RISK MANAGEMENT POLICY

CONTENTS

1.   PURPOSE OF THE POLICY

1.1   Taking risk management seriously is a priority for Girls' Learning Trust (the "Trust"). The Risk Management Policy forms part of the organisation's internal controls, scrutiny and governance arrangements. It is designed to provide assurance that the organisation has adopted best practice in this area, as advocated by the Turnbull Report on internal control of companies and in other parts of the education and voluntary sectors and to meet expectations of the Department for Education/ESFA as detailed in the Governance Handbook and Academy Trust Handbook.

1.2   The policy explains the organisation's approach to risk management to ensure its effective operation.

1.3   This risk management strategy has been designed to provide a framework for managing the risks the Trust faces and ensuring its objectives are achieved in the most effective way. The policy should be read in conjunction with the Trust's Risk Register which provides a framework for the management of risks.

1.4   It has been designed for use by all trustees, governors and staff of the Trust and it serves to:

- Communicate the strategies for managing risk in the Trust.
- Establish procedures which should be adopted in the risk management process.

2.   AIMS AND APPROACH TO RISK MANAGEMENT

2.1   The Trust has a risk management strategy which aims to:

- Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims, objectives and targets or make their achievement substantially more difficult.
- Assess the likelihood of such risks occurring (high, medium, low) and the potential impact of such occurrences with reference to the areas of educational disruption, finance, reputation and planning/operations.
- Enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.

2.2   The Trust has adopted the 'three lines of defence' model for its risk management framework:

Line of Defence	Outputs	Monitoring & Reporting
First Line of Defence	Committee / Area Risk Registers Other policies such as: risk assessment policy, financial procedures manual.	These should be developed on an annual basis and reviewed. These should be reviewed on a triannual basis as part of a formal process.
Second Line of Defence	Scheme of Delegation Trust Board Risk Register	These should be kept under formal review, with the Trust Board Risk Register considered at every Board meeting.

Third Line of Defence	Annual External Audit	These should take place annually and be reported to the full Trust Board.
	Internal Audit	
	External Accreditation Schemes	

2.3   The following key principles outline the Trust's approach to risk management and internal control in pursuing the aims set out above:

- The Trust Board has responsibility for overseeing risk management across the organisation as a whole.
- The Trust Board carries out this responsibility through its Audit & Risk Committee.
- An open and receptive approach to solving risk problems is adopted by the Trust.
- Key risk indicators are identified and closely monitored on a regular basis at a Trust and School level, via the Trust Board and Trust Committees, including Local Governing Bodies (LGBs). The Trust and School Risk Registers are updated at every Trust Board and Committee meeting (normally at least termly).
- The Executive Team review the Trust and School Risk Registers in line with the Trust Board and committee meetings (normally at least termly) and it is a standing item of all Trust Board and Committee meetings.
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- The Trust uses a weighted scoring mechanism for all identified risks, early warning indicators, milestones on actions and details sources of assurance over the controls in place, relevant to each identified risk.
- The Trust has a procedure for whistleblowing, documented in the GLT Whistleblowing Policy, to protect staff who report individuals they believe are doing something wrong or illegal. Staff know what protection is available to them if they report someone, what areas of malpractice or wrongdoing are covered in the Trust's Whistleblowing Policy, and who they can approach to report a concern. The Trust ensures that all concerns raised with them by whistle-blowers are responded to properly and fairly.

3.   ROLES & RESPONSIBILITIES

3.1   The Trust Board, supported by the Audit & Risk Committee, will:

- 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.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Approve the Risk Management Policy.
- Review the Trust Risk Register at each meeting (at least termly).
- Receive Minutes from each Trust Committee, highlighting the committee findings and any referral and/or escalation of significant risk related issues.
- Delegate the management of internal control & scrutiny to the Trust Audit & Risk Committee, which will provide on-going advice to the Trust Board on the effectiveness of the risk management process.

3.2   The Executive Team (CEO, COO & Headteachers) will:

- Support and implement policies approved by the Trust.
- Look ahead to identify potential current and future risks.
- Establish internal risk mitigations and controls for individual schools / services, and develop risk response processes, including contingency and business continuity programmes.
- Provide adequate information in a timely manner to the Trust Board and its Committees on the status of risks and controls, including using the agreed Risk Register reporting template for the Trust.
- Focus and co-ordinate risk management activities throughout the Trust and 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.

