

Risk Management Policy

Contents

Section	Page
1.0 Policy statement	4
2.0 Scope and purpose	4
3.0 Risk management objectives	4
4.0 Risk management strategy	4
5.0 Roles and responsibilities	5
6.0 Trust matrix and risk notes	6
Appendix 1 - Overarching appetite statement	7
Appendix 2 - Risk matrix and risk scoring criteria	10



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Summary of changes since last review:	<ul style="list-style-type: none">• All references to 'executive' have been changed to school and college trust leaders or simply trust leaders• The section on the responsibilities of local governing bodies has been removed as it is no longer relevant• Current risk matrix added• Risk scoring criteria added• Risk appetite statements added• The process of reviewing risk has been updated to accommodate current practice
Related policies and documents:	<ul style="list-style-type: none">• Academy Trust Handbook• DfE academy trust risk management guidance• DfE good practice on internal scrutiny guidance

Unless there are legislative or regulatory changes in the interim, this policy will be reviewed on an annual basis. Should no substantive change be required at this point, the policy will move to the next review cycle.



1.0 Policy statement

The trustees of Dixons Academies Trust (the trust board), supported by the audit and risk committee, are accountable for risk management and maintaining a sound system of internal control that supports the achievement of policies, aims and objective, whilst safeguarding against threats to 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 accounting officer 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. The committee holds school and college trust leaders to account for ensuring that our trust meets all aspects of statutory compliance. They are aided in this function by internal audit.

Risk management within our trust covers the full operations and activities of our trust, not only financial risks.

The trust board recognises that not capitalising on emerging opportunities may in itself adversely influence the achievements of our trust. In managing risks and opportunities, the board will assess the appropriateness of strengths of plans to manage them. New opportunities will always be discussed, debated and challenged, and considered in light of the risk appetite and capacity of our trust. The trust board recognises that opportunities to further our trust's mission will always have associated risks.

This policy is written in accordance with the department for education guidance.

2.0 Scope and purpose

This policy explains the trust board's approach to risk and 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 school trust leaders and the trust board to identify, measure, manage, monitor and report risk. The accounting officer has the delegated responsibility for risk management and is supported in this by trust leaders and the head of governance. Risk is managed by everyone on a daily basis and school leaders constantly assess situations. The trust board is particularly concerned with risk and opportunities that can have a high impact (positive and negative) on the running of our trust and the meeting of its objectives and mission.

3.0 Risk appetite

Our trust's risk appetite defines the level of risk our trust is willing to accept in pursuit of its objectives. This will be reviewed and set annually by the trust board, considering our trust's strategic goals, financial health, and regulatory environment. The current risk appetite is attached in appendix 1.

4.0 Roles and responsibilities

4.1 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 our trust
- determine the appropriate risk appetite
- 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 fewer fundamental risks are being effectively managed and there are clear lines of accountability
- ensure all aspects of compliance are adhered to
- review our trust's approach to risk management and approve changes and / or improvements to key elements of the processes and procedures

4.2 The audit and risk committee supports the trust board in the assessment and management of risk. They must:

- understand our 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 risk and opportunities support the key business objectives and the mission
- work with trust leaders 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 which member of staff is overseeing the risk register
- focus on the top 10 risks faced by our trust at every meeting and review the update from trust leaders

4.3 The accounting officer has delegated responsibility for:

- evaluating and reporting to the trust board whether our trust's values, leadership style, opportunities for debate and learning and HR policies support the desired risk culture, incentivise expected behaviours and sanction inappropriate behaviours

- delegating a risk practitioner oversight of risk management and reporting to the audit and risk committee
- ensuring the risk practitioner has adequate resources, including access to training
- ensuring the expected values and behaviours are communicated and embedded at all levels of our 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

4.4 The local academy board has delegated responsibility for:

- to understand the risks facing the academy and report these to the board

4.5 The head of governance (as the risk practitioner), has delegated responsibility for:

- producing a report four time a year for the audit and risk committee that addresses the top current and future risks identified by the school trust leaders
- working with risk owners to assess effectiveness of controls and report these to the audit and risk committee
- Facilitate the reporting of local risks to the board through the work of the local academy board.

5.0 Risk management framework

5.1 Our trust’s risk management framework aims to create a proactive risk management culture that supports the achievement of its educational objectives and compliance with statutory and regulatory requirements.

