Students First
OUTWOOD
GRANGE ACADEMIES TRUST

Risk Management Strategy & Policy

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Table of Contents

Context

The driving ambition of all of our staff is that "*the whole point of schools is that children come first and everything we do must reflect this single goal*"

Hence, OGAT's vision is: Students First: Raising Standards, Transforming Lives.

As a high-performing multi-academy trust we embrace the opportunity to ensure that all children, irrespective of their starting point, receive an excellent education. We relish the opportunity to be part of the much needed regeneration of the areas we work in.

To achieve this aim staff within OGAT have three values in common. They:

- put 'students first' – they care deeply about children;
- strive to be experts in their respective fields; and
- are obsessive about attaining the highest standards.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Trust's overarching attitude to risk is to operate in a culture of creativity and innovation, in which key risks are identified in all areas of the Trust's business and that these risks are understood and proactively managed, rather than avoided. Risk management is not about conservatism and stifling innovation and development, moreover, it is about being aware of and managing the risks that surround our activities and taking all reasonable steps to mitigate such risks. Risk management therefore needs to be embedded into the heart of the Trust's planning and operations. We need to have the structures and processes in place to ensure that the risks and opportunities of business as usual Trust activities as well as any new initiatives are identified, assessed and addressed in a consistent way. We will not shy away from risk but instead seek to proactively manage it within tolerable limits. This will allow us to not only to meet the needs of various stakeholders today, but also be prepared to meet future challenges and deliver our strategic objectives.

Many of the activities associated with risk management are already being undertaken within the Trust as business as usual activities. The Trust recognises that in order to continue our successful story and deliver our vision and strategic objectives there is a need to establish a more formal risk management framework. What is equally important is that our risk management arrangements do not become overly bureaucratic and non-value adding and remain practical and proportionate and genuinely assist the Trust in actively managing its risks. This risk management framework seeks to establish such arrangements.

1. Scope & Objectives of the Risk Management Framework

1.1 Purpose of this Risk Management Framework

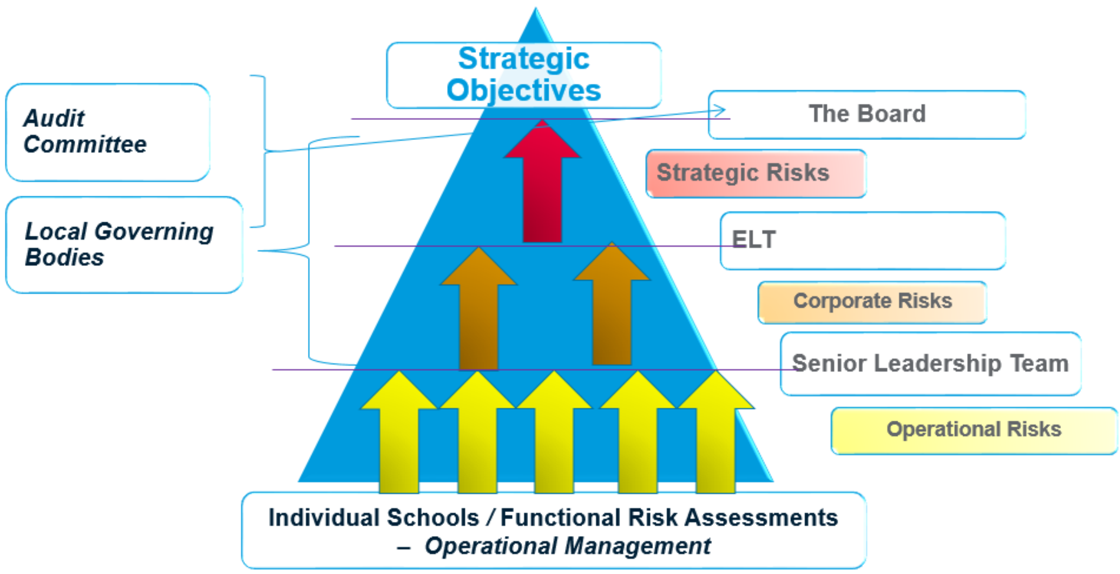
The purpose of this framework is to introduce risk management and set out a structured approach to risk management for Outwood Grange Academies Trust. This framework sets out to:

- Define risk management;
- Outline the Trust's risk management plan;
- Describe the approach to managing risks based on good practice principles as defined by the Institute of Risk management;
- Outline the risk management process;
- Outline roles and responsibilities for risk management within the Trust; and
- Explain the risk management recording and reporting requirements within the Trust.

