

# **East Midlands Academy Trust**

## **Risk Management Policy 2022/2024**

**'Every child deserves to be the best they can be'**

Scope: East Midlands Academy Trust & Academies within the Trust	
<b>Version: V2</b>	<b>Filename:</b> EMAT Risk Management Policy
<b>Approval: July 2022</b> <i>Approved by the Trust Board</i>	<b>Next Review: July 2024</b> <i>This Policy will be reviewed by the Trust Board (A&amp;R committee) every 2 years</i>
<b>Owner:</b> East Midlands Academy Trust Board of Trustees	<b>Union Status:</b> Not Applicable

Policy type:	
Non Statutory	Replaces Academy's current policy

### Revision History

RevisionDate	Revisor	Description of Revision
July 2022 – V2	D Unitt	Risk Policy updated in line with comments from the Audit and Risk Committee
April 2022– V1	D Unitt	New EMAT Risk Management Policy issued. <ul style="list-style-type: none"> <li><b>Please note the policy contain some comments from the revisor that will need to be discussed and agreed by trustees.</b></li> </ul>

## EMAT Risk Policy

### 1. Introduction

1.1 East Midlands Academy Trust (EMAT) aim is to enable “*every child to be the best that they can be*” This statement informs our approach to policy and practice.

1.2 East Midlands Academy Trust (‘the Trust’) is committed to minimising risk through a framework of integrated governance and a proactive risk management culture and practical policy.

1.3 Risk management is recognised as a central part of any organisation’s strategic management. It is the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. The focus of good risk management is the identification and treatment of these risks.

1.4 Employees at all levels throughout the Trust should consider risk management and awareness of risk as a key element of their job description. This supports accountability, performance measurement and reward, thus promoting proactivity

### 2. Background

2.1 The objectives for managing risk across the Trust are:

- a) To comply with risk management best practice;
- b) To ensure risks facing the Trust are identified and appropriately documented;
- c) To provide assurance to the trustees that risks are being adequately controlled, or identify areas for improvement;
- d) To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

2.2 The Chief Operations Officer (COO) is responsible for the coordination and management of the risk management process and the risk register.

2.3 It is a requirement:

2.3.1 of the Academies Financial Handbook that the Trust has sound internal controls and risk management processes in place.

2.3.2 to follow guidance as set out in the Charities and Risk Management (CC26) document.

2.3.3 to include a section in the Trust’s annual report on principal risks and uncertainties, which are derived from the Trust’s Risk register.

### 3. Risk Methodology

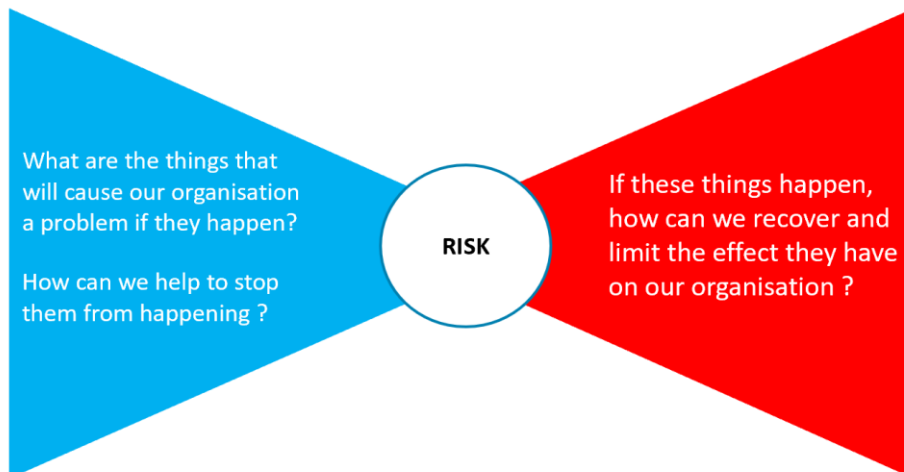
3.1 The Trust has adopted “Bow Tie” methodology for its Risk management, this methodology was adopted as it facilitates the breakdown of risks into sizable “chunks” and to report on them at an executive level without excessive operational detail.