5.2 Identify

All potential events that are a threat to the achievement of objectives are identified, defined and categorised. This is carried out through regular review meetings with the head of governance and trust leaders.

As the risk climate changes rapidly, trust leaders regularly assess the emerging risks.

To ensure all major risks are identified, risks have been divided into categories:

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

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 those listed above.

5.3 Measure

Once risks have been identified, they are measured to give a standard for comparing the risks consistently. Measurement of the risks is undertaken using the standard 5 x 5 risk matrix.

			Impact				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	5	95% probability Within the month	5	10	15	20	25
	4	81-95% probability 3-6 months	4	8	12	16	20
	3	51-80% probability 6-12 months	3	6	9	12	15
	2	21-50% probability 12-18 months	2	4	6	8	10
	1	1-20% probability 18+ months	1	2	3	4	5



The likelihood and impact are determined using the risk criteria table which is contained in appendix 2.

5.3 Manage

Once the risks have been assessed, evaluated and ranked, appropriate plans are put in place to manage them. Our trust uses the standard 4T approach to managing risks:

- Tolerate: to accept or retain
- Treat: to control or reduce
- Transfer: to contact out or insure
- Terminate: to avoid or eliminate

The controls are recorded on the risk register and are reviewed at least 3 times a year by the risk owner and the head of governance.

5.4 Monitoring and assurance

Monitoring of risks is ongoing and continuous and provides assurance on the extent to which the actions and controls are working as intended and whether risks are managed to an acceptable level. Our trust's risk register is the tool which allows effective monitoring of risk. Trust leaders are responsible for monitoring risk and the risk owner is responsible for providing appropriate assurance to the trust board that the risk is well-managed.

We operate on the standard 4 lines of defence within our risk management framework.

- **1st line of defence:** management and staff who own and manage risk on a day-to-day basis
- **2nd line of defence:** the trust board who oversee the effectiveness of the risk management framework
- **3rd line of defence:** the internal scrutiny function who provide independent assurance on the overall effectiveness of risk management and controls
- **4th line of defence:** assurance from external independent bodies such as the external auditors and other external bodies

5.5 Reporting

The risk register is reviewed by the audit and risk committee, who meet four times a year. Discussions on the risk reporting are reported at the follow up board meeting. The trust board scrutinises the risk register at least once a year in line with the requirements of the Academy Trust Handbook.

The audit and risk committee is responsible for directing our trust's programme of internal scrutiny. 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

6.0 Policy review

6.1 This policy is reviewed biennially by the trust board.



Appendix 1

Overarching appetite statement

The definition of risk appetite is the amount of risk an organisation is willing to take.

We are an education trust utilising the freedoms available to multi academy trusts to operate flexibly in the support and determination of achieving improvement and enhancement of our students' life opportunities and education accessibility.

This means we will not seek to intervene in all situations; rather our approach is based on judgement and the circumstances of each potential intervention and assessment of its impact. We prioritise our actions in terms of risk, cost and perceived benefits in a consistent and transparent manner, choosing the most appropriate course of action which supports our strategic objectives.

Our trust's approach to risk will maintain an appetite for acting ethically, being compliant with best practice, delivering legal compliance and value for money.

Risk appetite framework

Risk appetite	Appetite description	Scoring band
Zero risk appetite	We have no appetite for any activities which break the law.	
Low risk appetite	We are not willing to accept risk that may result in reputational damage, financial loss or exposure, major breakdown in IT systems, breach of our values, significant incidents of regulatory non-compliance and potential risk of injury to staff and students.	1-5
Modest risk appetite	We have a cautious and conservative approach and are only willing to take on activities where they have a relatively low degree of inherent risk.	6-10
Moderate risk appetite	We are willing to consider all options, with controls in place, and choose one that is most likely to result in successful delivery of strategic objectives.	11-19
Hungry risk appetite	We are eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.	20-25



