

RISK MANAGEMENT POLICY

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Next Review Due: January 2027

Introduction

The purpose of this document is to outline BDAT's overall approach to risk management to address the risks facing the Trust and academies in achieving our ambitions and delivering our Strategic Plan objectives. PRINCE2 defines risk as *"an uncertain event or set of events that, should it occur, would have an effect on the achievement of objectives"* and risk is inherent in everything that BDAT does to deliver high quality services. This document highlights the Trust's framework for managing a balanced approach to risk and opportunity and sets out the process through which risks will be identified, measured, managed, monitored and reported.

Policy Statement

BDAT are committed to effective identification and assessment of risk. The objectives for managing risk across the Trust are:

- To ensure that the risks and opportunities facing the Trust and individual academies are identified and appropriately documented.
- To provide assurance to the Trust Board and Audit and Risk Committee that risks are being adequately mitigated and controlled, and/or areas for improvement identified.
- To ensure appropriate action is taken in identifying, measuring, managing, monitoring and reporting risks.
- To meet the Academies Financial Handbook 2023 requirement that *"Academy Trusts must manage risks to ensure their effective operation and they must maintain a risk register."*
- To reduce the likelihood of impact on teaching and learning across the BDAT family of schools.

Why we need to manage risk

In order for the Trust to meet its strategic objectives it is important that risk has a suitably high profile and everyone recognises the role they play in helping to manage risk. We manage risk on a daily basis without describing this as 'risk management'. We consider what might go wrong and take steps to reduce the impact if things do go wrong. However, the Trust cannot rely on informal processes alone. As a public body, we must provide assurance to the Department for Education (DfE), the Education and Skills Funding Agency (ESFA), the Charity Commission, Ofsted, auditors, Local Governing Bodies, the Audit and Risk Committee and Trustees that we are managing risk correctly. We therefore need to formally identify corporate risks and mitigating actions.

BDAT approach to Risk Management / Roles and Responsibilities

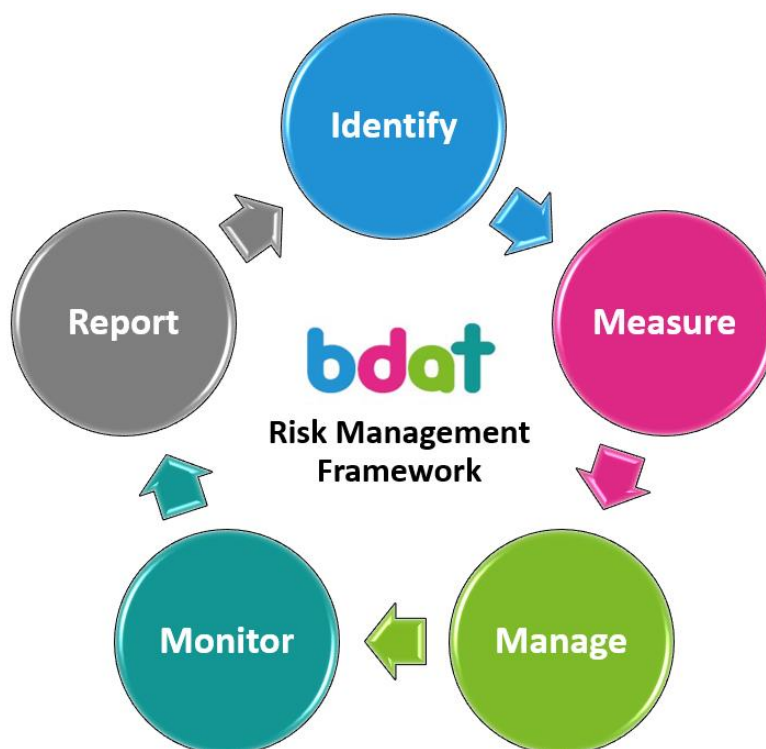
The following key principles outline the Trust's approach to risk management:

- As the principal executive and policy-making body, the Trust Board has overall responsibility for risk management, including ultimate oversight of the risk register, drawing on advice provided to it by the Audit and Risk Committee.
- The Trust is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives.

