



Emmanuel

Diocese of Liverpool
Academies Trust

Risk Management Policy

‘serving flourishing communities’

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1.0 Contribution to the Trust Vision and Individual School Visions

- 1.1 This policy actively contributes to the Trusts Vision and also school's individual visions.
- 1.2 In managing risk the Trust is demonstrating effective stewardship and leadership, showing care and protection within a Christian shepherding relationship, enabling all to flourish in working towards 'life in all its fullness' (John 10:10).

2.0 Policy statement

- 2.1 The Members and Directors of Emmanuel Diocese of Liverpool Academies Trust 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.
- 2.2 The Trust Board acknowledges that risk cannot be entirely eliminated, however, they hold the Chief Executive Officer (CEO) to account for putting in place appropriate mitigation to ensure risk is not damaging.
- 2.3 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.
- 2.4 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.

3.0 Scope and purpose

- 3.1 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.
- 3.2 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.
- 3.3 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.

4.0 Risk management objectives

- 4.1 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

5.0 Risk Management Strategy

- 5.1 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

5.2 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

5.3 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, 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

6.0 Responsibilities and Arrangements

6.1 Roles and Responsibilities

Trust Board

- Set the tone and culture of risk management within the Trust
- Determine the risk appetite at any given time and in relation to specific risks and the capacity of the Trust
- Approve and review the framework for managing risk
- Oversee major decisions affecting the Trusts risk profile or exposure
- Monitor risks through the Audit and Risk Committee and seeks appropriate assurance that risks are well managed with clear lines of accountability

Audit and Risk Committee

- Understand the Trust's business strategy, mission and operating environment and associated risks and opportunities
- Understand the framework for managing risk and critically challenge and review this framework
- Work with the Executive in identifying an appropriate cycle of internal scrutiny which is risk driven and provides appropriate assurance

CEO (Accounting Officer)

- Oversees the strategic management of risk throughout the Trust
- Sets the tone and culture for the risk environment with the Trust Board
- Ensures that the audit committee and board receive accurate and timely reports to allow appropriate governance of risk

Accountable for the risk management framework

- Supports the work of those in the central team with risk and compliance responsibilities in leading the reviews of the risk register

Executive Leadership Team

- Identify risks by gathering information from teams within the Trust, including Headteachers, members of the central team, external agencies and contacts and other Trusts
- Headteachers
- Implement policies on risk management and ensure internal control in their school
- Identify and evaluate the fundamental risks in their own organisation and notify the CEO of any potential risks that may affect others
- Works with the CEO, those in the central team with risk and compliance responsibilities, and internal and external auditors to undertake any review of risk and to assess the effectiveness of internal systems of control
- Informs the CEO immediately of any potential risk (including reputational)

Person Accountable for Named Risk

- Monitors the risk within teams or an organisation
- Provides assurance to ELT that controls that are in place to reduce the risk are suitably designed, consistently applied and effective

Central Team Staff with risk and compliance responsibilities

- Leads a termly review of the risk register ensuring that risks are appropriately recorded and monitored
- Supports risk owners in monitoring and reducing risk
- Oversees the internal scrutiny cycle, providing risk driven assurance to the CEO
- Prepares 3 risk management board reports annually allowing scrutiny of the top risks currently being managed and including the risk register and heat map
- Advises the CEO and other risk owners when potential risks are encountered
- Is the responsible officer for Health and Safety

6.2 Risk Management Identification

Risks are all potential events that are a threat to the safety of individuals and/or the achievement of the Trusts objectives. Risk management is informally considered with every decision. The Executive Leadership Team formally reviews the risk register, at least once a term, though more frequent reviews by individual members of the team may take place more frequently. Risks are framed in the context of the Trust's Corporate Strategy and risks identified on the individual school risk registers. All risks are categorised using the below table.

Headteachers review their own risk register at least annually and in relation to the Trust Risk Register. This is considered in Executive Headteacher line-management meetings and training is provided from specialist providers in relation to specific risks that need to be managed on an ongoing basis. The specific school risk register may or may not inform the trust risk register and vice versa.

Category of Risks:

Category	Definition
Governance	Risks related to the direction and control of the Trust
Educational	Risks related to the educational outcomes
Safeguarding	Risks related to the safety of pupils
Financial	Risks to the financial stability and sustainability of the Trust
Operational	Risks to the day to day running of the Trust
External	Risks external to the Trust that pose a threat
Compliance with law and regulation	Risks created by compliance issues
Strategic	Inherent risk in Trust wide decision making
Reputational	Risk to the reputation of the Trust

6.3 Risk Management Measurement

To understand each specific risk and allow for prioritisation, each one is assessed according to its likelihood and the impact if it did occur. Once impact and likelihood are determined, the risk is then given an overall risk score by calculating Impact x Likelihood. The score then determines how actively the risk is reviewed according to the below table.