1.2 Scope of the Risk Management Framework

This document outlines the Risk Management Framework for activities within the Trust and all its operations and entities. The Framework defines the Trust's risk management process, methodology, appetite, training and reporting, and also establishes the responsibilities for implementation.

Risk management is part of the Trust's day-to-day operations and is undertaken at Academy and Department levels as well as more broadly at the overall Trust level. The overall aim of risk management within the Trust is to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats and to help ensure that the school maximises opportunities and minimises the risk of harm to its pupils, both academically and pastoral. This is illustrated graphically below.



1.3 Objectives of the Risk Management Framework

The objective of this Risk Management Framework is to provide a formal process to assist the Trust in:

- Encouraging understanding by managers and their staff of the implications of risk exposures, opportunities and their risk management, in their day-to-day work and in strategic and operational planning activities;
- Developing and implementing procedures to ensure that risks are identified, assessed against accepted criteria and that appropriate measures are implemented; and
- Defining and documenting responsibilities and processes.

1.4 Why is Risk Management important?

Risk influences every aspect of the operations at the Trust. Understanding the risks we face and managing them appropriately will enhance our ability to make better decisions, safeguard our assets and enhance our ability to provide services to our students and to achieve our vision and objectives.

The Trust views the management of risks to its people, assets and all aspects of its operations as an important responsibility. It is committed to upholding its moral, ethical and legal obligations by implementing and maintaining a level of risk management which protects and supports these responsibilities.

An effective Risk Management Framework is not only good business practice but provides organisational resilience, confidence and benefits, including:

- Provides a rigorous decision-making and planning process;
- Provides the Trust with the flexibility to respond to unexpected threats;
- Takes advantage of opportunities and provides competitive advantage;
- Equips managers with tools to anticipate changes and threats that face the Trust and to allocate appropriate resources;
- Provides assurance to the Trust's Council of Governors, management and stakeholders that critical risks are being managed appropriately within the Trust; and
- Enables better business resilience and compliance management.