- There should be an open and receptive approach to ensure effective risk management is embedded throughout the Trust.
- The Audit and Risk Committee monitors the effectiveness of the Trust Board's approach to risk management.
- The Executive Team and Local Governing Bodies are responsible for encouraging and implementing good risk management practice within the Trust and its academies.
- Principals / Head Teachers and SLT of academies within the Trust are responsible for encouraging and implementing good risk management practice within their areas of responsibility.
- Early warning mechanisms will be put into place and monitored to alert the Trust so that remedial action can be taken to manage any potential risks.
- The CEO has a moderation role and should discuss key risks at each academy with the Principal / Head Teacher and report outcomes of these discussions to the Board.
- Identified risks must be controlled and monitored by comprehensive risk assessments.
- Risk management training will be provided as required.
- The Trust's management of risks includes contingency and business continuity planning.
- BDAT's Head of Corporate Projects is responsible ensuring the risk management system is operational and fit for purpose.

Risk Management Framework

Based on ESFA risk management guidance, the Trust has developed a risk management strategy built around a comprehensive risk management and controls assurance framework, as detailed in the 5 stages set out below:



1. Identify Risks

At the risk identification stage, all potential events that are a threat to the achievement of business objectives are identified, defined and categorised. All BDAT employees have responsibility for contributing to the BDAT risk management strategy by alerting a member of their Senior Leadership Team (SLT) to potential risks. It is the collective responsibility of the SLT and the Local Governing Bodies (LGBs) to determine how these risks are evaluated and mitigated in the Trust risk register.

To ensure all major risks are identified, BDAT categorises risks into six core areas, although it is accepted that some risks may cut across more than one of these categories:

- a) Building Risks
- b) Educational Risks
- c) Financial Risks
- d) Safeguarding Risks
- e) Legal Risks
- f) Reputational Risks

Newly identified risks will be logged on the Trust risk register and will be allocated a risk owner to monitor the risk. All risks should be linked to a Control, this shows how the risk owner and SLT have considered reducing the impact/likelihood of the risk.

BDAT has a medium tolerance to risk, which is kept under review, accepting that whilst the company continues to grow some risk will occur and can be managed. All risk regardless of severity will be monitored. All risks will be allocated an owner to monitor them. More extensive actions will be put in place depending on the likelihood or probability of the risk occurring.

2. Measure Risks

Once risks have been identified and logged, it is important to measure them to give a standard for comparing the risks consistently. Measurement consists of assessment, evaluation and ranking. The aim of assessment is to better understand each specific instance of risk and how it could affect Trust and academy objectives. Identified risks need to be put into perspective in terms of potential severity of their impact and likelihood of their occurrence:

- The likelihood or probability of the risk occurring (unlikely, possibility, likely, highly likely)
- The impact or severity should the risk occur (minimal, minor, significant, major)

Defining Likelihood

1. Unlikely is a risk that could happen but is more unlikely (less than 50%)
2. Possibility is when there is a 50:50 chance of a risk occurring.
3. Likely is where there is more than 50% chance a risk will happen.
4. Highly likely is where there is a high chance of a risk occurring (more than 80%)

Defining Impact

1. Minimal impact is where, should a risk occur, it is likely to have a minor impact on the delivery of business objectives or company finance, however this risk will not impact on business success. In many cases this kind of risk can be accepted.
2. Minor impact is where, should a risk occur, it will have a notable impact on the delivery of a business objectives. Mitigating action may need to be planned in case of a minor risk.
3. Significant impact is where, should a risk occur, it will have a wide-reaching impact on more than one Trust or academy business objective and will require some re-profiling of resources and finance to mitigate.
4. Risks with major impact are those likely to cause core business disruption and involve significant business re-planning and resourcing to prioritise and mitigate. These types of risks are likely to have a major financial impact.

Whilst it is important that all significant risks are identified and monitored, including too many risks on the register can make it unwieldy and difficult to review and maintain.