Risk Matrix			Likelihood				
			Remote	Unlikely	Possible	Probable	Highly Probable
			1	2	3	4	5
Impact	Extreme / Catastrophic	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Insignificant	1	1	2	3	4	5

Risk Score (Impact x Likelihood)	Overall Rating	Review
1 - 2	Very Low Risk	Annually
3 - 4	Low Risk	Annually
5 - 10	Medium Risk	Termly
12 - 16	High Risk	Every half term
20 - 25	Very High Risk	Every half term

Likelihood and impact descriptors:

Likelihood Descriptor	Score	Example
Remote	1	May only occur in exceptional circumstances
Unlikely	2	Expected to occur in a few circumstances
Possible	3	Expected to occur in some circumstances
Probable	4	Expected to occur in many circumstances
Highly Probable	5	Expected to occur frequently in most circumstances

Impact Descriptor	Score	Impact on Trust
Insignificant	1	No Impact on service No Impact on reputation Complaint unlikely Litigation risk remote
Minor	2	Slight impact on service Slight impact on reputation Complaint possible Litigation possible
Moderate	3	Some service disruption Potential for adverse publicity – avoidable with careful handling Complaint probable Litigation probable
Major	4	Service disrupted Adverse publicity not avoidable Complaint probable Litigation probable
Extreme/Catastrophic	5	Service interrupted for significant time Major adverse publicity not avoidable (National media) Major litigation expected Resignation of senior management and board Loss of stakeholder confidence

6.4 Risk Management Response

Once the risk is identified and understood, action is determined. The action will consider:

- Risk appetite – the amount of risk the Trust is willing to accept in pursuit of our strategic objectives.
- Risk capacity – the resources (financial, human, etc) which the Trust can put in place to manage the risk

The following are the actions which may be taken:

Action	Explanation
Tolerate	No action taken Controls not deemed cost effective Risk impact so low it is considered acceptable
Treat	Control measures put in place to minimise likelihood of occurrence or of impact Potential identification of contingency measures in case of occurrence Demonstrable assurance identified in controlling the risk Risk re-assessed for residual risk score and rating
Transfer	Risk transferred to third party Usually via insurance or payment Risk re-assessed for residual risk score and rating
Terminate	Remove the risk Effective where there is no material effect on operations Considered when risk is highly ranked and other actions are impractical or too expensive Risk re-assessed for residual risk score and rating
Take Advantage	Considered when potential benefits of intelligent risk taking outweigh the potential negatives Intelligent risk taking may strategically advantage the Trust

Risk Management Appetite

The trust will not take unnecessary risks unless they are justifiable. If taking a risk indicates that the trust's reputation and operation could be jeopardised, the trust will always consider the likelihood of this happening and how the risk will be controlled.

The trust accepts that risk is inevitable and is part of improvement, development and implementation; however, risk taking will be subject to the satisfactory completion of assessment and due diligence.

Where the cost or consequence of the risk and its likelihood of capitulating is deemed too high, and the methods involved which create the risk cannot be amended or removed to decrease the probability of severe consequence, the action will not take place as long as the trust can control this.

The risk appetite will be informed by an understanding of the trust's capacity, such as finances and staff availability, to mitigate the risk and secure positive outcomes.

6.5 Risk Management Monitoring

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. The Trust Risk Register is the tool which allows effective monitoring of risk.

The Executive Leadership Team are responsible for monitoring risk and the risk owner is responsible for providing appropriate assurance to the board that the risk is well-managed. Assurance may be provided in diverse ways depending on the level of the risk, the higher the risk the more likely it is that a higher level of assurance is needed.

- First Line – Staff and management who own and manage the risk on a day to day basis, front line or business operations eg school business manager.
- Second Line – The board who oversee the effectiveness of the risk management framework.
- Third Line – Internal scrutiny function that provides independent assurance on overall effectiveness of risk management and controls.
- Fourth Line - Assurance from external independent bodies such as the external auditors and other external bodies

6.6 Risk Management Reporting and Review

The risk register is reviewed by the Trust Board (usually through the Audit and Risk Committee) three times a year and is recommended for approval to the Trust Board as set out in the Scheme of Delegation. The review process is flexible and, in all cases, allows for targeted focus on the highest priority risks.

7.0 Review of Policy

This policy is reviewed and amended annually.