



Greater Manchester Academies Trust

Risk Management Strategy and Risk Management Policy

Greater Manchester Academies Trust

Revision Information

This document has been approved for operation within	All Trust Establishments
Document Version	Version 8.0
Date of last review	September 2020
Date of next review	September 2021
Review Period	Annually, or where they have been material changes to the relevant courses of business
Date of Trustee Approval	(final version of document to be approved by Trustees)
Status	Statutory
Person Responsible for Policy	Chief Financial Officer
Owner	Greater Manchester Academies Trust
Signature of Approval	(final version of document to be approved by Trustees)

With you...for you...about you...

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Introduction

This is the Risk Management Strategy and Risk Management Policy (incorporating a Risk Appetite Statement) of Greater Manchester Academies Trust, referred to throughout this Policy as the 'Trust'.

Policy Objectives

The **principal objective** of the Policy is to protect our learners, our staff, trustees and governors, and our assets.

The Policy has other objectives as follows:

- to create an awareness of the need to effectively manage.
- to embed risk awareness and wider risk management into the culture of the Trust.
- to be proactive in anticipating and responding to regulatory, statutory, legislative, social and environmental requirements including changes to requirements.
- to identify those actions or events that may prevent the Trust from achieving its ambitions and strategic objectives.
- to create a culture of using risk management and risk reporting to protect and improve our Trust and its people, rather than using risk management and risk reporting to attribute blame.

Benefits of Risk Management

Effective risk management protects and adds value to the Trust and its stakeholders through supporting the Trust'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 Trust.
- enhancing communication between academies and services.
- protecting and enhancing the Trust's assets, image and reputation.
- developing and supporting staff and the knowledge base of the Trust.
- helping to focus the internal audit plan.

What do we Mean by Risk?

Risk is defined as the possibility of an event occurring which has a negative impact on our Trust, or on any of our (internal or external) stakeholders. The risk is measured in terms of severity of impact and likelihood of event occurring.

If such an event occurs, we call this a **risk event**.

How do we Minimise and Mitigate Risk?

We mitigate and minimise risk by initiating, implementing and reviewing one or more controls associated with that risk. An identified risk having zero controls is an **inherent risk**.

A risk which has identified and implemented controls associated with it is a **residual risk**.

When a risk event materialises, this could be due to a number of factors such as a failure to perform a particular control, or a system failure, or human error.

The Trust's Risk Register explicitly lists all controls which have been implemented by the Trust. In addition to the Risk Register, the Trust must also do the following as means to mitigate identified risks:

- provide suitable information, training and supervision as appropriate.
- maintain effective communication and the active involvement of all staff, trustees and governors.
- maintain and develop an appropriate risk event (incident) reporting and recording process/system, which includes establishment of root causes, and which determines whether a control is missing, whether an existing control was not performed, or whether an existing control is or has become ineffective.
- on-going reflection and learning.

Risk Appetite Statement

By definition, the risk appetite is: 'the amount and type of risk we are willing to take in order to achieve our strategic objectives'.

The Trust appreciates that having zero risk events occurring across its courses of business is practically (although not theoretically) impossible. As such, the risk appetite for our Trust is:

'to make all possible endeavour to minimise risk events occurring, but where they do occur; add, enhance or improve controls to prevent the risk event(s) from happening again, but only if the Trust's ability to operate as a going concern is not compromised. The Trust must not have any identified risks which are inherent risks and the Trust must formally document instances where it has chosen to risk-accept'.

Who is Responsible for Managing Risk?

At a high-level:

1. All staff (teaching and non-teaching), governors, and trustees are responsible for managing risk within the Trust.
2. All staff must know what the risks are for their day to day activities and tasks, and they must know what controls are in place to mitigate these risks.
3. The Finance and Audit Committee and operational Senior Leadership Team are responsible for scrutiny of the Trust's risk management and for the scrutiny of closure of risk events.

4. The Board of Trustees and the Executive Principal are ultimately accountable for managing risk within our Trust.

In more detail, the risk management roles and responsibilities are described thus:

GMAT Board of Trustees carry the ultimate responsibility for risk management throughout the Trust and has 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 strategic and significant risks to reduce the likelihood of unwelcome surprises or impact.
- satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

The Board of Trustees will be supported in discharging its responsibilities by the Finance and Audit Committee as set out in its Terms of Reference.

The Senior Leadership Team will:

- support and implement policies approved by the Trust Board and ensure agreed arrangements are maintained.
- establish internal risk policy and structures for individual school/services.
- develop risk response processes, including contingency and business continuity programmes.
- 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 Trust.
- raise the level of management awareness and accountability for the business risks experienced by the Trust.
- develop risk management as part of the culture of the Trust.
- provide a mechanism for risk management issues to be discussed and disseminated to all areas of the Trust.