3.3 Chief Operating Officer (COO), as 'Risk Management Champion', is responsible for:

- Developing specific programmes and procedures for establishing and maintaining risk management activities within the Trust
- Developing a consistent approach to risk management and risk reporting through the Executive Team, Trust Board, Audit & Risk Committee and other Committees (including Local Governing Bodies (LGBs)).
- Ensuring the communication dispersal of relevant information
- Providing guidance, interpretation and understanding of the risk management systems

4. RISK IDENTIFICATION, MANAGEMENT & REPORTING

4.1 The Department for Education has provided guidance on risk management procedures. These form the basis of the Trust approach to risk management.

4.2 Risks are identified and recorded in the Risk Register. A sample template is included at Appendix A. It is expected that a separate Risk Register is held for the Trust Board and each Committee. Each Committee will have a separate Risk Register which is pertinent to the terms of reference.

4.3 Risks may include:

- Internal risks - these are risks over which the Trust has some control, by managing them through internal controls/ additional mitigating actions e.g. health and safety risks, data security.
- External risks - this focuses on big external events/perils and then considers how to make the Trust more resilient to such events e.g. pandemic and extreme weather.
- Strategic risks – these are risks to the achievement of the Trust's core objectives e.g. the risk of high staff turnover.
- Project risks – risks associated with any critical projects the Trust may be involved in, for example the delivery of a new building.

4.4 Each Risk Register is supported by a member of the Executive Team, as follows:

	Executive Team member leading the reporting
Trust Board	CEO / COO
Trust HR Committee	COO / Director of People
Trust Finance Committee	COO / Director of Finance
Trust Audit & Risk Committee	COO / Director of Finance

Trust Governance Committee	CEO / COO
Trust Admissions Committee	CEO
Trust Remuneration Committee	N/A
Carshalton Local Governing Body	Headteacher
Nonsuch Local Governing Body	Headteacher
Wallington Local Governing Body	Headteacher

4.5   A decision is taken on how to handle the risk:

- Tolerating risk is where no action is taken. This may be because the cost of instituting controls is not cost-effective or the risk or impact is so low that they are considered acceptable.
  - eg: the Trust may decide to tolerate the risk of contracting with a supplier with a poor credit rating provided the goods/services could be obtained relatively easily from someone else.

- Treating risk involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur.
  - eg: the Trust may decide to train more than the statutory minimum of staff as paediatric first aiders and to put in place a rota for first aid cover during lunchtimes.

- Transferring risk may involve the use of insurance or payment to third parties willing to take on the risk themselves.
  - eg: the Trust may decide to take out insurance to mitigate the risk of the excessive costs of supply staff in the event of extended staff absences or may consider outsourcing a specific service to a third party.

- Terminating risk can be done by altering an inherently risky process to remove the risk. If this can be done without materially affecting operations, then removal should be considered, rather than attempting to treat, tolerate or transfer. Alternatively if a risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the rational decision may well be that this is a process the Trust should not be performing at all.
  - eg: the Trust may decide not to contract with a related party to eliminate reputational risk.

4.6   Risk mitigations and controls are designed, documented in the Risk Register and implemented.

4.7   The residual risk, after mitigations and controls, is then evaluated using the following scales:

Probability/Likelihood

1.   Low - extremely unlikely; rare occurrence
2.   Medium - very likely, regular occurrence
3.   High - extremely likely; frequent occurrence

Impact

1.   Low - minor impact in limited areas
2.   Medium - significant impact; would affect continued operations
3.   High - fundamental to continuing operations in a school or across the Trust

<u>Severity & Risk Prioritisation (after mitigations & controls)</u>
This is calculated by multiplying the Probability by the Impact, producing a "risk score":

Green 1-3   Low Severity – keep under review
Amber 4-6   Medium Severity - consider further actions or contingency plans
Red 7-9   High Severity – immediate action

5.   RISK MONITORING

5.1   The likelihood or impact of an identified risk can change for a number of reasons, and early warning indicators should be designed to alert management.

5.2   Frequency of monitoring:

- Trust Board, standing item at every Trust Board meeting (at least termly), and reports annually through the Trust Annual Report & Accounts.
- Audit & Risk Committee (meeting at least termly), including reviews of Risk Management Policy as needed.
- Trust Committees, standing item at every committee meeting (at least termly).
- Executive Team, in support of the Trust & Committee meetings, and as needed via routine Executive Team meetings (normally weekly/fortnightly).

APPENDIX A – SAMPLE RISK REGISTER FORMAT

GLT Trust Board: Master Risk Register
Updated By: **Date:**

No.	Risk	Changes in this update?	Description of risk and potential impact	Strategy Tolerate Treat Transfer Terminate	Mitigations & controls (currently in place)	After mitigations & controls			Executive Update to this Committee (CEO to update Trust Board, Meeting date: [March 2022])
						Prob	Impact	Severity	
1		Yes	.	Treat		1	3	3	See CEO Termly Report on this agenda.