



Staploe Education Trust

Risk Management Policy

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Introduction and Purpose

The Education and Skills Funding Agency (ESFA) requires Academy Trusts to exercise robust risk management. This policy ensures that Staploe Education Trust complies with ESFA risk management requirements.

This policy provides a framework for the management of risk across the Trust. It aims to increase overall awareness of risk so that managers and those responsible for risk reporting can better identify, assess and control risks in their areas. It sets out the current processes and responsibilities for risk management across the Trust.

Risk is part of everyday life. It can be defined as the chance that something will happen that has an impact upon aims and objectives. 'Risk' is the potential likelihood of an event combined with the severity of its impact. The effective identification and management of risk is key to the success of the Trust. Risk management is at the heart of governance across the Trust.

The Trust recognises that Risk Management is as much about exploiting opportunities as it is about managing threats. Events and their consequences can be opportunities for benefit (positive) or threats to success (negative). A certain amount of risk-taking is inevitable if we are to achieve our objectives. The Trust therefore aims to manage risk rather than entirely avoid risk. However, the management of safety risk is entirely focussed on the prevention of harm.

This risk management policy is in place to ensure that:

- Effective risk management is embedded in the culture of our Trust;
- All stakeholders are aware of the Trust's expectation on risk management;
- Risk management is integrated into policy, planning and decision-making;
- Significant risks are known and monitored, enabling Trustees to make informed decisions and take timely action;
- Roles, responsibilities and reporting lines are clear across the Trust;
- The Trust makes the most of opportunities and develops them with the confidence that any risks will be managed;
- The Trust's forward and strategic planning is improved;
- The Trust's aims are achieved more successfully.

Context

Staploe Education Trust will face different types of risk and levels of exposure in common with other large, complex organisations. The Trust aims to fulfil its objectives effectively, both now and in the future. All risk will be considered in that context.

Risk will also be considered in terms of the wider environment in which the Trust operates. The financial climate, society and its attitudes, the natural environment and

changes in the Law and Government policy, technology and knowledge all affect the types and impact of the risks to which the Trust is exposed.

The Trust will always consider risks about the health, safety and well-being of its students and employees, including the recruitment and retention of staff. In addition to operational risks, schools will always assess the risk that student achievement (in subjects or across particular groups) might fall below the standard to which we aspire. These risks can result in the further risk of reputational damage, a reduction in student numbers on roll and unfavourable outcomes of accountability processes e.g. school inspection.

Although, the risks that the Trust might face are both financial and non-financial, the ultimate impact of risk is financial in most cases. The major financial risks are likely to be

- Changes to ESFA funding, including a reduction in per pupil funding;
- Changes to Local Authority funding, including SEND and BAIP;
- Changes to terms and conditions of employees as part of national or local pay settlements;
- Increased liability costs on employees' e.g. increased NI or pensions costs;
- Demographic or school reputation change which reduces pupil numbers in our schools.

Approach to Risk Management in Staploe Education Trust

Risk management is a central part of the Trust's strategic leadership and culture. It is the process whereby the Trust can methodically address the risks attached to its activities, with the aim of achieving sustained benefit within each activity and across the range of activities.

The focus of good risk management is the effective identification and treatment of risks. Its objective is to add the maximum sustainable value to all our activities. It focuses on understanding the potential impact of all factors; which can affect our organisation.

A risk matrix is used in the risk assessment process. It creates a risk score from the combination of the likelihood and impact of the Risk. It is recorded on the Trust's Risk Register which is maintained by the Trust Operations Director.

Employees and governors at all levels throughout the Trust are required to consider risk management and awareness of risk as an integral aspect of their role. All committees of the Trust own their own risks.

Strategic risk is generally managed by the Executive Headteacher, the Trust Operations Director and Headteachers. Strategic risk can be something with potential to cause harm. It can be an event or a series of events that would impact on the Trust's mission and aims. Strategic risk is directly reported to the Trustees through the Risk & Audit committee or directly to the Trust Board if required.

Operational risk is managed by operational managers, headteachers and senior leaders in our schools. Operational risks might affect the delivery of Trust activities but would, in isolation threaten the Trusts' overall mission and realisation of its aims.

The Trust will also manage residual risks where mitigating controls cannot entirely remove potential harm. These risks will be monitored and the effectiveness of mitigating controls will be reviewed regularly.

Identification of Risk

Risk identification must be integral to the daily operation of the Trust.

The majority of risks are identified and their management determined through line management meetings. The Executive Headteacher will consider strategic risks in meeting with the Headteachers and the Trust Operations Director. The Trust Operations Director and Headteachers will identify and determine the management of operational risks through their regular meetings with leaders and managers in their senior teams.

Trust Operations Team meetings will also focus on risk identification and risk management as operational matters are monitored by the team.

At every Trust committee meeting risks are identified, logged and reviewed. All committee risk logs are shared with the Risk and Audit committee which reviews the severity and mitigation of each risk routinely, and urgently if required.

Risk management is strengthened through the use of internal and external audit tools e.g. safeguarding audits; health and safety audits; school self-assessment reviews; school inspection; internal audit and financial audit checks. Governance not only provides oversight of risk management but also contributes to risk identification through its various committees.

Risks will always be reviewed when the following events occur:

- A change in key personnel, processes or accountabilities internally or externally;
- Legislation or government/professional association guidance or policy is revised;
- An incident occurs.

