

# **Risk Management Policy**

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## 1.0 Policy statement

The Members and Directors of Dixons Academies Trust (The Trust Board), supported by the Audit and Risk Committee, are accountable for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding against threats to all assets (including human and non-material) for which it is responsible. The Trust Board acknowledges that risk cannot be entirely eliminated, however, they hold the CEO to account for putting in place appropriate mitigation to ensure risk is not damaging. The Trust Board delegates the function of overseeing risk management to the Audit and Risk Committee. This committee holds the Executive to account for ensuring that the Trust meets all aspects of statutory compliance. They are aided in this function by internal audit. The Trust Board recognises that opportunities to further the Trust's mission will always have associated risks. The Board recognises that not capitalising on emerging opportunities may in itself adversely influence the achievements of the Trust. In managing risks and opportunities, the Board will assess the appropriateness and strength of plans to manage them. New opportunities will always be discussed, debated and challenged, and considered in light of the risk capacity of the Trust. This policy is written in accordance with Department for Education guidance.

## 2.0 Scope and purpose

The policy explains the Trust Board's approach to risk and also how responsibilities for risk management are delegated. The policy explains how the risk register is created and the way in which it is used by the Executive and the Trust Board to identify, measure, manage, monitor and report risk. The CEO has the delegated responsibility for risk management and is supported in this by the Executive Team. Risk is managed by everyone on a daily basis and school leaders constantly assess situations. The Trust Board is particularly concerned with risks and opportunities that can have a high impact (positive and negative) on the running of the Trust and the meeting of its business objectives and mission.

## 3.0 Risk management objectives

The objectives for managing risk across the Trust are:

- to comply with risk management best practice
- to ensure risks facing the Trust and individual academies are identified and appropriately documented
- to provide assurance to the Trust Board that risks are being adequately controlled, and / or identify areas for improvement
- to ensure action is taken appropriately in relation to accepting, escalating, mitigating, avoiding and transferring risks

## 4.0 Risk management strategy

4.1 This strategy aims to:

- outline the roles and responsibilities for risk management
- identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- ensure appropriate levels of training and awareness throughout the Trust

4.2 In its annual consideration of the risk register, the Directors of the Trust should consider:

- the effectiveness of the overall approach to, and policy for, risk management and whether changes or improvements to processes and procedures are necessary

4.3 As part of the review, the following should be considered:

- review of policy and its effectiveness
- whether risk management continues to be linked to the achievement of the Trust's objectives
- whether risk review procedures cover fundamental strategic, and reputational, operational, compliance, financial and other risks to achieving the Trust's objectives
- whether risk assessment and risk-based internal control are embedded in on-going operations and form part of its culture
- changes in the nature and extent of fundamental risks and the Trust's ability to respond to changes in its internal and external environment since the last assessment; the scope and quality of management's on-going process of monitoring the system of internal control, including such elements as the effectiveness of assurance functions
- the extent and frequency of reports on internal control to the Trust Board and whether this is sufficient for the Trust to build up a cumulative assessment of the state of control and effectiveness of risk management
- the incidence of any fundamental control failings (risk events) or weaknesses identified at any point within the year (near misses) and the impact that they have had or could have on financial results
- the effectiveness of the Trust's public reporting processes



