

Risk Management Policy

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Next Review Due: December 2020

Purpose

The purpose of identifying, managing and monitoring risk is to identify, assess and control uncertainty and as a result improve the ability of a business or project to succeed. Management of risk should be systematic and not based on chance. Risk management is a continual activity.

What is a risk?

*"A risk is an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. It consists of a combination of the **probability** of a perceived threat or opportunity occurring and the magnitude of its **impact** on delivery". (PRINCE 2)*

Dales approach to Risk Management

For risk to be managed effectively, the Trust believes that it needs to be **identified** early, **assessed** and evaluated correctly and **controlled** by mitigating actions, assigned to specific risk owners within an agreed timeframe.

Dales takes a systematic and planned approach to managing risk through a centrally held Trust risk log.

Each Academy within the Trust is also expected to hold a local risk log.

Risks will only be elevated to the Trust risk log if they are judged to have a high impact on the Trust business or if there is a high probability of the risk occurring or if the risk will impact on multiple schools. Local Academy risk is managed at local governing body level.

The Trust level risk log is owned by the Dales Board and the whole risk log will be reviewed at least once per annum at Board level and monitored quarterly by the Trust CEO and central team. This will normally take place in the July Dales Board.

A. IDENTIFYING RISK

1. Any Director, Local Chair or employee of Dales has responsibility for contributing to the Dales risk management strategy by alerting the CEO, or another Director to potential risks. It is the collective responsibility of the Dales Board to determine how these risks are evaluated and mitigated in the Trust risk register.
2. Dales categorises risk in to five key categories:
 - a. **Strategic** – a risk which impacts on the strategic direction or growth of the business.
 - b. **Operational** - a risk which impacts on the day to day delivery of the company business plan or objectives within the plan
 - c. **Reputation** – a risk which impacts on the perceived reputation or ethos of the business.

- d. **Financial** – a risk which impacts on the viability or probity of the company finances and budgets
- e. **Education** – a risk which impacts on the ability of the Trust to deliver improved standards and performance across the Academies in the Trust.

Some risks may cut across more than one of the categories.

3. Dales has a medium tolerance to risk, accepting that while the company continues to grow, some risk will occur and can be managed. All risk regardless of severity will be monitored. As a minimum, a low level risk will be allocated an owner(s) to monitor the risk. More extensive actions will be put in place depending on the impact or probability of the risk occurring.
4. All identified risks should be logged on the Trust risk register with a date and description of the risk and the impact the risk will have on business should it occur.

B. ASSESSING RISK

5. Once a risk has been identified and logged, the impact and probability of the risk should be estimated. Dales assesses risk by considering:
 - a. The probability of the risk occurring (Low, Medium, High or Significant)
 - b. The impact should the risk occur (Low, Medium, High or Significant)
6. Defining probability
 - a. Low probability is a risk that could happen but is more unlikely (less than 50%) based on current circumstances.
 - b. Medium probability is when there is a 50:50 chance of a risk occurring
 - c. High probability is where there is more than 50% chance a risk will happen
 - d. Significant probability is where there is a high chance of a risk occurring (more than 80%)
7. Defining impact
 - a. Low impact is where, should a risk occur, it is likely to have a minor impact on the delivery of business objectives or company finance, however this risk will not impact on business success. In many cases this kind of risk can be accepted.
 - b. Medium impact is where, should a risk occur, it would have a notable impact on the delivery of a business objectives or company business. Mitigating action may need to be planned in case of a medium risk
 - c. High level risk is where, should a risk occur, it will have a wide reaching impact on more than one company business objective and will require some re-profiling of resource and finance to mitigate.

- d. Risks with significant impact are those likely to cause core business disruption and involve significant business re-planning and resourcing to prioritise and mitigate. They are likely to have a significant financial impact.
8. The overall cumulative prioritisation of risk needs to be assessed using a combined assessment of both probability and impact. Dales has adopted the following approach to scoring risk management:

Probability	Impact
Low – 1	Low 1
Medium – 2	Medium – 2
High – 3	High – 3
Critical – 4	Critical – 4

By combining impact and probability scores, Dales can prioritise risk based on the agreed risk tolerance strategy and agree mitigating actions and risk owners.

C. CONTROLLING RISK

9. Depending on the level of cumulative risk score, risks may be **accepted, reduced** or **avoided**.

The following table sets out the action required to mitigate the level of cumulative risk, the forum for risk management and the frequency of risk review.

Cumulative risk score	Action required to risk
1-3. Low level risk	Accept. Monitor and mitigate within options available in agreed business plan. Monitor through CEO/Trust staff quarterly and only review annually at Board level unless escalated.
4-5. Medium level	Reduce. Plan additional mitigating actions to reduce the likelihood of risk occurring. Assign owner. Monitor through relevant Board committees and only review annually at Board level unless escalated.
6+ High level	Avoid. Identify counter measures as early as possible. Assign owners to monitor risk regularly. Monitor routinely at all Board meetings.

Risk Budget

10. Although desirable, Dales does not currently have a risk management budget, although some contingency is held within some project activity. As the company grows, Dales will look to set aside a risk management budget from the company retained funding slice, to fund specific management responses to medium and high level company risks.