



RISK REGISTER

Approved and signed by the Board of Trustees by
virtual meeting

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This document is based largely on guidance provided within the Academies Financial Handbook.

A. OVERVIEW

1. The HM Treasury publication “Management of Risk – Principles and Concepts” (“The Orange Book”) provides guidance on developing a strategic framework for the organisational consideration of risk. Whilst the Orange Book guidance may be of use to larger bodies with a complex system of control based on a broad management structure, it may not be so appropriate for smaller bodies where the system of internal control is relatively straightforward but where there are relatively few members of staff, with multiple responsibilities. In these instances, the indivisibility of the available resources may have implications for the strategic framework. This document is geared towards the Discovery Multi Academy Trust and seeks to present a suitable approach to risk management, in the spirit of the Orange Book guidance, which will underpin the statement on internal control and risk management that is within our Financial Procedures and must be included in the trustees’ annual report.
2. This document does not, in any way, reduce the corporate governance requirements placed upon us as a Trust, it provides an approach to the risk management process that is appropriate to our size.
3. This document is not about imposing an additional process as the risks facing the organisation are already well considered and managed in the course of normal daily activities. However, it is useful in ensuring that we have considered all risks and activities adequately. The aim is to achieve an acceptable level of comfort using the available resource and for the Trust Board to be able to report sound arrangements in annual accounts.
4. Given the pressure on resources, we make use of available internal audit resources. We will use a group of trustees in the process to benefit from their experience of other organisations’ risk management processes, as well as their experience of the body itself.
5. This approach is based upon the fact that day to day control of the body is restricted to a small team, who are well aware of, and involved in, the various functions of the body and the activities being undertaken.
6. The key starting point for the process is the strategic objectives of the Trust, as it is the risks to the achievement of these objectives on which the body should focus attention. Risk management will be embedded into the ongoing planning and strategy process. We will seek to judge the significance of the risks we face and how much attention needs to be given to them.

B. OUR APPROACH

STAGE I - PREPARATION

7. Given the nature of the internal control system and the pressure on available resources, this approach aims to keep the time input required to a minimum. Meetings of senior officers will take place. The CEO and Financial Director take overall control of the risk management process.
8. In order to share ownership of the process throughout the organisation other members of staff are consulted. The list of potential categories of risk that was in the Orange Book is reproduced at section C.

STAGE 2 – RISK MEETINGS

9. The objectives of risk meetings are as follows:
 - discuss and agree that all involved are satisfied with the list of risks;
 - determine the appropriate response to each risk;
 - assess existing controls and determine appropriate action;
 - allocate responsibility for action; and
 - agree future reporting and review procedures.
10. Taking each of the risks in turn, discuss and rate them in terms of likelihood and impact, e.g. 5 (high) to 1 (low).
11. With this exercise complete, the board needs to decide what their risk appetite is (see section D). This will determine what response the board wishes to make to each risk. For details of the different possible responses to risk see section E.
12. With the list of key risks and responses agreed, any controls that exist to mitigate the risks are agreed. The controls identified need to be assessed to determine whether they are an appropriate mitigation of the risks identified. The value for money of the chosen responses needs to be considered, i.e. it is as important to avoid over-control of minor risks as under-control of serious risks.
13. The assessment of controls will produce a list of actions required to produce an acceptable internal control system. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

STAGE 3 – THE RISK REGISTER

14. A risk register pro-forma is completed (see section F). This is circulated to relevant members of the organisation. They provide further confirmation that the understanding of the risks and controls within the organisation is accurate.
15. A final version of the register is circulated to all members of the organisation so that they are aware of the risk management policy and the controls in place to limit exposure to risk.
16. Risk assessment is embedded into management and planning processes and not carried out as an isolated exercise. The risk register provides valuable input to the allocation of resources, in order to help factor risk into the business planning processes.

STAGE 4 – ONGOING REVIEW AND REPORTING MECHANISMS

17. Management should agree a timetable for continuing review of the risk register, bearing in mind that the key risks faced by the organisation may change and that the adequacy of the internal control system requires regular re-assessment.
18. We report on risk management in the Trustees' Report in our annual accounts.

