

Risk Management policy and procedures

1 Introduction

1.1 This policy explains the Heart of Mercia Multi-Academy Trust approach to risk management and should be read in conjunction with the Trust Risk Register which sets a framework for the identification and management of key risks.

1.2 Definitions

For the purposes of this policy risk and risk management are defined as follows:

Definition of Risk:

Risk is defined as the possibility that an uncertain event, action or set of circumstances which, if to occur, would have a materially adverse or beneficial effect on an organisation.

In the context of a multi-academy trust, risks can occur at organisation-wide level in a way that impacts on the Trust's strategy, at operational level, at a sector level, or at the level of individual academies. Risks are a fundamental part of the work of the Trust and its academies and cannot be eliminated. Rather risk can be identified, managed, and mitigated with appropriate oversight from the Trust Board and central team, and the leadership teams in academies of the Trust.

Definition of Risk Management

Risk Management is defined by the Institute of Risk Management as: "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." Risk Management allows both individual and overall risk to be understood and managed proactively, optimising success by minimising threats and maximising opportunities and outcomes.

1.3 Key Principles for Risk Management

The following key principles outline the Trust's approach to risk management:

1. The Trust has responsibility for overseeing risk management within the organisation.
2. Key risk indicators are identified and closely monitored on a regular basis.
3. The Trust carries out this responsibility through its Audit and Risk Committee.
4. The Board recognises that risk needs to be managed rather than avoided and consideration of risk should not stifle innovative decision-making.
5. Members of the Trust Central team and senior leaders at academy level are expected to review their Risk Register on a termly basis and report to the Trust Board and local governing bodies as appropriate.
6. All colleagues within the Heart of Mercia Multi Academy Trust are encouraged to be involved in the risk management process by the reporting of risks to members

of their academy senior leadership team or members of the Trust central team as appropriate.

2 Aims & Objectives

2.1 The Risk Management Policy and Procedures form part of the Trust's internal control and corporate governance arrangements.

2.2 The Risk Management Policy and Procedures explain the Trust's underlying approach to risk management, documents the roles and responsibilities of the Trust and the Local Governing Bodies, the risk management group at each academy (See points 3 and 4, for definition and details) and other key parties.

It also outlines key aspects of the risk management process and identifies the main reporting procedures.

2.3 Through its risk management policy and procedures, the Trust seeks to ensure that:

- effective risk management is embedded into the culture of each of the academies of the Trust, and that they manage risk in accordance with best practice, where legal compliance viewed as a minimum standard.
- the prevention of injury and damage and the reduction of the cost of risk are of paramount concern.
- academies raise awareness of the need for risk management and the role that Trust staff play in this, through understanding their accountability for individual risks.
- Trust staff report systematically and promptly to the operational area and senior leadership any perceived new risks or failures of existing control measures.
- the Trust central team are informed immediately of serious issues.

The Trust and its academies will seek to anticipate and respond to changing social, environmental, and legislative requirements.

2.4 In addition, it describes the process the Trust Board will use to evaluate the effectiveness of the Trust's internal control procedures.

3 Risk management at the Heart of Mercia Multi-Academy Trust

3.1 Our approach to Risk Management

The following points outline the Trust's approach to risk management and internal control:

- as a publicly funded provider of maintained education, the Trust defines its risk appetite as 'low to medium' (See 3.2.2).
- a Risk Appetite/Tolerance above which risks should not be Accepted/Closed
- the Trust and its academies assess and evaluate risk through a risk register and then manage risk.
- the Trustees have responsibility for overseeing risk management within the Trust as a whole. This is overseen at a local level by the Local Governing Bodies within each academy.

- an open and receptive approach to solving risks is adopted by the Trustees and the Local Governing Bodies.
- the Chief Executive and the central team support, advise and implement policies approved by the Trust and act as the Trusts Risk Management Group. The Senior Leadership Team of each academy is the Risk Management Group for that academy.
- Senior and middle managers at each academy are responsible for encouraging good risk management practice within their designated managed area.
- They regularly identify, closely monitor, and evaluate risks and key risk indicators which could prevent the Trust/academy from achieving one or more of its strategic aims, objectives, and delivery targets, or make their achievement substantially more difficult.
- They assess the likelihood of such risks occurring (critical, high, medium, low) and the potential impact of such occurrences with reference to the areas of finance, reputation, and planning/operations.
- They enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.
- Control measures are based on the 4T's approach:
 - Tolerate (accept or retain)
 - Transfer (contract out or insure)
 - Treat (control or reduce)
 - Terminate (avoid or eliminate)
- The Trust makes prudent recognition and disclosure of the financial and non-financial implications of risks.

