DIOCESE OF SOUTHWELL
& NOTTINGHAM
MULTI ACADEMY TRUST

# STRATEGY FOR

# RISK MANAGEMENT

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| **Policy:** | SNMAT Risk Management Strategy |
| **Approved by:** | SNMAT Board of Directors |
| **Date:** | February 2025 |
| **Review cycle:** | 3 yearly |

**VERSION CONTROL**

| VERSION | DATE | AUTHOR | CHANGES |
|---|---|---|---|
| 2022 | 16 March 2022 | SKP | 4.1 change "Trust has" to "Directors have". Annually removed from requirement to review the Trust's approach to risk management.<br>9.0 and 10.0 change "Audit committee" to "Audit and Estates Committee" |
| 2025 | 30 January 2025 | SKP | No changes |
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# Diocese of Southwell and Nottingham Multi Academy Trust
# Risk Management Strategy

## 1.0 Introduction

1.1 Risk management is the process whereby the trust/academy methodically addresses the risks attaching to its objectives and associated activities with the goal of achieving sustained benefit within each activity and across the whole range of activities.

1.2 Risk management is aimed at ensuring that the trust/academy achieves its objectives in the most effective way and resources are directed at those objectives. It is seen as a separate exercise but as the means of best achieving the academy's objectives.

1.3 This risk management strategy has been designed to provide a framework for managing the risks the trust/academy faces and ensure its objectives are achieved in the most effective way.

1.4 It has been designed for use by all staff of the trust/academy and it serves to:

- Communicate the strategies for managing risk in the trust/academy;
- Establish procedures which should be adopted in the risk management process.

## 2.0 The Aims and Objectives of Risk Management

2.1 The trust/academy's overall risk management plan is aimed at:

- Protecting its students, staff and assets;
- Managing risk in accordance with best practice and reducing the cost of risk;
- Anticipating and responding to changing social, environmental and legislative requirements;
- Raising awareness of the need for risk management;
- Integrating risk management into the culture of the trust/academy;
- Adopting legal compliance as a minimum standard.

2.2 These aims and objectives will be achieved by:

- Establishing and maintaining a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all staff;
- Maintaining documented procedures for the control of risk;
- Providing suitable information, training and supervision;
- Maintaining effective communication and the active involvement of all staff;
- Maintaining an appropriate incident reporting and recording system with investigation procedures to establish cause and prevent recurrence;
- Monitoring arrangements on an ongoing basis.

## 3.0 The Potential Benefits of Risk Management

3.1 Effective risk management protects and adds value to the Trust/academy and its stakeholders through supporting the Trust's/academy's objectives by:

- Improving decision making, business planning and prioritisation by comprehensive and structured understanding of the wider business environment
- Supporting more efficient allocation and use of resources within the academy
- Enhancing communication between academies and services
- Protecting and enhancing academy assets and image
- Developing and supporting staff and the academy's knowledge base
- Helping to focus the internal audit plan

## 4.0 The Structure and Administration of Risk Management

4.1 The Directors have a fundamental role to:

- Set the tone and influence the culture of risk management within the Trust;
- Determine the appropriate risk appetite or level of exposure for the Trust;
- Approve major decisions affecting the Trust's risk profile or exposure;
- Set policy and strategy for risk management;
- Frequently monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact;
- Satisfy themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- Review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

4.2 The Academy Local Governing Body will:

- Support and implement Trust policies;
- Establish risk response procedures, including contingency and business continuity plans;
- Provide adequate information in a timely manner to the Trust and its committees on the status of risks and controls;
- Focus and co-ordinate risk management activities throughout the academy;
- Raise the level of management awareness and accountability for the risks experienced by the academy;
- Develop risk management as part of the culture of the academy;
- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of the academy.

4.3 The Principals/Headteachers will:

- Have primary responsibility for managing risk on a day-to-day basis;
- Have responsibility for promoting risk awareness within their academy;
- introduce risk management objectives into their planning;
- Identify and evaluate the significant risks faced by their operations for consideration by the Local Governing Body, its committees and the MAT Board of Directors;

- Ensure that risk management is incorporated at the conceptual stage of projects as well as throughout a project;
- Ensure that risk management is a regular management meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis;
- Report early warning indicators to the Local Governing Body, its committees, and the Board of Directors.

4.4 The MAT Business Director will:

- Develop specific programmes and procedures for establishing and maintaining risk management activities within the Trust and its academies;
- Ensure the dispersal of vital information;
- Provide guidance, interpretation and understanding of the risk management systems.

## 5.0 Risk Identification

5.1 Risk is about missed opportunities as well as adverse events. All areas of activity within the trust/academy and partnerships with third party organisations should be considered together with what would stop them being as successful as they should. The key risks that the trust/academy faces will be those that would stop it achieving its objectives in these areas.

5.2 All staff with responsibility for delivering operations, aims or targets need to understand the trust/academy corporate objectives and the legal and regulatory environment in which it operates.

5.3 These are translated into detailed business plans and performance indicators for each area of activity. This is an ongoing annual exercise with regular updating of aims.