C. CATEGORIES OF RISK (Taken from the Academies Financial Handbook)

19. The table below offers a summary of the most common categories of risk.

Category of Risk	Illustration / Issues to Consider
External Risk – arising from the external environment, not wholly within the organisation’s control, but where action can be taken to mitigate the risk	
1. Political	Possible political constraints such as change of government or leaving the EU
2. Economic	Economic factors such as interest rates, exchange rates, inflation
3. Socio Cultural	Demographic change affecting demand for services; change of stakeholder expectations
4. Technological	Obsolescence of current systems; procurement and best use of technology to achieve objectives
5. Legal / Regulatory	Laws and regulations which impose requirements (e.g. health & safety and employment legislation)
6. Environmental	The need for buildings to comply with changing standards (e.g. energy efficiency); the need for disposal of rubbish and surplus equipment to comply with changing standards
Operational Risk – relating to delivery of current activities, and building capacity and capability	
7. Operations	Overall capacity and capability to achieve objectives; procedures employed
8. Service/Project Delivery	Failure to deliver the agreed service
9. Resources - Financial	Availability and allocation of funding; poor budget management
- Physical	Security against loss, damage and theft of physical assets, and fraud including identification of areas which can be insured
- Human	Availability, retention, skills and capacity of staff
- Information	Adequacy of information for decision making; security of information against loss, damage, theft and fraud
10. Relationships	Threats to relationships with delivery partners; customer satisfaction; accountability (particularly to Parliament)
11. Reputation	Confidence and trust which stakeholders have in the organisation
12. Governance	Propriety and regularity; compliance with relevant requirements; ethical considerations
13. Scanning	Failure to identify threats and opportunities
14. Resilience	Capacity of accommodation, systems and ICT to withstand adverse impacts and crises; contingency planning and disaster recovery (e.g. fire, flood, failure of power supply, failure of transport systems)
Change Risk – created by decisions to pursue new endeavours beyond current capability	
15. Public Sector Targets	New targets challenge the organisation’s capacity to deliver
16. Change Programmes	Programmes for organisational or cultural change threaten current capacity to deliver as well as providing opportunity to enhance capacity
17. New Projects	Making optimal decisions/prioritising between new activities that are competing for resources
18. New Policies	Policy decisions creating expectations where the organisation has uncertainty about delivery

C. ASSESSING RISK APPETITE

20. **Risk appetite is the amount of risk to which the organisation is prepared to be exposed before it judges action to be necessary.** Even risk as opportunity is surrounded by threats which potentially limit ability to exploit the opportunity, and for which an appetite in relation to the opportunity benefit has to be assessed.
21. **Risk appetite is also about comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure should the risk become a reality, and finding an acceptable balance.** The fact that the resources available to control risks are likely to be limited means that value for money decisions have to be made – what resource cost is it appropriate to incur to achieve a certain level of control in respect of the risk? Apart from the most extreme circumstances it is unusual for good value for money to be obtained from any particular risk being completely obviated with total certainty.
22. **Some risk is unavoidable, and not within the ability of the organisation to completely manage it down to a tolerable level.** In these cases the organisation needs to make contingency plans.
23. Risk appetite may be very specific in relation to a particular risk, or it may be more generic in the sense that the total risks which an organisation is prepared to accept at any one time will have a limit.

Features of Identifying the Risk Appetite

24. In consequence every organisation has to identify its risk appetite. Decisions about response to risk have to be taken in conjunction with an identification of the amount of risk that can be tolerated. Any particular organisation is unlikely to have a single risk appetite.
25. The tolerable extent of risk will vary according to the perceived importance of particular risks. For example, tolerable financial loss may vary in accordance with a range of features including the size of the relevant budget, the source of the loss, or associated other risks such as adverse publicity. Where a particular risk can give rise to a number of effects, an effect of quite large financial loss may be acceptable whilst an associated effect of damage to health and safety may not be tolerable at all. Both the risk framework and the control responses therefore have to be considered in detail to identify the appropriate balance of potential realisation of risk against the costs of limiting that risk.
26. The most significant issue is that it is unlikely, except for the most extreme risks, that any particular risk will need to be completely and absolutely obviated. Identification of risk appetite is a subjective (rather than an objective or scientific) issue but nevertheless is an important stage in formulating the overall risk strategy.

