial		We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overrisding factor.
Regulatory	We are prepared to accept the possibility of limited regulatory challenge. We would seek to understand where similar actions had been successful elsewhere before taking any decisions.	
Educational Outcome		We are prepared to accept the possiblity of a short term impact on outcomes with potential for longer term rewards. We support innovation
Reputational		We are prepared to accept the possibility of some reputational risk as long as there is potential or improved outcomes for our stakeholders.
People		WE are prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention, and devleopment opportunities for staff.
Business Survival	We are prepared to accept the possibility of some risk and invest in innovation but not at the expense of business stability.	

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