With the bow tie method of risk management risks consist of **Core Risk** and **Threats/Sub risks**

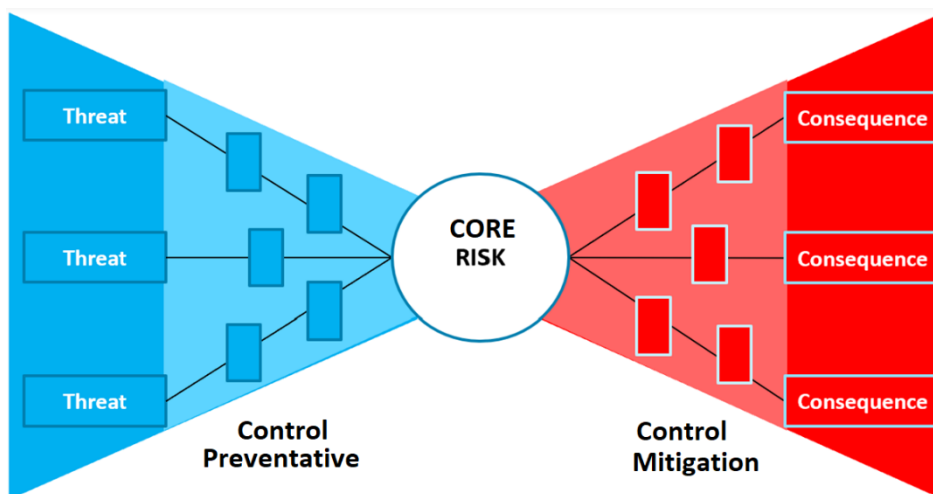
It also facilitates the linking of preventative controls to reduce the likelihood of a Threat occurring and Mitigation controls to reduce the impact should a threat occur

The diagrams below provide a brief explanation of the bow tie method of risk management

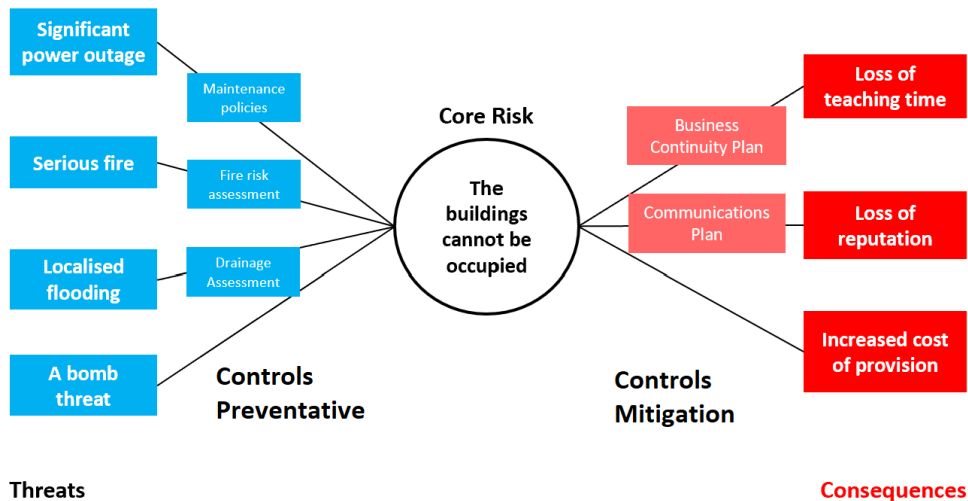
#### Concept Image



#### Translated Diagram



## Practical Illustration



## 4. Risk Management

4.1 Core Risks will always consist of at least one threat or sub risk and the Core Risk exposure score will always adopt the lowest exposure score of its linked threats/sub risks. A Core Risk does not have its own risk score Core Risks will be assigned to a Core Risk Owner generally all Threats/Sub Risks associated links will have the same Risk Category as the Core Risk. A Core Risk Owner cannot delegate their Core Risk to another individual

4.2 Threats/Sub Risks will always be linked to a single Core Risk the Core Risk Owner may delegate the Risk Owner of the Threat/Core Risk to another individual within the team but will remain overall responsible for their Core Risk a Threat will have a Pre-Mitigation Risk Score and a Current Risk score

4.3 Risks and Threats/Sub Risks are categorised to enable grouping and the allocation of Core Risks to Core Risk Owners depending on the some categories of risk will be owned within the Central Trust whilst others will be owned at the academy level the table below lists the Trust's Risk categories and also indicates where the risks will be managed

Risk Category	Academy or Central
Behaviour and Attitude	Academy
Leadership and Management	Academy
Quality of Education	Academy
Safeguarding	Academy
Curriculum	Central
Estates	Central
Financial	Central
Governance	Central
Human Resources	Central
Information Technology	Central
Reputation	Central
Strategic	Central
Trustees	Central

4.4 Each Risk Category is Owned by a Core Risk Owner whose role is to:

- a) identify and measure all risks within their Category
- b) provide controls/policy and guidance to minimise risk and maximise benefit for the Trust
- c) create clear lines of sight of accountability for managing risk
- d) ensure appropriate risk register is up to date and suitable for reporting to Trustees and scrutiny by external auditors.