E. RISK RESPONSES

27. Responses to risk can be divided into four response categories:

Transfer: For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks of risks to assets.

Tolerate: The exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration. This option may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised.

Treat: By far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to take control action to contain the risk to an acceptable level. Such controls can be **corrective, detective, directive or preventive** (see glossary)

Terminate: Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in the public sector when compared to the private sector; a number of activities are conducted in the public sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

Take the Opportunity: this option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats, an opportunity arises to exploit a positive impact. The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities, for example a drop in the cost of goods or services might free up resources for redeployment.

F. RISK REGISTER

A risk is something that might happen to threaten a project or organisation. Mitigations are actions taken to reduce the chance of the risk coming to pass (probability, P) or how bad it will be if it does (impact, I). If a risk does come to pass, it becomes an issue and generally needs a contingency action to address it. Contingencies can be planned in advance but only undertaken when the issue occurs.

Contingencies have been inserted below for all those risks where the post-mitigation rating is medium or high; in some cases, contingency is not feasible or affordable (financially or politically). The key risks are listed first in each section.

STRATEGIC AND REPUTATIONAL (LEARNING & STANDARDS COMMITTEE)

	Risk description	Pre-mitigation risk analysis			Mitigation	Mitigation responsibility	Post-mitigation risk analysis			Contingency and audit arrangements
		P	I	R			P	I	R	
1.	Any school in the Trust is judged to be less than good under any heading in an Ofsted inspection.	M	H	H	Prioritise school improvement, with a strong improvement model and high-quality expertise. Focus on embedding monitoring and tracking systems and accurate assessment to allow Trust to be fully aware of issues. Use the CEO and other support effectively and allow them to focus on school improvement. Maintain links with school improvement works, both national and local, to ensure the Trust benefits from best practice.	CEO/HOS	L	M	M	Engage external consultancy to further drive improvement where required. Clear monitoring and impact review and reporting. Audit review completed by Learning & Standards committee.
2.	The Trust does not know in detail how each school is performing and whether its planning and prioritising are effective. As a result, the Trust cannot be confident that each school's improvement plans are focused on the right things.	M	H	H		CEO/LAB	L	M	M	
3.	Arrangements for evaluating current practice and the impact of planned improvements are not effective. As a result, each school, and the Trust as a whole, fails to improve its effectiveness and its understanding of what works and why.	M	H	H		CEO/LAB	L	M	M	
4.	Performance of schools is not improving sufficiently or quickly enough, and impacts of the reputation of the Trust.	M	H	H		CEO	L	H	M	

5.	Competition risk – other organisations competing for schools and not able to attract new joiners when appropriate	H	L	M	Work with RSC, existing academies and other partners to actively promote the Trust. Work with other providers to strategically plan aspects of provision where possible.	CEO	H	L	M	Trust is not set up as a competitive organisation. Working proactively to bring on new joiners with support of RSC.
6.	The Trust does not have clear plans for its current and future leadership, including sufficient, sustainable leadership capacity at all levels, an appropriate leadership structure, succession and contingency plans for its key leadership positions and good working relationships among the leadership group.	M	M	M	Put in place a dedicated programme of activity to identify future leaders. Run programmes for aspiring school leaders. Have clear career development route for leadership into senior roles within the Trust. Consider HR policies to make us an attractive employer, but also to allow movement of staff.	CEO, Trustees	L	L	L	HR strategy to be completed CEO training ongoing. Middle leadership programme running. Development of structured C[D to develop teaching and learning.