Evaluation – The overall cumulative prioritisation of risk needs to be considered using a combined assessment of both likelihood and impact. By combining impact and likelihood scores, BDAT can prioritise risk based on the agreed risk tolerance strategy and agree mitigating actions with risk owners.

Ranking – Once the scores for likelihood and impact have been combined into a single risk score, they can be plotted on a risk matrix or heat map. BDAT has adopted a heat map which is included in the Appendix of this Risk Management Policy to aid the assessment, evaluation and ranking of risks. A simplified version of the heat map is included below:

Risk Matrix	Unlikely 1	Possible 2	Likely 3	Highly Likely 4
Major Impact 4	4	8	12	16
Significant Impact 3	3	6	9	12
Minor Impact 2	2	4	6	8
Minimal Impact 1	1	2	3	4

3. Manage Risks

Once risks have been assessed, evaluated and ranked, the Trust and academies will need to ensure there are appropriate plans in place to manage and control them. These plans will include preventative controls, mitigation processes and contingency plans, if risks materialise. Selecting the most appropriate risk treatment option involves balancing the potential benefits against the risk capacity, cost, effort and any disadvantage of any proposed actions.

The amount of risk that the Trust is willing to accept in the pursuit of its objectives is known as the 'Risk Appetite', which can vary over time. The Board should therefore, when considering risk, discuss and express the risk appetite as they see it. BDAT's Board of Trustees have agreed a two-phase risk

appetite, +9 will be the appetite for risks reviewed by the Local Governing Bodies and +12 will be the appetite for risks to be reviewed by the Trustees termly, in addition to the annual review cycle.

Depending on the level of cumulative risk score, risks may be **accepted**, **monitored** or **mitigated**. The following table sets out the action required to mitigate the level of cumulative risk, the form of risk management and the frequency of risk review:

Low Risk 1 to 3	<ul style="list-style-type: none"> • Accept Risk. Monitor and mitigate within options available in agreed business plan. Monitor through SLT quarterly, only review annually at Board level if escalated.
Medium Risk 4 to 11	<ul style="list-style-type: none"> • Monitor Risk. Plan additional mitigating actions to reduce the likelihood of risk occurring. Monitor through Head / Principal termly, only review annually at Board level if escalated.
High Risk 12+	<ul style="list-style-type: none"> • Mitigate Risk. Identify counter measures as soon as possible. Monitor through LGB (or appropriate committee) termly and at all Board meetings.

The risk score before strategies have been implemented is known as the pre-mitigation or inherent risk. The risk score after strategies have been implemented is known as the current or residual risk.

The risk register steers risk owners into considering risk appetite when updating a risk entry. Risk owners need to consider not only the inherent and residual risk status, but also the target risk score status, i.e. the risk score to be achieved after actions to further mitigate the risks.

4. Monitor Risks

Monitoring should be a continuous process as this supports the Trust's understanding of whether and how the risk profile is changing. Monitoring also provides assurance on the extent to which the mitigating actions and controls are operating as intended and whether risks are being managed to an acceptable level.

The risk register is central to risk management. As risks are identified, they should be logged on the register and the associated control measures documented. Circumstances and Trust priorities can, and do, change, and therefore risks, opportunities and their circumstances need to be regularly reviewed. As such, the risk register should be considered a 'live document' and monitoring should be an on-going process. BDAT currently uses a web-based risk management system to record and monitor risks at both Trust and academy level. This system includes template risk assessments, linked controls, appropriate monitoring and comprehensive audit trails to provide the necessary assurances to the Local Governing Bodies and Trustees.

5. Report Risks

The Trust Board has overall responsibility for risk management, including ultimate oversight of the risk register, drawing on advice provided to it by the Audit and Risk Committee. The information reported to Trustees and the Audit and Risk Committee should be clear and provide key information on the significant business risks.

All reports presented to the Board, Head / Principal and LGB should be downloaded from the risk management software; the system enables a wide variety of reports, however, all reports should include cumulative risks in descending order as a minimum requirement. The information should support the Trustees and Audit and Risk Committee to assess whether decisions are being made within their risk appetite, to review the adequacy and effectiveness of internal controls, to reprioritise resources and improve controls to identify emerging risks.