The Trust's wider team leaders will:

- have primary responsibility for managing risk on a day-to-day basis.
- have responsibility for promoting risk awareness within their operations; introduce risk management objectives into their businesses.
- identify and evaluate the significant risks faced by their operations for consideration by the Senior Leadership Team, the Finance and Audit Committee, the GMAT Board of Trustees, Local Governing Bodies, and the sub Committees.
- 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 Senior Leadership Team.

The Trust's designated Chief Financial Officer as the designated Risk Management Champion is responsible for:

- developing specific programmes and procedures for establishing and maintaining risk management activities within the Trust.
- ensuring the dispersal of vital information.
- providing risk business partnering, guidance, interpretation and understanding of the risk management systems.

The Trust's Executive Principal and designated Accounting Officer will:

- report annually on the effectiveness of the risk management process to the GMAT Board of Trustees.
- report to the Trust's stakeholders on a regular basis, its risk management policies and the effectiveness in achieving its objectives.
- ensure appropriate details are provided in the statutory financial statements and annual report in accordance with ESFA requirements.

Three Lines of Defence

Although everyone within our Trust is responsible for managing risk, the Trust has established a 'three lines of defence' model to help with the management of risk. The 'three lines of defence' are three sets of people within the Trust who collaborate to manage risk. A person may belong to more than one set; however, each set as a whole maintains a degree of independence from the preceding set, and each set is proactive and does not wait for the preceding set to 'fail':

1. The 'first line of defence' consists of all staff, governors and trustees.
2. The 'second line of defence' consists of all Senior Leadership Team and Finance and Audit Committee colleagues. Managers should not only ensure that their staff are aware of their operational risks and that their staff perform the controls expected of them in their day to day activities, but should also apply cross-department challenge in terms of risk and control.
3. The 'third line of defence' consists of the Board of Trustees and the Executive Principal. The Board of Trustees and the Executive Principal ensure that everyone is aware of their operational risks, that staff are performing the controls expected of them, that managers are ensuring their staff are risk aware, and that managers are applying appropriate challenge.

In addition to the defined three lines of defence, we also have the appointed statutory external auditors who contribute towards managing (particularly finance and governance) our risk. In addition, we have our external regulators: The Education & Skills Funding Agency, the Quality Care Commission and Ofsted with whom we work closely on our risk management. Whilst we work very closely with these bodies, they are external to the Trust and thus by definition, are not contained within any of the three lines of defence. These bodies help the three lines of defence to succeed in risk management.

The Board of Trustees have ultimate responsibility for the oversight of risk management and this fits with the 'three lines of defence' model.

Reporting of Risk Events

When a risk event occurs, it must be reported as soon as is practically possible.

Staff members report risk events to their line manager, who will then forward to the Finance Team. The risk event must be reported, even if it relates to a risk with a green rating. If there is uncertainty as to whether a risk event has occurred (for example: a 'near miss'), then this must still be reported.

The Finance Team will collate and co-ordinate reported risk events and incorporate into the Trust's Risk Management Information (Risk MI). During the next 12-18 months, it will become necessary for the Trust to procure appropriate risk management software so to be able to execute proper incident and risk event reporting, linking it to the strategy and to the Risk Register. This will help the Finance Team to prepare MI and will help Trustees make informed decisions about risk management.

The Trust's Risk Register

The Trust holds a Risk Register on which all principal risks are identified, categorised and logged. Each risk is given a severity rating and a likelihood rating and is mapped to one or more controls which are in place to mitigate the risks.

Conversely, we have a Controls Register which lists all controls and maps them to one or more risks as appropriate.

Where we have a control which maps to more than one risk, we call this a **key control**.

Our principal risks are categorised into different risk types. There is designated responsibility for each risk type as follows:

Risk Type (previously 'Risk Lens')	Designated Responsibility (as at September 2020)
People Risk (Students, Staff, Parents, Governors and Trustees) <i>(Safeguarding to be included in this section)</i>	(to be agreed)
Finance Risk	(to be agreed, but likely Stewart Ash)
Governance Risk	(to be agreed)
Operational Risk	(to be agreed)
Compliance Risk	(to be agreed)
Environmental & External Factors Risk	(to be agreed)
Facilities Risk	(to be agreed)

All responsible owners having designated responsibility sit in the Trust's 'second line of defence' and/or 'third line of defence'.

The Trust’s designated Chief Financial Officer is the operational manager responsible for the maintaining the Risk Register and for performing risk business partnering with appropriate members of the Senior Leadership Team.

The Finance and Audit Committee and the Senior Leadership Team are responsible for regularly reviewing the risk register and for risk reporting; however, the Board of Trustees and the Executive Principal are accountable / ultimately responsible.

All identified risks listed in the Risk Register are subjectively, but consistently measured in terms of **severity** of potential risk and **likelihood** of potential risk happening. They are measured as residual risks.

Severity and likelihood are measured from 1 to 5 as follows:

Severity	
5	Catastrophic
4	Major
3	Moderate
2	Minor
1	Insignificant

Likelihood	
5	Catastrophic
4	Major
3	Moderate
2	Minor
1	Insignificant

Measurement is taken further by multiplying the severity by the likelihood to give an integer between 1 and 25. These are then RAG rated as shown in the grid below.