STRATEGIC AND REPUTATIONAL (TRUSTEES)

	Risk description	Pre-mitigation risk analysis			Mitigation	Mitigation responsibility	Post-mitigation risk analysis			Contingency and audit arrangements
		P	I	R			P	I	R	
1.	The Trust does not have an up-to-date focused and relevant strategic plan based on its vision and its most recent self-review, which is clear in terms of outcomes, timelines, accountabilities and resources.	M	H	M	Trustees regularly review the plan and evaluate using determined KPIs. Systems in place to hold processes and outcomes to account.	Trustees/CEO	L	M	L	Clerk to ensure Trustee planning in place to review strategic plan, including evidential information. Stakeholder audit reviewed by Trustees.
2.	The strategic plan is not effectively implemented, lacks clear monitoring arrangements and/or appropriate corrective action is not taken as needed.	M	H	M	Programme of planning in place and monitored at different levels to ensure accountability.	CEO/HOS	L	M	L	CEO to work with HOS and LAB to monitor impact of plans. To be reviewed on cyclical basis.
3.	The Trust Board does not have sufficient capacity to address the challenges they face and/or Trustees are unclear about their role or insufficiently equipped to carry it out.	M	H	M	Trustees have awareness of their responsibilities, are briefed effectively and undertake CPD to ensure they can carry out their roles effectively. Thorough induction process in place for new Trustees.	CEO/Clerk	L	M	L	Annual review of responsibilities Annual skills audit carried out and reviewed by the Trust. Annual review of DfE statutory documentation and guidance

4.	LABs do not have sufficient, sustainable capacity to address the challenges it faces and/or its members are unclear about their role or insufficiently equipped to carry it out.	M	H	M	LAB have awareness of their responsibilities, are briefed effectively and undertake CPD to ensure they can carry out their roles effectively. Thorough induction process in place for new LAB members.	CEO/Clerk	L	M	L	Annual review of responsibilities Annual review of relevant DfE statutory documentation and guidance.
5.	The Trust is not operating within its Articles of Association and statutory responsibilities.	L	L	L	Organisation structure is such that Members will work with Trustees to ensure the Trust operates within its Articles of Association, covering its statutory responsibilities.	Members, Trustees	L	L	L	Annual review of relevant legal documentation and guidance.
6.	The Trust and its schools do not have appropriate risk management arrangements.	L	H	M	Systems developed and embedded to ensure effective reviews. External audits to monitor risk management arrangements.	CEO, CFO, Trustees	L	L	L	All aspects of business risk reviewed. Clear independent audit systems.
7.	Stakeholder risk – those within the Trust do not consider that the Trust provides a valuable, high quality service.	M	M	M	Regular structure of meetings and development support is in place, particularly for leaders. Website provides greater clarity.	CEO, CFO, Trustees	M	L	L	Greater use of technology. Develop more networks. Deal with service quality issues with staff through

					Develop Quality Standard with staff.				performance management. Audit of stakeholder audits annually.	
8.	The Trust fails to ensure that the appropriate safeguarding arrangements are in place.	M	M	M	Employ external auditors and advisors (PCC) Ensure provision of external training. Ensure all are aware of their responsibilities and requirements.	CEO	L	M	M	Regular review of practice against policy. Safeguarding policy revised annually in line with KCSIE. Review of Safeguarding Audit actions by Trustees.
9.	A Health and Safety incident leads to injury or fatality or bereavement linked to a Trust school or the Trust.	M	M	M	Health and safety procedures and audits in place as above to reduce likelihood of work-related injury or death. Specialist resources and contingencies in place to deal with emergency situations, included local educational psychology teams, PCC and press officer.	CEO, FM	L	L	L	Links established with PCC press office. Strong links with PCC who provide emergency support in such situations. Support schools in being prepared for such an event. Review of Health & Safety audit actions by Trustees.