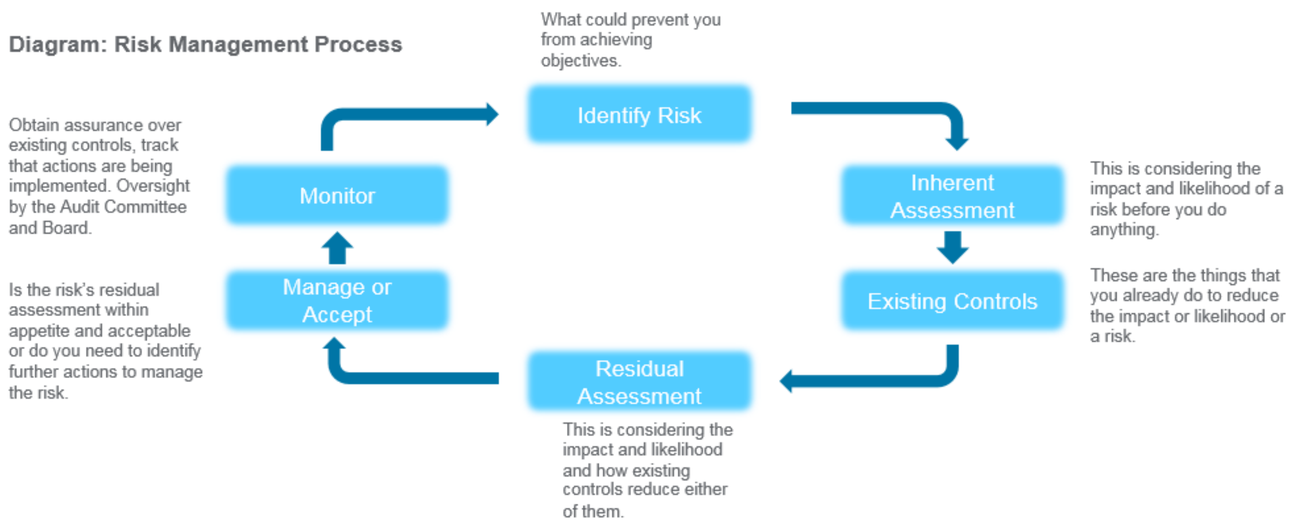
1.5 Definitions

Risk can be defined as *"an uncertain event that, should it occur, will have an effect on the Trust's objectives and/or reputation."* It is the combination of the probability of an event (likelihood) and its effect (impact).
Risk management opportunities can arise as a consequence of effectively managing risks, for example additional grant funding or improved working practices.
Risk management is the *"systematic application of principles, approach and processes to the identification, assessment and monitoring of risks."* By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve our offer and sustain our success.

2. Risk Management Framework Overview

Risk is the possibility that an action, event or set of circumstances will adversely or beneficially affect the ability of an organisation to achieve its objectives. Risk Management is the process which aims to help the organisation understand, evaluate and take action on all risks with a view to increasing the probability of success and reducing the likelihood of failure.

The risk management framework (see diagram 1) ensures that a risk is fully considered, assessed, managed and monitored as part of a cyclical process.



2.1 Risk Management Policy and Strategy

The Risk Management & Strategy Policy forms part of Outwood Grange Academies Trust's (OGAT) internal control and corporate governance arrangements.

Purpose of the Policy

Taking risk management seriously is a priority for OGAT. The Risk Management Policy forms part of the institution's internal control and corporate governance arrangements. It is designed to provide assurance that the institution 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.

The policy explains the institution's underlying approach to risk management

The policy should be read in conjunction with the Trust's Risk Management Strategy and Trust Risk Register, which set a framework for the management of risks and identifies roles and responsibilities of OGAT in the management of those risks.

Aims and underlying approach to risk management

The Trust has a Risk Management Strategy which aims to:

Define the amount of risk the Trust is prepared to tolerate or be exposed to, should the risk be realised. Too great a risk appetite can jeopardise a project or activity whilst too little could result in lost opportunity.

Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult.

Assess the likelihood of such risks occurring and the potential impact of such occurrences with particular reference to the areas of 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.

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

The Trust has responsibility for overseeing risk management within the institution as a whole.

The Trust carries out this responsibility through its Audit 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 departmental level. The departmental and school/Trust wide risk register are updated on a monthly basis.

The Executive Leadership Team reviews the Trust's Risk Register and Action Plan on a termly basis and it is a standing item of the Audit Committee.

The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

The Trust uses a weighted scoring 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.

All colleagues within the institution are encouraged to be involved in the risk management process by the reporting of risks through the risk template for both college wide and departmental risks. The Trust aims to ensure that its Risk Management Policy and Strategy is fully embedded across the institution.

Risk Management Strategy

Introduction

Risk management is the process whereby the Trust methodically addresses the risks attaching to its objectives and associated activities with the goal of achieving sustained benefit within each activity and across the whole range of activities.

Risk management will be aimed at ensuring that the Trust achieves its objectives in the most effective way and those resources are directed at those objectives. It will not be seen as a separate exercise but as the means of best achieving the Trust's objectives.

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.