Risk categories' appetite

Category	Risk appetite	Scoring band
Legal	We have a zero risk appetite to activities which will break the law. There are controls and processes in place for corrective action should this occur within the wider trust.	
Fraud	We have a low appetite to the risk of internal fraud and will always seek to adhere to all regulations. Controls maximise fraud prevention, detection and deterrence by robust process, procedures and sanctions.	1-5
Governance	We have a low appetite to the risk of failing corporate compliance and will always seek to adhere to all regulations.	1-5
Regulatory	We have a low appetite to the activities which are regulated and activities that are externally assessed and will always seek to adhere to all regulations.	1-5
Safeguarding	Our approach to safeguarding is the commitment to the prevention of the abuse and exploitation of vulnerable groups, students and staff, and have policies and procedures in place to respond appropriately despite our best efforts at prevention. We have a low appetite to the risk of exploitation and abuse of all stakeholders and will always seek to adhere to all regulations.	1-5
Cyber security	Our approach to cyber security is the commitment to the prevention of a breach in cyber systems and we have strategy, process and policies in place to respond appropriately despite our best efforts at prevention. Therefore, we have a low appetite to the risk of a breach of cyber security.	1-5
Health and safety	Our approach to health and safety is the commitment to ensuring that all stakeholders within the organisation are always kept safe and we have policies and procedures in place. Mitigation is in place to bring the residual risk score to as low as is reasonably practical. We have a low appetite to the breaches to health and safety regulations and will always seek to adhere to all regulations.	1-5
Finance	We have a low appetite for the use of public money and are willing to consider all options and choose one that is most likely to result in successful delivery. The funding is used as intended and seeks value, efficiency and is not used without consideration of impact.	1-5
People	Our approach to people is defined through one of our strategic anchors, 'talent first', and we cannot be a successful organisation without caring for, investing in and developing our people. The categories in this area relate to professional development, workload management, employee relations and retention and recruitment. We have a low appetite for any activities which may negatively affect the well-being and effectiveness of staff who are invaluable in delivering our strategic objectives.	1-5



Category	Risk appetite	Scoring band
Educational outcomes	Our reason for existence is to challenge social disadvantage in the north and our approach to ensuring we deliver on our moral purpose is the delivery of educational services that maximise access, inclusion and opportunity for all students and improve their chances of success. This is carried out via our academy transformation model of stabilise, re-invent, grow and lead.	
	For those academies in the stabilise and re-invent phases, there is a moderate appetite in our approach to implementing initiatives to enhance educational performance.	11-19
	For those academies in the grow and lead phases, our approach is that we have a modest appetite for achieving educational outcomes.	6-10
Growth	Our approach to growth aims to be programmatic (but can often be more opportunistic). We actively seek growth balanced with maintaining positive levels of delivery for operational efficiency, capacity, legislation and quality of education. As growth is an identified priority for the next two years, our approach to appetite is hungry and will be applied to all acquisitions.	20-25

Appendix 2

Risk matrix and risk scoring criteria

Likelihood	Impact					
	Compliance / legal / regulatory	Student outcomes (academic / suspension / exclusion)	Health and safety and safeguarding	Cyber security	Finance	People
5 95% probability Within the month	<p>Regularity non-compliance resulting in intervention / illegal activity resulting in civil / criminal charges.</p> <p>No controls in place results in the irreversible impact on the performance of our trust and may result in its dissolution.</p>	<p>Failure to meet national targets in accordance with strategic objectives</p>	<p>Incident leading to death.</p> <p>Multiple permanent injuries or irreversible health effects.</p> <p>Events or crises that pose a severe and potentially irreversible impact on the safety and well-being of students. These risks may result in widespread harm, lasting trauma, or a breakdown in safeguarding procedures.</p>	<p>A complete breakdown of information systems, significant data breaches, and extended periods of downtime.</p>	<p>Risks that pose a severe and potentially irreversible impact on the financial viability of the institution. These risks may threaten the core financial structure and long-term sustainability.</p> <p>Bank balance of less than monthly salary bill – approx. £4-£5m.</p> <p>Working capital ratio drops to below 1.</p>	<p>Severe and potentially irreversible impact on the institution's ability to recruit and retain staff. These risks may result in a mass exodus of qualified personnel.</p>
4 81–95% probability 3-6 months	<p>Breach resulting in regulatory / legal investigation.</p> <p>Breach in internal controls resulting in a substantial impact of the stability and reputation of the</p>	<p>Failure to meet targeted student outcomes by 40%.</p>	<p>Major injury leading to long-term incapacity / disability.</p> <p>Requiring time off work for >14 days.</p>	<p>Significant disruptions, compromise sensitive information, or result in financial loss.</p>	<p>Risks that have a substantial impact on the financial health and stability of the institution. These risks may require significant resources to mitigate, and if not</p>	<p>Substantial impact on the institution's ability to recruit and retain qualified staff. These risks may lead to significant staffing shortages, affecting the quality of</p>