10.	Potential impact of a natural disaster/uncontrollable event.	M	M	M	<p>Diasaster recovery plan in place.</p> <p>Ensure all schools have established links with local providers in case of emergency.</p> <p>Maintain links with cluster in case of emergency need for facilities.</p> <p>Work closely with FM.</p>	CEO/CFO/FM	M	M	M	Disaster recovery plan regularly reviewed.
11.	Financial information cannot be recovered in the event of a disaster or change of supplier.	M	M	M	<p>Use of cloud-based technology ensures that information is always maintained in its most up to date format and that it is always backed up off-site.</p> <p>Local records are maintained and use of established providers ensures minimal risk in terms of supplier changes.</p>	CEO/FM	L	L	L	<p>Actions and 'lessons learned' following incidents are shared with Trustees.</p> <p>Server updates</p> <p>Trust is cloud-based</p>
12.	Technological risk of information, data corruption and outdated systems.	M	M	M	<p>Use of recognised systems that have built-in safeguards and whose integrity is externally maintained.</p>	FM	L	M	M	Ensure virus protection and secure email.

13.	The Trust and its schools fail to engage effectively with parents, the wider community and other professionals, thereby failing to identify opportunities to improve and failing to be seen as valued partners.	L	H	M	Use of consistent systems to engage with stakeholders. Information shared with CEO/Trustees to determine perception.	CEO/HOS	L	M	L	Parents questionnaires/surveys Regular scheduled feedback opportunities Review of actions from stakeholder audits undertaken by Trustees.
14.	Data protection arrangements are not in place across the Trust.	M	H	H	External support bought in to support GDPR. Annual external audit to determine effectiveness.	CEO/HOS/DPO	L	M	L	Annual audit by DPO actions reviewed by Trustees. Regular training for staff Systems review

ORGANISATIONAL & OPERATIONAL – FINANCE (AUDIT & FINANCE)

	Risk description	Pre-mitigation analysis			Mitigation	Mitigation responsibility	Post-mitigation analysis			Contingency and audit arrangements
		P	I	R			P	I	R	
1.	The Trust and/or individual schools do not have sufficient pupil numbers to be sustainable in the long term	L	H	M	Liaise with LA on projected numbers to predict trends. Flexible staffing model to accommodate changes.	CEO	L	M	L	Twice-yearly forecast review. Monitoring of community development.
2.	The Trust and/or individual schools are not financially viable or have unforeseen financial difficulties	L	H	H	Projected budgets used to make adjustments, ensuring viability.	CEO/CFO	L	M	M	Monthly finance monitoring and reporting. Long term plans adjusted for impact. Maintain flexible staffing structure.
5.	Insurance risk - Risk of financial loss / ability to replace items is insufficient.	M	M	M	Trust-wide insurances are in place for premises, staffing and other contingencies.	CEO/FM	M	M	M	Insurance savings have been made and cover is in place in all areas required.
6.	Trust holding either insufficient or excessive reserves.	H	H	H	Develop a clear reserves policy for Trust. All Trust schools have to have balanced budgets by 2017-18 Healthy reserves built up by 2019-20 up to equivalent of 1 month income.	CEO/CFO/Trustees	M	M	M	Additional financial restraint needed in order to bring the budget into a healthier position.

					Any additional reserves reinvested for good outcomes.					
7.	Fraud impacts on the Trusts reputation and business, attracting bad publicity.	M	M	M	Stringent financial controls in place across the Trust and its schools. Central finance system minimises risk. Use of recognised internal and external audit functions on bi-annual basis.	CFO/Trustees	L	L	L	Successful audits carried out to this point with very few minor issues raised. Regular training sessions take place with Finance Officers.
8.	Supplier financial viability and ability to deliver a quality product in the timescales required.	M	M	M	Use of established suppliers. All suppliers set up and validated on central finance system. Quotes obtained as required. Payments made upon receipt of goods and services.	CFO	L	L	L	Systems are becoming more established across the Trust and Finance officers are working with increasing efficiency to procure goods and services.
9.	Financial systems are not robust enough to ensure the following are controlled: <ul style="list-style-type: none"> • Reconciliations • Authorised access only • Raising of invoices appropriately • Authorisation of expenditure • Income and expenditure in the wrong period • Appropriate availability of cash • Recovery of debt 	H	H	H	Stringent financial controls in place across schools Policy structure in place and regularly reviewed Central finance system reduces risk	CFO/FM	M	M	M	Audits have so far raised minimal issues and these have been addressed promptly.