It has been designed for use by all 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

The Aims and Objectives of Risk Management

The Trust's overall risk management plan is aimed at:

Protecting its students, staff and assets
Managing risk in accordance with best practice and reducing the cost of risk
Anticipating and responding to changing social, environmental and legislative requirements
Raising awareness of the need for risk management
Integrating risk management into the culture of the Trust
Adopting legal compliance as a minimum standard

These aims and objectives will be achieved by:

Establishing and maintaining a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all staff
Maintaining documented procedures for the control of risk
Providing suitable information, training and supervision
Maintaining effective communication and the active involvement of all staff
Maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
Monitoring arrangements on an ongoing basis

The Potential 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 schools and services
Protecting and enhancing Trust assets and image
Developing and supporting staff and the Trust's knowledge base
Helping to focus the internal audit plan

The Structure and Administration of Risk Management

The Trust 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 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 Executive Team (ELT) will:

Support and implement policies approved by the Trust
Establish internal risk policy and structures for individual academies / 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 Executive Leadership Team / Executive Principals / Business Managers 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 Management Team, the Audit Committee, the Trust and the other 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 Executive Leadership Team

The Chief Operating Officer as the 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 guidance, interpretation and understanding of the risk management systems

2.2 Risk Appetite

The success of the Trust is a result of effectively managing our key risks, which in turn support the achievement of our key targets and priorities. OGAT acknowledges that an element of risk exists in all activity it undertakes.

Risk appetite is defined as the amount of risk an organisation is prepared to tolerate or be exposed to, should the risk be realised. Too great a risk appetite can jeopardise a project or activity whilst too little could result in lost opportunity.

OGAT has decided to set its risk appetite as those risks that are "to *be defined*……" and therefore will not be tolerated and will be reported to the RMG every month. The RMG will report such risks to the Audit Committee who will then report to the Governing Body.

2.3 Steps in the Risk Management Process

Step I Identify the Risk

Risk is not only about adverse events, it is also about missed opportunities. All areas of activity within the Trust and partnerships with third party organisations should be considered together with what would stop them being as successful as they should. The key risks that the Trust faces will be those that would stop it achieving its objectives in these areas.

As the first step in the risk identification process all staff with responsibility for delivering operations aims or targets need to understand the Trust's corporate objectives and the legal and regulatory environment in which it operates.

The second step is the translation of these objectives into operating aims in the form of detailed business plans and performance indicators for each area of activity. This should be an ongoing annual exercise with regular updating of the aims.

The next step is to identify what would stop each area being as successful as it should. Risks can readily be identified through either brainstorming or a more structured approach.

There are many methods for grouping risks, starting from either categorising risk or analysing it using a functional approach. Consideration by category, for example, could include:

Strategic/reputational risks – concern the long-term strategic objectives of the School/Trust. They can be affected by such areas as capital availability, legal and regulatory changes, reputation and changes in the physical environment. For example, failure to recognise sector message.

Business as usual risks – concern the day-to-day issues that the organisation is confronted with as it strives to deliver its strategic objectives. For example, failure to maintain timely and accurate learner data.

Financial risks – concern the effective management and control of the finances of the Trust and the effects of external factors such as interest rate movement and other market exposures. For example, failure to balance budget.

Compliance risks – concern such issues as safeguarding, health and safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues. For example, breach of employment laws.

Exceptional risks – concern new risks that have been identified which prevent uncertainty for the Trust and the achievement of its objectives. They are a result of a change in the Academy direction, a new initiative or external factors.

The following categories of risk or risk themes are used to enable appropriate aggregation and identification of systemic issues and trends across the Trust.

Safeguarding
Standards
Governance
Capacity & Capability
Political & External Environment
Academy Conversion/Sponsorship

Step 2: Record the Risk

Risk registers identify and record the risks facing different areas of the Trust. Identifying risk is a critical step in managing it. Risk registers allow the Trust to assess the risk in context with the overall Trust strategy, and help record the controls and treatments of those risks. Risk registers are developed on three tiers, Corporate level, the Operational level (Faculty, House and Department), and at Project level.

Describing the risk is equally important to ensure that risks are fully understood, and to assist with the identification of actions, the cause and effect of each risk must also be detailed. The use of cause and effect to articulate a risk allows for sub risks to be captured under each main risk heading, for example, there may be a number of financial risks relating to funding, grants, student numbers etc. and rather than set out several individual financial risks these can be captured by an overarching risk description and then set out each individual cause and effect each with potentially their own mitigations.