Core Risk Owners :

Risk Category	Core Risk Owner
Behaviour and Attitude	Academy - Head Teacher
Leadership and Management	Academy - Head Teacher
Quality of Education	Academy - Head Teacher
Safeguarding	Academy - Head Teacher
Curriculum	Central – Head of Education
Estates	Central - Estates Manager
Financial	Central - COO
Governance	Central – Head of Governance
Human Resources	Central – HR Business Partner
Information Technology	Central – IT Business Partner
Reputation	Central – PR & Communications Manager
Strategic	Central – Chair of Members
Trustees	Central – Chair of Trustees

3.5 The risk assessment process will be effectively managed using the risk management software 'GRConOne' and the risk register contained therein. The register coordinates the key aspects of the risk management process above.

## 5. Evaluation of Risks

5.1 The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation.

The Trust has adopted a 5x5 Risk matrix to provide a granular risk scoring matrix with a scoring from 5 (highest) to 1 (lowest) to assess impact and probability. The descriptors for impact and likelihood can be expanded as follows:

Impact	Description	Value
<b>Trivial</b>	The financial impact is likely to be low below £1,000. Has no impact on teaching and learning. No impact on the operation of the Trust or it' academies. No reputational impact No stakeholder concern. No injury.	<b>1</b>
<b>Minor</b>	Financial impact likely to be under £5,000. Minor impact on strategy ,teaching and learning, operations and reputation Minor stakeholder concern. H&S may require first aid.	<b>2</b>
<b>Moderate</b>	Moderate financial impact between £5,000 and £25,000. Moderate impact on strategy, teaching and learning, operations in the Trust or it's academies. Moderate Reputational damage or stakeholder concern. May result in H&S related absence upto 3 days.	<b>3</b>
<b>Major</b>	Financial impact between £25,000 and £50,000. Major impact on strategy, teaching and learning, operations in the Trust or it's academies. High stakeholder concern. May result in H&S related absence over 3 days.	<b>4</b>
<b>Critical</b>	Significant financial impact in excess of £50,000. Significant impact on the MAT's strategy, teaching and learning or operations. Critical reputational damage. Has significant stakeholder concern. Catastrophic impact on life. Potential loss of an Academy	<b>5</b>



Likelihood	Description	Value
<b>Very Unlikely</b>	Not likely to occur within a 4 year period or less than 5% chance of occurrence. Indicator: Has not occurred/ Is not likely to occur	<b>1</b>
<b>Unlikely</b>	Unlikely to occur within a 4 year period or less than 10% chance of occurring within the next 12 months. Indicator: Unlikely to occur more than once in a 4-year period. Has occurred but not in last 4 years	<b>2</b>
<b>Fairly Likely</b>	Likely to occur within a 4 year period or less than 25% chance of occurring within the next 12 months. Indicator: Some history of occurrence. Could occur more than once within a 4 year period	<b>3</b>
<b>Likely</b>	Likely to occur within a 2 year period or less than 50% chance it will occur in the next 12 months. Indicator: Potential of it occurring more than once within a 4-year period or has occurred in last 2 years.	<b>4</b>
<b>Very Likely</b>	Likely to occur each year, or more than 50% chance of occurrence within the next 12 months. Indicator: Potential of it occurring several times within a 4-year period or has occurred recently.	<b>5</b>

## 6. Risk Tolerance and Appetite

6.1 Risks are evaluated by determining the risk magnitude, which is the product of the likelihood and consequence based on the above criteria.