	<ul style="list-style-type: none"> • Appropriate response to tax • Responding to changes in legislation • Misappropriation • Related party transactions • Asset management 				<p>External audit delivers minimal items of concern and any that are raised are addressed promptly</p> <p>Ongoing monitoring of internal controls carried out by recognised internal audit providers – again, matters raised are addressed promptly.</p>					
10.	Numbers on roll at Trust schools do not rise in line with expectations, impacting significantly on the ability to bring about improvements and invest in long-term sustainability.	M	M	M	<p>Implement strong marketing and PR campaign supported by appropriate expertise.</p> <p>Engage regularly from Trust board downwards with the local community to build confidence and trust.</p> <p>Carefully monitor forecast admission data and manage budget and resourcing accordingly.</p> <p>Trustees receive census data from CEO to review.</p>	CEO	M	M	M	<p>Consider more structural measures.</p> <p>Overall financial position of all schools remains difficult and is under close scrutiny by the CEO.</p> <p>Financial planning meetings held with all schools and all setting balanced budgets for next three years.</p>
11.	Individual school/s have a significant financial deficit.	H	M	H	<p>Plan and execute measures to increase pupil numbers and reduce costs in specific academies.</p> <p>Review of both pay and non-pay expenditure to deliver financial stability into the future.</p>		M	M	M	<p>Ongoing work with the school/s to secure financial health in a challenging financial environment for education.</p>

12.	Risk of financial loss due to changes in funding and impact of external political factors on this.	M	M	M	Maintain clear knowledge of the direction of travel for education funding. Work with funding sources to bring in as much funding to the Trust as possible.	CEO/CFO	M	M	M	Trust schools are facing challenges in relation to funding, as are schools nationally. Work to ensure that sensible decisions are made in relation to staffing. Maintain budgets that are balanced.
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ORGANISATIONAL & OPERATIONAL – HR (TRUSTEES)

	Risk description	Pre-mitigation analysis			Mitigation	Mitigation responsibility	Post-mitigation analysis			Contingency and audit arrangements
		P	I	R			P	I	R	
1.	The Trust does not have an effective process for reviewing and revising its staff and management structure and numbers at all levels to ensure staffing arrangements are appropriate for both current and foreseen future needs	M	H	M	Centralised HR function to monitor changes. Clear roles and responsibilities to determine effective staffing.	CEO	L	M	L	Structure review with each staff change. Trustees audit via benchmarking and succession planning annual review.
2.	The Trust fails to give proper attention to the wellbeing and development and pay of its staff, increasing the risk of staff absence, or problems with recruitment and retention	M	H	M	Wellbeing policy and process in place. Staff training and policies ensure development of staff.	CEO/HOS	L	M	L	Staff questionnaire – shared with Trustees for review and action Wellbeing Day Exit interview reviews
3.	Staff performance issues are not dealt with quickly and effectively.	M	H	M	Support is in place with policy to ensure clear systems. Clear accountabilities and processes.	CEO/HOS	L	M	L	Performance management in place Liaise with HR at onset of issues. Trustees annual audit of systems.
4.	The Trust and its schools do not have appropriate risk management arrangements	M	H	H	Risk register reviewed by Trustees to ensure that it is robust.	Trustees/CEO	L	M	M	Continually review risks and ensure that actions from audits in place.

					Regular external audits ensure systems and processes are in place and fit for purpose.				Ensure statutory changes are adhered to and risk impact calculated. Trustees annual audit of systems.	
5.	The Trust does not ensure that its people and property are safe from harm.	M	H	H	Facilities and Safeguarding processes are robust, tested and monitored. Risk assessments are in place and monitored. Regular audits are in place.	CEO/FM	L	M	M	Ensure Audits are in place and actions followed up. Staff training / training for children to support keeping themselves safe. Trustees annual audit of systems.