



Risk Management Policy

Author	Executive Leadership Team	Source	BCC Policy
Approved By	Trust Board	Status	Non-Statutory
Last Review	May 2024	Next Review	May 2026

Details of Policy Updates

Date	Details
May 2024	Review frequency changed to biennial
	Responsibilities 'The FARR Committee meets at least five times a year' changed to 'The FARR Committee meets at least six times a year'
	Risk Register Management 'The CEO, DFO & School Improvement Lead will routinely review and discuss any new or increased risk, on a weekly basis' changed to 'The ELT will routinely review and discuss any new or increased risk on a fortnightly basis.'

Introduction

This Policy describes how North Star Academy Trust will secure effective risk management across the Trust and use and maintain the Risk Register to support this. Risk management involves the identification, measurement, management, monitoring and reporting of threats to an academy Trust's business objectives.

Mandatory Requirements

Under the Academy Trust Handbook, "the trust must manage risks to ensure its effective operation and must maintain a risk register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, must be retained by the board of trustees, drawing on advice provided to it by the audit and risk committee.
- Other committees may also input into the management of risk at the discretion of the board.
- Aside from any review by individual committees, the board itself must review the risk register at least annually.
- Risks management covers the full operations and activities of the trust, not only financial risks."

Responsibilities

Within the North Star Academy Trust detailed consideration of risk is the responsibility of the Trust Board, assisted by input from the School Executive / Senior Leadership Teams (ELT / SLT) and School Boards.

The Trustees are responsible for the initial identification of the risks with the support of the ELT / SLT, ensuring these take into account the Trust's strategic objectives. The Board of Trustees will review the major risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. They must ensure that such risks are captured in the Risk Register.

Following that identification of the risks, the Finance, Audit, Risk and Resources (FARR) Committee takes responsibility for detailed assessment of risk (impact, likelihood and mitigations) in the Trust and is assisted in this responsibility by input from ELT / SLT and School Boards. The FARR Committee meets at least six times a year and its

responsibilities include providing assurance to the Trust Board for managing and mitigating risk and ensuring internal processes are in place.

The Trust Board is required to approve the Risk Register annually (as a minimum) and to endorse it, having confidence that the register has been maintained, reviewed and updated on a regular basis.

Risk Register Management

The Risk Register is an Excel spreadsheet tool that captures the identified risks and facilitates their management.

The Risk Register is stored as a Shared Drive document through the www.northstar-academy.co.uk domain.

The ELT will routinely review and discuss any new or increased risk, on a fortnightly basis. The School Improvement Lead, who is the nominated member of the ELT holding responsibility for the Risk Register (“ELT Risk Individual”) will then update the register accordingly, including the date of last review. For the avoidance of doubt the ELT will fully review the Risk Register at least termly.

There will be a set of regular reviews throughout the year at the FARR Committee that will also include a focus on any items that fit more under the direction of the Trust rather than or as well as the schools.

After such reviews the ELT Risk Individual will update the spreadsheet.

Internal Controls:

The key Risk Management controls used by the FARR Committee and Trust Board include:

- (a) Formal agendas for all Committee and Board activity
- (b) Detailed terms of reference for all Committees
- (c) Comprehensive strategic planning, budgeting and management accounting
- (d) Established organisational structure and lines of reporting
- (e) Formal written policies on all aspects of activity
- (f) Clear authorisation and approval levels for financial expenditure
- (g) Vetting procedures as required by law for the protection of the vulnerable

Risk Register scope, measures, and actions:

The Risk Register analyses:

- (a) The financial procedures and controls
- (b) The major risks to the Schools, including:
 - i) Strategic risk
 - ii) Loss of fee income
 - iii) Damage to reputation
 - iv) Failure to teach the current syllabus
 - v) Risk of a child protection issue
 - vi) Gaps in Governor skills
 - vii) Conflict of interest
 - viii) Employment disputes
 - ix) Major health and safety issues

NOTE: this list is not exhaustive, nor in order of priority.

The measures used to protect the Trust against such risks, include:

- (a) Safer recruitment of staff, Trustees and volunteers
- (b) Ensuring the selection, training and appraisal of appropriately qualified staff and Trustees
- (c) Insurance
- (d) Strong financial controls that are regularly reviewed
- (e) Financial reserves policy
- (f) Use of professional advice from such professionals as lawyers, accountants, Health and Safety consultants and architects as required

NOTE: this list is not exhaustive.

The Trustees will decide how each risk should be dealt with, using at least one of the following approaches:

Approach	Description
Treat -reduce the risk	Establish controls to reduce either the impact or the likelihood of.
Terminate -avoid the risk	Do not carry out the activity.

Transfer the risk	Insure or outsource the activity.
Tolerate -accept the risk	If a risk cannot be reduced avoided or transferred, then accept the risk, but prepare for the impact.