The RAG ratings in the red and amber sections have been further sub-divided, which highlights priorities and allows them to be made:

Severity	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
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost Certain
			Likelihood				

- A risk event occurring in relation to a risk with a red rating (score between 15 and 25) requires urgent attention and must be flagged immediately before the next Finance and Audit Committee or Board meeting. Scores between 20 and 25 are the most serious.
- A risk event occurring in relation to a risk with an amber rating (score between 8 and 12) requires attention. Scores between 10 and 12 require priority attention within amber.
- A risk event occurring in relation to a risk with a green rating (score between 1 and 6) does not presently require attention; however, if the identified risk is frequently compromised, then the risk needs to be appropriately re-measured.

The Risk Register must be reviewed regularly and re-measurement of all risks contained on the Risk Register must be carried out regularly.

Operational Risk Assessments

Some programmes, productions, events, excursions, education visits or activities require a detailed risk assessment to be completed. Where risk assessments are required to be completed, the relevant risks and controls identified by staff (and sometimes by relevant third parties) are used to complete the risk assessment.

The Trust has a standard risk assessment template which can be used to complete risk assessments; however as long as all risks and controls are captured and measured, then any suitable template may be used.

The following steps must be followed with regards to risk assessments:

1. All potential risks or hazards associated with the event, session or activity must be identified. This extends beyond risk of injury or damage. All potential risk types must be considered when writing risk assessments.
2. The risks or hazards must be measured (using the scoring as described above) in terms of severity of potential risk and likelihood of potential risk happening.
3. Any consequences associated with the risk becoming a risk event must be listed.
4. The detailed control(s) in place to mitigate the identified risks must be listed. Where applicable, the person or persons responsible for performing the control(s) must be detailed.
5. Once completed, the risk assessment must be signed off by an appropriate manager.
6. All risk assessments must be uploaded to the designated shared area on the Trust's ICT network. This is so to ensure risk assessments are properly retained by the Trust.

Risk Acceptance

Following a risk event in relation to risks with amber rating or red rating, it must be established whether the risk event occurred because: a) a control is missing; b) an existing control was not performed, or: c) an existing control is or has become ineffective.

It could be the case that it is a financial consideration to introduce a new control or to enhance an existing control. It may be agreed by the Board of Trustees to 'risk accept' a risk, if it is deemed that the potential financial liability outweighs the 'costs' associated with leaving the risk as it is.

In such instances, a formal risk acceptance must be declared, documented and minuted.

A risk may be avoided by withdrawing from that area of activity but doing so may result in a missed opportunity.

A risk may be transferred wholly or in part to a third party, possibly through insurance or a partnership arrangement.

Risk Management and the Trust's Values

At Greater Manchester Academies Trust, while we all have our own roles and responsibilities, we all share and practice the five core values: trustworthy; helpful; inspiring; straightforward, and; heart.

These shared values apply to our risk management: all staff, trustees and volunteers must share ideas and work together in accordance with our values, when managing risk.

Continuous Improvement

Moving forward, the Trust aspires to extend its incident reporting to feed into an enhanced risk reporting process. Key Risk Indicator (KRI) reporting may be introduced, but at a level which is appropriate to the size of our Trust and which is appropriate to the level of resources we have. During the next 12-18 months, it will become necessary for the Trust to procure appropriate risk management software so to be able to execute proper incident and risk event reporting, linking it to the strategy and to the Risk Register.

Once the enhanced KRI reporting has been established and embedded into the Trust, it will go to Finance and Audit Committee and Trustees as a regular agenda item.

In addition, all Trust policies will formally link to the risk management strategy, by way of each policy explicitly stating which risks contained within the Trust's risk register it is in place to mitigate.

Finally, risk management awareness will be incorporated into all teaching and non-teaching staff training with an emphasis on day to day responsibilities for managing risk and on our 'three lines of defence' model.

Equality and Diversity

The Trust is committed to the principles of equality and strives to ensure that everyone who wishes to be involved in our Trust whether as learners (and their parents/guardians), staff, trustees, governors or as a general member of the public:

- has a genuine and equal opportunity to do so without regard to their age, disability, gender reassignment, marital or civil partnership status, pregnancy or maternity, race, religion and belief, sex and sexual orientation; and
- can be assured of an environment in which their rights, dignity and individual worth are respected without the threat of intimidation, victimisation, harassment, bullying or abuse.

The Trust has an Equality and Diversity Policy which is monitored and review annually as a minimum.

The Risk Management Strategy and Risk Management Policy does not and must not contradict the contents of the Equality and Diversity Policy.

Date of Next Review

The Policy must next be reviewed and signed off by the GMAT Board of Trustees the sooner of September 2021, or when there have been material changes to the relevant courses of business.