3.2 The Risk Management Framework



Risk Registers are managed by the Trust and its academies through the Trust portal. The points below explain how risks are managed across the Trust.

3.2.1 Risk Categories and Impact Types

DfE risk management guidance points to the following common categorisation of risks:

- Internal risks - these are 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.
- 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 funding conditions, a pandemic or extreme weather.
- Strategic risks – these are risks to the achievement of the academy trust’s core objectives. For example, the risk of high staff turnover.
- Project risks – risks associated with any critical projects the academy trust may be involved in. For example, slippage on the delivery timescale for a new building.

The Trust delineates risk into the following compliance areas:

- Cyber Security
- Data Protection
- Estates and Sustainability
- Finance
- Governance
- Health and Safety
- Human Resources
- Safeguarding
- SEND

Academy risk registers will contain other risks that are pertinent to them or arise from their specific context.

The types of impact the Trust is most concerned with are:

- Financial
- Operational (including delivery, outcomes, and recruitment).
- Well-being
- Legal/Regulatory
- Reputational

3.2.2 Risk Appetite

Risk appetite (tolerance) can be defined as: 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives'.

The Trust’s appetite for risk is Low-Medium.



| Risk Ratings | |
|--------------|---------|
| Rating | Range |
| Critical | 19 - 25 |
| High | 13 - 18 |
| Medium | 7 - 12 |
| Low | 0 - 6 |

3.2.3 The Risk Management Cycle

Risk owners analyse and review risks and their risk registers three times a year prior to the Trust Audit and Risk Committee.

The reviewing of risk at the Trust involves the following stages:

- Operational Review
- Academy Review
- Strategic Review
- Report to the Audit and Risk Committee

Risk acceptance is a **deliberate decision to accept the probabilities and effects of a certain risk**. A review of risk acceptance is undertaken by the Risk Owner on a yearly basis at the end of the summer term.

In instances where the implementation of risk management strategies has been successful i.e. the actions taken to reduce the risk's impact or likelihood have yielded the desired result(s), the risk owner may consider closing the risk. This review occurs on a two-year cycle. Risk owners will ensure that the entire history of the risk, from identification to closure, is well-documented for future reference and audits.

3.3.4 Analysing Risk

The Trust uses the following approach to score risk.

Risk owners analyse risks and score them 1-5 in terms of Likelihood and Impact. The overall score for each risk is achieved by multiplying the Likelihood score by the Impact score (see below).

Glossary

| Likelihood Scores | | Impact Scores | | Risk Ratings | |
|-------------------|-----------------------------|---------------|---------------------|--------------|---------|
| Score | Description | Score | Description | Rating | Range |
| 1 | Not Foreseeable | 1 | Negligible | Critical | 19 - 25 |
| 2 | Foreseeable, but Unexpected | 2 | Slightly Damaging | High | 13 - 18 |
| 3 | Expected, but not Common | 3 | Moderately Damaging | Medium | 7 - 12 |
| 4 | Common | 4 | Highly Damaging | Low | 0 - 6 |
| 5 | Is/Could be Happening Now | 5 | Catastrophic | | |

4 Roles and Responsibilities

4.1 Role of the Trustees and Local Governing Bodies

The Trustees role in the management of risk is to:

1. set the tone and influence the culture of risk management within the institutions, including:

- determine whether the Trust is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue.
 - determine what types of risk are acceptable and which are not, and the setting the standards and expectations of staff with respect to conduct and probity.
2. approve major decisions affecting the Trust's risk profile or exposure.
 3. monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
 4. consider whether there are any emerging themes across the academies and, if so, whether a Trust wide response or intervention is required.
 5. consider top level risks (e.g. Government decisions on funding which may have negative financial implications) which will impact the Trust and/or its academies and request updates thereon.
 6. satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
 7. review annually the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures. Identifying emerging themes across the academies and deciding whether intervention or guidance are required.