6.2 The term 'risk appetite' describes the Trust's readiness to accept risks and those risks it would seek to reduce. The Trust's risk threshold to actively reduce risk will be any risk that has been given an exposure score in the **RED** shaded area (represented by scores of 15 and above in the risk matrix below. Above this threshold, the Trust will actively seek to mitigate risk and reduce the current score using controls and policies

		Exposure						
Likelihood	Very Likely	5	5	10	15	20	25	
	Likely	4	4	8	12	16	20	
	Fairly Likely	3	3	6	9	12	15	
	Unlikely	2	2	4	6	8	10	
	Very Unlikely	1	1	2	3	4	5	
			1	2	3	4	5	
			Trivial	Minor	Moderate	Major	Critical	
Impact								

## 7. Risk Status

7.1 All Risks will be assigned a risk status reflecting what the trust is intends to do about the risk, this status is informed by the current risk score. The three Risk Status' that the Trust has adopted are shown below, these are;

Risk Status	Description
<b>Mitigate</b>	Mitigate – Unacceptable current risk score which required immediate development of Controls required to mitigate risk and reduce the current risk score, if required resources to be made available to develop controls. All risks with current risk score of 15 and above to be reported individually to Audit and Risk Committee
<b>Monitor</b>	Monitor – Monitor the Risk and Controls in place and ensure Controls remain effective, where possible enhance controls to further reduce current risk score
<b>Accept</b>	Accept – Current risk score is acceptable with effective controls and mitigations in place

7.2 Depending on the response above, identified risks will be linked to ‘controls’ within the GRConc, which seek to mitigate the risk and reduce exposure. It is the responsibility of ‘Risk Owner’ to the implement the controls and mitigations

7.3 Controls may be linked to one or multiple risks across multiple sites.

Exposure	Response
1 - 5	Accept – Current risk score is acceptable with effective controls and mitigations in place
6 - 12	Monitor – Monitor the Risk and Controls in place and ensure Controls remain effective, where possible enhance controls to further reduce current risk score
15 -25	Mitigate – Unacceptable current risk score which required immediate development of Controls required to mitigate risk and reduce the current risk score, if required resources to be made available to develop controls. All risks with current risk score of 15 and above to be reported individually to Audit and Risk Committee

## 8. Risk Reporting

8.1 The aim of reporting risk is to provide assurance to the trustees, senior leadership teams and auditors that the Trust is effectively managing its risks and has a robust system of internal controls. The GRConc risk management system can produce dashboard reports at academy and central level and auditors can be granted read only access to the system to provide instant secure access to current data. The Risk register will be monitored by all Risk Owners on a termly basis as this fits EMAT’s reporting cycle and with the acknowledgement that risks are relatively static. When an emerging risk is identified this will be added to the risk register immediately. A consolidated report will be presented to Audit and Risk committee meetings by the Head of Shared Service.

The report will consist of a table showing the Current Risk Score for all Core Risks in the Trust, if any Core Risk has a current risk score of 15+ the associated threat/sub-risk will be included as well as a narrative explaining the score and what is being done to reduce the risk score.

The report will also provide details of compliance with policy to ensure all Core Risks and Threats/Sub Risk and Controls have been reviewed on a Termly basis.

## 9. Responsibilities

### 9.1 The Trust Audit and Risk Committee is responsible for:

- understanding the most significant risks facing the organisation;
- providing strategic leadership, review and challenge to the Executive Team;
- reviewing the Risk register at every meeting;
- overseeing the completion of the section regarding risk management within the annual report.

### 9.2 The Head of Shared Service is responsible for:

- deciding upon the strategic risks to be reported to trustees;
- managing the risk register, ensuring it is regularly reviewed and updated;
- ensuring Core Risk Owners reassess and update their risks once a term in advance of the Audit and Risk Committee meeting and whenever it is felt that the risk profile of the trust has changed;
- ensuring Core Risk Owners maintain policies and procedures.

### 9.3 Core Risk Owners will:

- ensure that core risk which they own is reviewed on a termly basis and that the review dates are recorded in GRCon.
- ensure that all Threats/Sub-risk are reviewed on a termly basis and that the review dates are recorded in the GRCon system, if these have been delegated then it is the Core Risk Owners responsibility to ensure the delegated risk owner has completed the tasks
- ensure that any core risks or threats/Sub-risk with current risk score 15+ are addressed and controls are being put in place to reduce the score
- ensure existing controls are fully embedded
- identify and report to the Core Risk Owner any new threats that may impact the core risk
- identify and implement any new controls that could be implemented to reduce risk

### 9.4 Threat/Sub-risk Owners will:

- ensure that threat/sub-risk which they own is reviewed on a termly basis and that the review dates are recorded in GRCon.
- ensure that any threats/sub-risk with a current risk score 15+ are addressed and controls are being put in place to reduce the score working with the Core Risk Owner
- ensure existing controls are effective and embedded work with control owner in the event that further work is required to embed the controls
- identify and implement any new controls that could be implemented to reduce risk
- update the current risk score if they feel that controls have improved or deprecated

### 9.5 Individuals must:

- 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.