5.4 The next step is to identify what would stop each area being as successful as it should.

5.5 Categories of risk would include:

- **Strategic risks** – concern the long-term strategic objectives of the trust/academy. They can be affected by such areas as capital availability, legal and regulatory changes, reputation and changes in the physical environment. For example, failure to recognise sector message.

- **Operation risks** – concern the day-to-day issues that the organisation is confronted with as it strives to deliver its strategic objectives. For example, failure to maintain timely and accurate learner data.

- **Compliance risks** – concern such issues as health and safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues. For example, breach of employment laws.

- **Financial risks** – concern the effective management and control of the finances of the trust/academy and the effects of external factors such as interest rate movement and other market exposures. For example, failure to balance budget.

5.6 The risks that have been identified should be recorded on the risk register for each academy and incorporated, as necessary, into the central MAT consolidated risk register.

## 6.0 Risk Estimation Guidelines

6.1 Having identified the risks that the trust/academy is facing, they need to be prioritised into a manageable order so that action can be focused on the significant risks. At this stage in the risk management process concern should only be on the risks that threaten the achievement of the operating aims and objectives. Risk prioritisation will enable necessary action to be taken at the relevant level of management in the trust/academy.

6.2 Each risk should be assessed in terms of the **likelihood** of its occurrence, and its **impact** on the trust/academy, should it occur.

6.3 Not all risks will affect the trust/academy with the same impact, and some are far more likely to occur within the trust/academy than others. There is perhaps a low likelihood of fire at the academy but there would be significant disruption if the buildings were to burn down. There may be a greater likelihood of petty thefts and the academy may suffer from this regularly.

6.4 The impact of a risk and the likelihood of it occurring should be scored as follows.

### Likelihood

For each of the risks listed assess the likelihood of their occurrence on the following scale:

1. Almost Never
2. Unlikely
3. Likely
4. Almost Certain

### Impact

Also assess their impact on the following scale:

1. Negligible
2. Minor
3. Major
4. Critical

6.5 Multiply the scores for likelihood and impact (Financial and Reputational) and then rank the risk by numerical value, e.g.

LGB
Small scale theft impact1 likelihood 3 total = 3

## 7.0 Risk Prioritisation

7.1 Risks should be prioritised as follows:

| Score | Prioritisation | Action |
|---|---|---|
| 9-16 | High | Unacceptable level of risk exposure which requires extensive management |
| 4-8 | Medium | Risk management measures need to be put in place and monitored |
| 1-3 | Low | Acceptable level of risk subject to regular monitoring |

## 8.0 Risk Mitigation

8.1 Once risks have been identified and prioritised, the decision needs to be made as to how the trust/academy is going to address them. The five possible courses of action are:

- Tolerate the risk and take no further action;
- Treat the risk. This is the most used option (see below for ways to treat risk)
- Transfer the risk by taking out insurance or involving a third party
- Terminate the risk by stopping doing what is causing the risk
- Take the opportunity. This encourages thoughts about additional opportunities that may arise if you decide to tolerate, treat or transfer the risk.

8.2 If the decision is made to treat the risk a control mechanism must be put in place. There are four types of control that can be considered:-

- Preventative controls – Designed to limit the possibility of something undesirable happening e.g. separation of duties in a financial system to reduce the risk of fraud occurring
- Corrective controls – Designed to limit the damage/impact should the risk arise e.g. effective contingency planning
- Directive controls – Designed to ensure a particular outcome is achieved e.g. insistence that workers wear protective clothing to help reduce the likelihood of harm
- Detective controls – designed to identify an undesirable outcome that has arisen e.g stock takes alert to the fact theft has possibly taken place

8.3 Mitigating action plans should be recorded against each risk that has been listed in the risk register with appropriate milestones. In order for an action plan to be successful the action plans should be:

- Smart
- Measurable
- Achievable
- Relevant
- Time Constrained

## 9.0 Assurance

Assurance is defined as evidence that mitigating action/controls are in place and being regularly reviewed. Assurance will be provided that the Trust's approach to risk management is working by:

a. Setting up systems which include the reporting of :
- risks identified
- risk owners
- risk treatment
- reporting mechanism

b. Review of the risk management system by:
- Audit and Estates Committee
- Internal audit

## 10.0 Risk Monitoring

10.1 The likelihood or impact of an identified risk can change for a number of reasons including:

- Nature of the risk has changed or is changing
- Existing controls are inadequate or not functioning
- New controls are introduced

10.2 The Principal/Headteacher in conjunction with the local governing body will:
- Review key performance indicators and progress towards objectives;
- Take necessary action to address adverse departures for objectives;
- Have systems which communicate monthly variances in budgets and forecasts to allow action to be taken;
- Report systematically and promptly to the MAT Business Director any perceived new risk or failures of existing mitigating or control measures.

10.3 The MAT Business Director will:

- Ensure that the MAT Risk Register is updated in the light of developments within the academies, Trust and the wider business environment.

10.4 The MAT Audit and Estates Committee will:

- Review the MAT Risk Register, Risk Management Strategy and any Internal Audit monitoring documents at its meetings;
- Provide ongoing advice on the effectiveness of the risk management process.