Risks will be identified and categorised within the framework of the Trust Risk Register. The register is maintained by the Trust Operations Director.

Assessment of Risk

Staploe Education Trust adopts a framework of five key areas of risk in order to identify and classify risks. This allows the Trust to consider internal and external factors that can impact positively or negatively on the organisation.

Factor	Examples
<i>Strategic and Reputational</i>	Local, National and International political factors that can affect the organisation. Social and cultural dynamics affecting the education system.
<i>Operational</i>	Management information and systems, HR, Income risks.
<i>Compliance</i>	Legal, regulatory and compliance matters.

<i>Financial</i>	Internal or external economic factors.
<i>Business Continuity</i>	School full or partial closure.

Identified risks are assessed for the potential severity of their impact and likelihood of their occurrence. This assessment and categorisation of risks supports the Trust to prioritise and filter risks, and to determine whether further action is required.

Risks will be assessed on two core criteria:

Likelihood: the probability of the risk occurring.

Impact: the positive or negative ramifications of the risk coming to fruition.

Likelihood x Impact = Risk profile (severity)

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

Risk profile score (severity)		Rating
1>3	Low Risk	
4>6	Moderate Risk	
7>12	High Risk	
13>25	Extreme Risk	

Likelihood

1	Under 1% chance of occurring.
2	1-25% chance of occurring.
3	25-50% chance of occurring.
4	50-75% chance of occurring.
5	Over 75% chance of occurring. Almost certain.

Impact

1	Very Low	Insignificant. Not a concern.
2	Low	Fairly serious. Possibly important, though can be managed.
3	Medium	Serious. A threat which could cause reasonable issues.
4	High	Very serious. Would hinder the achievement of our strategic objectives.
5	Very High	Major disaster. Could seriously undermine the standing and position of the organisation.

Risk Management Strategy

The risk management strategy determines the way in which the Trust will respond to a risk once its impact and probability has been assessed. The purpose of risk management is to reduce the “gross level” of risk identified to a “net level” of risk, which is the risk that remains after appropriate action has been taken.

Good risk management enables the Trust to take opportunities and to meet urgent need, as well as prevent disasters.

The Trust has adopted four categories of risk response type:

Control:

Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the organisation.

Transfer:

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

Mitigate:

The response actions either reduce the likelihood of a risk developing or limit the impact on the Trust to acceptable levels.

Accept:

The Trust accepts the possibility that the event might occur, for example, because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring.

The Trust Board will judge the acceptability of the net risk that remains after management. In assessing additional action to be taken, the costs of management or control will generally be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will be struck between the cost of further action to manage the risk and the potential impact of the residual risk.

Priority risks are identified as such and reviewed more regularly by the risk owner and their team. Those risks are also separately identified on the Executive Headteacher's reports to the Trust Board, thereby maintaining awareness and accountability for mitigation controls.

Risk Monitoring

All risk owners should monitor operational risks regularly as part of their role according to the review interval determined and recorded on the risk register.

Risk Reporting and Communication

All risk management will be reported to the Risk and Audit committee of the Trust three times a year. All managers and leaders will review their risks and their risk management before each meeting of the Risk and Audit Committee. The Trust Operations Director will oversee this reporting. Similarly, all risks identified by other committees of the Trust will be logged and reported to the Risk and Audit Committee three times a year.

This reporting schedule is designed to provide regular assurance to the Trust Board, Senior Leaders and Auditors that the Trust is effectively managing its risks and has a robust system of internal controls.

The Risk and Audit Committee is delegated by the Trust Board to review the risk register each term. The committee will ensure that any perceived new or increased risks, or significant failure of risk management control measures are recorded in the risk register and are reported to the Trust Board, along with a summary of actions taken.

Escalation

Risk is understood and reported at all levels within the Trust. Risks identified by Trust committees will be escalated to the Risk and Audit Committee and thence to the Trust Board if required. Urgent risks will be escalated immediately.

Roles and Responsibilities

The responsibility for the management and control of Staploe Education Trust rests with the Trust Board and Accounting Officer. The Trust Board leads risk management for the Trust, determining the process and reviewing the outcome of the Trust's risk management strategy. The Trust Board determines who is ultimately responsible for the risk and monitors the control actions. The Trust reports publicly on its risk management as part of its Annual Report. This helps transparency and allows accountability to stakeholders including employees and the general public.

The Trustees should:

- Know about the most significant risks facing the organisation;
- Know how the organisation will manage a crisis;
- Be assured that the risk management processes are working effectively;
- Publish a clear risk management policy.

The Executive Headteacher, Trust Operations Director, Headteachers and Trust Operation Team all should:

- Ensure new risks are properly reported and evaluated;
- Assess identified risks which fall into their area of responsibility, the possible impacts these may have on other areas and consequences other areas may have on them;
- Report systematically and promptly to their line manager any perceived new risks or failures of existing control measures highlighted within the risk register;

- Ensure that all individuals within their team understand responsibilities for both implementation and monitoring of the controls, and that individual raise perceived new risks or control failures promptly.

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;
- Report systematically and promptly to senior management any perceived new risks or failures of existing control measures.

Policy Review

This policy will be reviewed on a 3-year cycle unless otherwise stated. This review may be brought forward as required by the Trust to reflect changes in supporting advice/guidance.