Trust's annual review of effectiveness

The core risks for each academy and for the Trust overall, will be reported to the Board of Trustees on a termly basis. In addition, the Trust will undertake an annual review to consider:

- consistency in the approach to risk management across individual academies;
- whether risk management continues to be linked to the achievement of the Trust's objectives;
- each LGB risk register to ensure the appropriate risk appetite or level of exposure for the Trust as a whole;
- whether risk review procedures cover fundamental reputational, governance, staff, teaching, operational, compliance, student experience, estates, financial and other risks to achieving the Trust's objectives;
- whether risk assessment and risk-based internal control are embedded in ongoing 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 internal audit and other assurance functions;
- the extent and frequency of reports on internal control to the Board and whether this is sufficient for the Trustees to build up a cumulative assessment of the state of control and effectiveness of risk management;
- the incidence of any fundamental control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results;
- the effectiveness of the Trust's public reporting processes;
- the effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

Termly Reviews

In order to meet the remit of the Trustees and Audit and Risk Committee, the following programme is to be followed:

a. Local Governing Bodies (LGBs)

The following have been agreed with the Risk Working Group:

Autumn – Education, Safeguarding
Spring – Buildings, Financial
Summer – Legal, Reputational

b. Trust

Second half of autumn term	MAT board review MAT high level risks and record
Second half of spring term	MAT board review academy high level risks and record
Second half of summer term	MAT board review complete Risk Register

c. Audit and Risk Committee

The Audit and Risk Committee will receive a risk report from the Trust Executive Team at all their meetings. These reports will confirm that LGBs are complying with the strategy through scrutiny of LGB minutes, that the Trust Board is reviewing the MAT risks and that any emerging risks are highlighted.

Links to Other Guidance and Policies

This policy should be read in conjunction with the following guidance:

[Academy Trust Handbook 2023 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901231/academy-trust-handbook-2023.pdf)

[Academy trust risk management - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/academy-trust-risk-management)

Heat Map for Assessing Risks – Guidance for Headteachers and School Business Managers

		Qualitative Impact				
IMPACT IF RISK OCCURED	4	Major Impact a) Academy can no longer stay open b) Academy results indicate high risk of special measures c) Academy is no longer financially viable d) Academy safeguarding is identified as putting pupils at risk of serious harm e) Serious legal or regulatory breach f) Prolonged reputational damage/recurrent adverse national media coverage	4	8	12	16
	3	Significant Impact a) Part of the Academy cannot stay open b) Academy results drop below floor c) Academy is heading into deficit budget within this academic year d) Academy safeguarding policies and/or procedures identified as not fit for purpose e) Minor legal or regulatory breach f) Medium term reputational damage/actual adverse national media coverage	3	6	9	12
	2	Minor Impact a) Academy requires urgent upgrade/maintenance b) Academy results indicate establishment is coasting c) Academy is predicting a deficit budget within three academic years d) Some elements of safeguarding need to be improved e) Minor interest from regulator f) Minor adverse reputational impact/actual adverse local media coverage	2	4	6	8
	1	Minimal Impact a) Academy requires planned upgrade/maintenance b) Academy results starts to show a downward dip in achievement c) Academy is unable to build/maintain a surplus budget d) Academy safeguarding is identified as generally fit for purpose e) No regulatory interest f) Minimal, short term reputational impact/threat of adverse local media coverage	1	2	3	4
	Please use the examples provided as guidance only. a) Building Risks b) Educational Risks c) Financial Risks d) Safeguarding Risks e) Legal Risks f) Reputational Risks		Unlikely to happen	Possibility of happening	Likely to happen	Highly likely to happen
		1	2	3	4	
		LIKELIHOOD OF RISK OCCURRING				

It is the responsibility of the Head and School Business Manager to determine the appropriate threshold for assessing risks.

Medium Risks (Amber) should be reported and reviewed with the Head termly. High Risks (Red) should be reported and reviewed with the Local Governing Body (or appropriate committee) termly.