Likelihood	Impact					
	Compliance / legal / regulatory	Student outcomes (academic / suspension / exclusion)	Health and safety and safeguarding	Cyber security	Finance	People
	institution. Members have to dissolve the board of trustees and senior leaders' roles are terminated.		Serious incidents or concerns that have a substantial impact on the safety and welfare of students. These risks may lead to significant harm or compromise the well-being of individuals.		addressed promptly and effectively, they have the potential to result in a notable financial setback. Breach of the funding agreement or Academy Trust handbook, resulting in a financial notice to improve. This would impact on the ability to grow.	education and institutional operations.
3 51-80% probability 6-12 months	Breach resulting in improvement / action plan being put in place. Breach in internal controls leads to financial and reputational instability of our trust. These risks may require additional resources to address and have the potential to affect short-term financial goals and ability to grow	Targets within 20% of national	Moderate injury requiring professional intervention. Requiring time off work 4-14 days. RIDDOR/agency reportable incident. Incidents or circumstances that pose a noticeable impact on the safety and well-being of students. These risks may require additional resources and careful	Noticeable impact on the security posture of information systems. These risks may require additional resources and proactive measures to mitigate. Risks have the potential to affect operational efficiency and data integrity.	Risks that pose a noticeable impact on the financial stability of our trust. These risks may require additional resources to address and have the potential to affect short-term financial goals. Loss of an academy resulting in a lower central recharge receivable in the region of £700-£800k.	Noticeable impact on the recruitment and retention of staff. While they may not lead to immediate and severe consequences, they have the potential to affect the overall workforce stability.



Likelihood	Impact					
	Compliance / legal / regulatory	Student outcomes (academic / suspension / exclusion)	Health and safety and safeguarding	Cyber security	Finance	People
			monitoring to address effectively. While they may not lead to immediate harm, they have the potential to affect the overall safeguarding environment.		Reserves go below 5%, a 1% reduction equals approximately £1.1m.	
2 21-50% probability 12-18 months	Breach, warning given but no further action taken. Breach in internal controls leads to disruption of services but non-compliance is localised and detected in a timely manner.	Targets within 10% of national	Minor injury requiring minor intervention. Requiring time off work for < 3 days. Concerns or issues that have a limited impact on the safety of students. These risks may require attention and intervention, but they are manageable within standard safeguarding procedures. and are unlikely to result in significant harm.	Limited impact on the security of information systems. These risks may require attention and resources to address, but they are manageable within routine cybersecurity practices. They are unlikely to result in significant disruptions or compromise sensitive information.	Risks that have a limited impact on the financial position of the institution. While these risks may require some resources to address, they are manageable within the regular budget and are unlikely to significantly affect long-term financial sustainability. Capital funds available are not sufficient to cover capital requirements – £500k.	Slight disruption in staff recruitment or retention. Risks are manageable within regular human resource practices and are unlikely to result in significant gaps in staffing or disruption to operations.



Likelihood	Impact					
	Compliance / legal / regulatory	Student outcomes (academic / suspension / exclusion)	Health and safety and safeguarding	Cyber security	Finance	People
1 6-20% probability 18+ months	<p>Results in near miss regarding non compliance / legality.</p> <p>Effective internal controls (for financial, educational, data protection, employee relations, contractual obligations and audits) ensure that there are no fines, legal action, or penalties for non-compliance with regulations.</p>	All national targets met and / or exceeded	<p>Minimal injury requiring no/minimal intervention or treatment.</p> <p>No time off work required Negligible risk to the health and safety of students, staff, or visitors.</p> <p>Incidents or situations with minimal impact on the safety and well-being of students. These may include minor concerns that are quickly and easily addressed, posing negligible risk to individuals or the overall school community.</p>	<p>Risks with minimal potential impact on the confidentiality, integrity, and availability of information systems.</p> <p>Negligible downtime.</p>	<p>Risks with negligible impact on the financial stability of the institution. These risks are easily manageable and unlikely to affect the overall budget or financial performance. They may involve minimal financial resources and have little to no impact on operations.</p> <p>Under £250k – e.g. irrecoverable debt (catering subsidy)</p>	Occasional, short-term vacancies or minor turnover that can be easily addressed without affecting the institution's core operations.