Risk Assessment Instructions

Trustees and ELT will draw on their knowledge of the Trust and external factors to draw together a list of risks faced by the Trust.

They identify the major risks by considering key aspects of the Trust, focusing initially on factors that are significant in the achievement of the Trust’s overall aims and objectives (see illustrative list above).

This can be expected to change over time and the list initially identified will be reviewed on a regular basis (at least annually) to ensure that it remains up to date.

The basic risk assessment process is as follows:

1. Identify and classify the risks
2. Assess risks in terms of likelihood and impact (see guidance table below) and calculate an overall (gross/inherent) risk score by these multiplying factors. This overall risk score facilitates ranking of risks in terms of severity and assists in prioritisation. The Risk Register uses a Red Amber Green (RAG) traffic light system to illustrate risk severity.
3. Trustees consider risks according to risk score and the Trust’s risk appetite and capacity. They will identify mitigating and/or contingency actions (such as the measures listed above), assisted by input from the ELT, that must be implemented This will result in a “net risk” (or “residual risk”) score.
4. Trustees/ELT monitor and reassess risks including the impact and effectiveness of the mitigating actions, in line with this Policy and through use of the Risk Register.
5. Report risks in line with this Policy.



Academy trust risk management framework

Source: Academy Trust Risk Management: Good practice guidance

The Risk Register is compiled and classified under the following headings:

1. Governance
2. Management
3. Regulatory
4. Financial
5. Operational
6. Curriculum / Academic
7. Environmental
8. Personnel
9. New School
10. External

Impact/Likelihood

Each of these factors is scored from 1 to 5, with 5 being the most severe, as follows:

Impact (consequence)		
Descriptor	Score	Example
Insignificant	1	<ul style="list-style-type: none"> - No impact on service - No impact on reputation - Complaint unlikely - Litigation risk remote
Minor	2	<ul style="list-style-type: none"> - Slight impact on service - Slight impact on reputation - Complaint possible - Litigation possible
Moderate	3	<ul style="list-style-type: none"> - Some service disruption - Potential for adverse publicity (avoidable with careful handling) - Complaint probable eg – LADO or social care find cause for concern in an investigation - Litigation probable
Major	4	<ul style="list-style-type: none"> - Service disrupted - Adverse publicity not avoidable (local media) – eg a group of parents rally support around an issue (RSE curriculum, inappropriate use of PIs) - Complaints probable – Ofsted inspection at RI or below give cause for concern, student numbers drop as a result of parental concerns, staff begin to look elsewhere to avoid working in a school in difficult circumstances - Litigation probable
Catastrophic/ Extreme	5	<ul style="list-style-type: none"> - Service disrupted for significant time eg cryptovirus wipes out significant school records & services (Arbor etc) are not available to staff - Major adverse publicity not - avoidable (national media) - Litigation expected - Resignation of key personnel or board expected

Likelihood (probability)		
Descriptor	Score	Example
Remote	1	May occur only 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 and in most circumstances

Risk Score

RISK SCORE							
I M	Extreme/Catastrophic	5	5	10	15	20	25
	Major	4	4	8	12	16	20
P A	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
C T	Insignificant	1	1	2	3	4	5
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Highly Probable
LIKELIHOOD							

Key:

Risk Score	Risk Severity
1-6	Minor or insignificant risk
8-12	Moderate risk
15-25	Extreme or catastrophic risk

Mitigation

The mitigation column identifies the main approach(es) the Trust is taking (treat, terminate, transfer, tolerate) and lists all the mitigation or contingency actions that the Trust is undertaking. The ELT and FARR must satisfy themselves that the proposed mitigating actions have indeed been taken, and review their impact and effectiveness.

The Task-Holders are the key individuals or groups accountable for implementing the actions.

Trend

Under 'Trend' column, the arrows indicate whether there is a change in the risk (net risk score) since its last review.

Arrow	Description
↑	Considerable increase in risk (change in risk category)
↗	Increase in risk (still in same category)
→	No change in risk
↘	Reduction in risk (still in same category)
↓	Considerable reduction in risk (change in risk category)

Monitoring and evaluation of the policy

This policy will be monitored biennially for any changes in legislation or directions evaluated in the light of any comments made by ELT, LGB, FARR or Trust Board. The policy will be reviewed on a biennial basis to ensure that any new or changed legislation is adhered to.

Resources

<https://www.nga.org.uk/Knowledge-Centre/Vision-ethos-and-strategic-direction/Managing-Risk-A-guide-for-governing-boards.aspx>

<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-risk-management>

Related Policies

Safeguarding and Child Protection Policy

Business Continuity Plan

Health and Safety Policy

Reserves Policy

Finance Policy