## 5.0 Roles and responsibilities

- 5.1 The Trust Board, being the principal policy making body, has overall accountability for managing risk. They:
- consider the tone and culture of risk management within the Trust
  - determine the appropriate risk appetite and whether the Trust is “risk taking” or “risk averse” at any given time in relation to capacity. The risk register will support this judgement and a decision will be taken as to whether the Trust has the capacity to manage further risk, or, if not taking an opportunity, a risk is presented (e.g. growth)
- 5.2 Determine which risks are acceptable and which are not:
- approve the framework for managing risk
  - approve major decisions affecting the organisation’s risk profile or exposure
  - monitor the management of fundamental risks through the Audit and Risk Committee
  - satisfy itself that less fundamental risks are being effectively managed and there are clear lines of accountability
  - ensure all aspects of compliance are adhered to (see compliance dashboard)
  - review the Trust’s approach to risk management and approving changes and / or improvements to key elements of the processes and procedures
- 5.3 The Audit and Risk Committee supports the Trust Board in the assessment and management of risk. They must:
- understand the Trust’s business strategy, operating environment and associated risks
  - understand the framework for risk management and assurance
  - critically challenge and review the risk management and assurance framework and all controls
  - understand how risks and opportunities support the key business objectives and the mission
  - work with Executive in identifying annual internal audits in relation to risk:
    - review the risk register at every meeting
    - recommend any amendments to the Trust Board and authorise who is overseeing the risk register from the Executive
    - focus on the top 10 risks faced by the Trust at every meeting and review the update from the Executive
    - review the full register and compliance on an annual basis
- 5.4 The CEO is the Accounting Officer and has delegated responsibility for:
- evaluating and reporting to the Trust Board whether the Trust values, leadership style, opportunities for debate and learning, and human resources policies support the desired risk culture, incentivise expected behaviours and sanction inappropriate behaviours
  - delegating to a member of the Executive oversight of risk management and reporting to the Audit and Risk Committee on an annual basis
  - ensuring the responsible executive has adequate resources, including access to training
  - ensuring the expected values and behaviours are communicated and embedded at all levels of the Trust through regular training
  - ensuring risk is an integral part of appraising option choices, evaluating alternatives and making informed decisions so that risk management is integral to all decision making
  - accurately reporting to the Audit and Risk Committee and the Trust Board on current and future risk
  - producing a report four times a year that addresses the top current and future risks identified by the Executive, supported by the Audit and Risk Committee
  - ensuring the language of risk management is used at every level of the Trust and that risk management is part of the Trust’s culture, not an add-on process
  - reviewing the risk register each cycle at the Executive meeting
- 5.5 The Local Governing Body:
- considers the main risks faced by the academy and how those are being managed
  - reviews health and safety reports at each meeting and that hazards are effectively managed by the academy
  - reviews safeguarding data at every meeting and challenges safeguarding procedures
  - scrutinises the annual external safeguarding review
  - has a named governor for safeguarding
  - Academy Principals, supported by Operations and Business Managers, are responsible for:

- implementing policies on risk management and internal control
- identifying and evaluating fundamental risks faced by their institution
- assisting the Executive and internal auditors to undertake an annual review of risk management and the effectiveness of the systems of internal control, where appropriate
- keeping informed, and escalating any risks to the Executive, in order for them to be accessed and communicated as appropriate
- embedding risk management as part of the systems on internal control

5.6 The systems on internal control incorporate risk management. It encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Trust to respond to a variety of risks. These elements include:

- policies and procedures - attached to fundamental risks, are a series of policies that underpin the internal control process. The policies are reviewed by the Board. Written procedures support the policies where appropriate
- management of risk and risk register - every academy within the Trust must hold its own risk register. This must be kept up to date and available to the Executive at all times. The responsibility for this lies with the Principal; however, they may delegate the update of the register to a member of their SLT. They will discuss the register formally with their line-manger three times a year and also at any point where there is a need for an update. The risk owner must assess all risks and any which are scored at a rating of 13 or above must be escalated to the Executive as soon as it is identified

5.7 The risk registers are held in the DAT - Operations SharePoint site for each academy.

5.8 In order to ensure that all Principals understand their responsibilities, Principals will be supported to effectively manage risk with training provided as needed by the Executive, supported by internal auditors and or our HR partner. The training for the risk management framework is a key part of this policy and the procedures for the Trust.

5.9 Any new senior member of staff must undergo training as part of their induction, especailly evaluation of risks.

5.10 The risks to the Trust are divided into 7 sections on the register; we recognise that these are not exhaustive and that reputational risk does not have its own category even though it is a valuable asset. This is because we see reputational risk as being a consequence of any one of the below.

5.11 The risks to the Trust are divided into seven sections:

- strategic
- people
- safeguarding
- education
- finance
- operations
- estates

## 6.0 Trust matrix and risk notes

6.1 Risk rating:

- provide a score of 1-5 for the perceived impact of the risk (I)
- provide a score of 1-5 for the likelihood that it happens (L)
- multiply the two numbers together to create a risk rating (IxL)
- add the weighting of Impact to ensure this is differentiated enough (+P)

Impact	Likeihood
5 (major)	5 (very likely)
4 (significant)	4 (likely)
3 (moderate)	3 (possible)
2 (minor)	2 (unlikely)
1 (no consequence)	1 (very unlikely)



Score	Risk description	Action requirement
17-25	High risk	Risk will be actively managed with control measures
11-16	Medium	Take appropriate action to reduce risk if possible
10 and below	Low risk	Risk has low priority and actively monitored

6.2 The risk response is based on the rating. Two responses are used;

**TREAT** – specific action is required to contain the risk to an acceptable level

**TOLERATE** – exposure to risk may be tolerated without any further action

Each element of risk will be reviewed, and updated where relevant, on a 3 monthly basis.

The risk register will form a standard agenda item at all Trust Board meetings. The risks will be highlighted on an exceptions basis and these will be presented to the relevant meetings as appropriate.

The Members and Directors of Dixons Academies Trust are accountable for all risks.

However, the risk register also states the responsibility assignment to identify roles within the governance structure.