4.2 Role of the Risk Management Group

1. The Risk Management Group for the Trust is the central team.
2. The Risk Management Group for individual academies of the Trust is their Senior Leadership Team.
3. The Risk Management Champion for the Trust is the Chief Executive.
4. The Principals/Heads are the Risk Management Champions for their academy.

Key roles of the risk management group at each level are to:

- take overall responsibility for the administration and implementation of the risk management process.
- identify and evaluate the significant risks faced and report these to the Trustees and the Local Governing Bodies as appropriate.
- provide adequate information in a timely manner to the Board of Trustees and its committees on the status of risks and controls.
- report on risk management action plan implementation to the Audit and Risk Committee and the Trustees and Local Governing Bodies.
- Review and update the appropriate risk register on a termly basis.
- Undertake an annual review of effectiveness of the system of internal control and provide a report to the Trustees and Local Governing Bodies.

4.3 Senior Risk Owners

Both academies and the Trust have senior risk owners who ensure the effective implementation of the risk management policy and procedure in the specific categories identified in 3.2.1 and are responsible for the risk register in that category.

Where a risk falls outside these categories and is contained in the academy risk register; the senior risk holder is the academy principal/head.

5 Risk Management as part of the system of internal control

The system of internal control incorporates risk management. This system encompasses several elements that together facilitate an effective and efficient operation, enabling the Trust to respond to a variety of operational, financial, and commercial risks. These elements include:

Policies and Procedures

Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Trustees and the Local Governing Bodies and implemented and communicated by senior leaders to staff. Written procedures support the policies where appropriate.

Termly review and reporting

Termly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the senior management team, the Trustees, and the Local Governing Bodies, if appropriate.

Business planning and budgeting

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

High Level Risk Action Plan (significant risks only)

The Trust/Academy risk register is compiled by the Risk Management Group of the Trust or academy and helps to facilitate the identification, assessment, and ongoing monitoring of risks significant to the Trust and its academies. The document is formally appraised annually with emerging risks added as required. Improvement actions and risk indicators are monitored on a termly basis (overseen by the MAT Executive Group, academy SLTs and Trust Audit and Risk Committee).

Audit and Risk Committee

The Audit and Risk Committee in their report to the Trust Board on internal controls alert Trustees to any emerging issues. In addition, the Committee oversees internal audit, external audit and management as required in its review of internal controls. The Committee is therefore well-placed to provide advice to the Board and Local Governing Body on the effectiveness of the internal control system, including the Trust's system for the management of risk.

Capital Projects

Significant capital projects will include the preparation of a separate risk analysis.

Internal Audit Programme

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the Trust.

External Audit

External audit provides feedback to the Audit and Risk Committee on the operation of the internal financial controls reviewed as part of the annual audit.

Third Party Reports

From time to time, the use of external consultants will be necessary in some areas requiring specialist knowledge, such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of internal control system.

6 Annual Review of Effectiveness

6.1 The Trustees and the Local Governing Bodies are responsible for reviewing the effectiveness of internal control of the Trust and individual academies, based on information provided by the risk management groups. Its approach is outlined below.

For each significant risk identified, the Trustees and Local Governing Bodies will:

- review the previous year and examine the Trust/academy track record on risk management and internal control.
- consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In making its decision the Trustees and the Local Governing Bodies will consider the following aspects:

a) control environment

- the objectives and its financial and non-financial targets.
- organisational structure and calibre of the central team and senior leadership teams in individual academies.
- culture, approach, and resources with respect to the management of risk.
- delegation of authority and public reporting.

b) on-going identification and evaluation of significant risks

- timely identification and assessment of significant risks; and prioritisation of risks and the allocation of resources to address areas of high exposure.

c) Information and communication

- Quality and timeliness of information on significant risks; and time it takes for control breakdowns to be recognised or new risk to be identified.

d) Monitoring and corrective action

- Ability of the Trust to learn from problems, its commitment and responsiveness with which corrective actions taken are implemented.

Equality Impact

The Trust's responsibilities towards promoting equality, diversity and inclusion have been considered when drafting this policy.

| Date of review | Date agreed | LGBs | MAT Board | Review date | Comments |
|----------------|-------------|-------------|------------|---------------|----------|
| February 2025 | March 2025 | Summer 2025 | April 2025 | February 2026 | |