Typical phrases used to do this include:

Description	Cause	Effect
Risk of … Failure to … Failure of … Lack of … Loss of … Uncertainty of … Delay in … Inability to … Inadequate … Partnership with … Development of … Opportunity to … Damage to	… due to … because ...	… leads to … results in …

The risks that have been identified should be recorded on the risk template and updated to the register for each school / service and incorporated, as necessary, into the corporate risk register.

A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk and to ensure that it is documented appropriately. A risk owner is defined as a person with the accountability and authority to effectively manage the risk.

Typically, risks identified at a corporate and/or strategic level will have a risk owner that is a member of the senior management team. Equally, risks at a Faculty, House or Department level will have a relevant manager assigned to them.

At this stage there may well be a long list of possible risks. The next step will help to prioritise these in order of importance.

Step 3 Assess the Risk – Trust and Academy Guidelines

Having identified the risks that the Trust is facing, they need to be prioritised into a manageable order so that action can be focused on the significant risks. At this stage in the risk management process you should only be concerned about the risks that threaten the achievement of your operating aims and objectives. Risk prioritisation will enable necessary action to be taken at the relevant level of management in the School/Trust.

Each risk should be assessed in terms of the **likelihood** of its occurrence, and its **impact** on the Trust, should it occur.

Not all risks will affect the Trust with the same impact, and some are far more likely to occur within the Trust than others. There is perhaps a low likelihood of fire at the Library but there would be a significant disruption if the buildings were burnt down.

The impact of a risk and the likelihood of it occurring should be scored as follows:

Likelihood

For each of the risk you have listed assess the likelihood of their occurrence on the following scale:

Rare
Unlikely
Possible
Likely
Almost Certain

Impact

Also assess their impact on the following scale:
Negligible
Minor
Moderate
Major
Catastrophic

Risk Prioritisation

Risks should be prioritised as follows:

Risk	**Likelihood**				
Impact	**1 - Rare**	**2 - Unlikely**	**3 - Possible**	**4 - Likely**	**5 - Almost Certain**
5 - Catastrophic	**15**	**19**	**22**	**24**	**25**
4 - Major	**10**	**14**	**18**	**21**	**23**
3 - Moderate	**6**	**9**	**13**	**17**	**20**
2 - Minor	**3**	**5**	**8**	**12**	**16**
1 - Negligible	**1**	**2**	**4**	**7**	**11**

Step 4 Risk Mitigation

Once risks have been identified and prioritised, you need to decide how the Trust is going to address them.

As the first step, you should assess the 'cost' of accepting the risk. This may be a financial cost or a lost opportunity. You may decide that accepting a particular risk is appropriate and not take any further action.

If you decide further action is needed, then there are five main options:

Avoid - A decision is made not to take a risk.
Accept - A decision is taken to accept the risk.
Transfer - All or part of the risk is transferred through insurance or to a third party.

Reduce - Further additional actions are implemented to reduce the risk.
Exploit - Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

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.

In the majority of cases, the next step will be to put in place systems to mitigate either the likelihood or the impact of the risk. These will include systems addressing the whole operation of the Trust as well as the areas where risks have been identified. Any system of risk mitigation should provide as a minimum:

Effective and efficient operation of the Trust
Effective internal controls
Compliance with law and legislation

Mitigating action plans should be recorded against each risk that has been listed in the risk register with appropriate milestones. In order for an action plan to be successful the action plans should be:

Smart
Measurable
Achievable
Realistic
Time constrained

They should also include sources of assurance over the controls in place to mitigate each risk identified.

Source of Assurance is defined as evidence that mitigating action/controls are in place and being regularly reviewed. As part of the monthly risk review the Assurance should be reviewed to ensure that the mitigating action/controls are appropriate and functioning. The residual risk should also be considered at each review if Assurances indicate that mitigating actions/controls are working better/worse than originally planned.

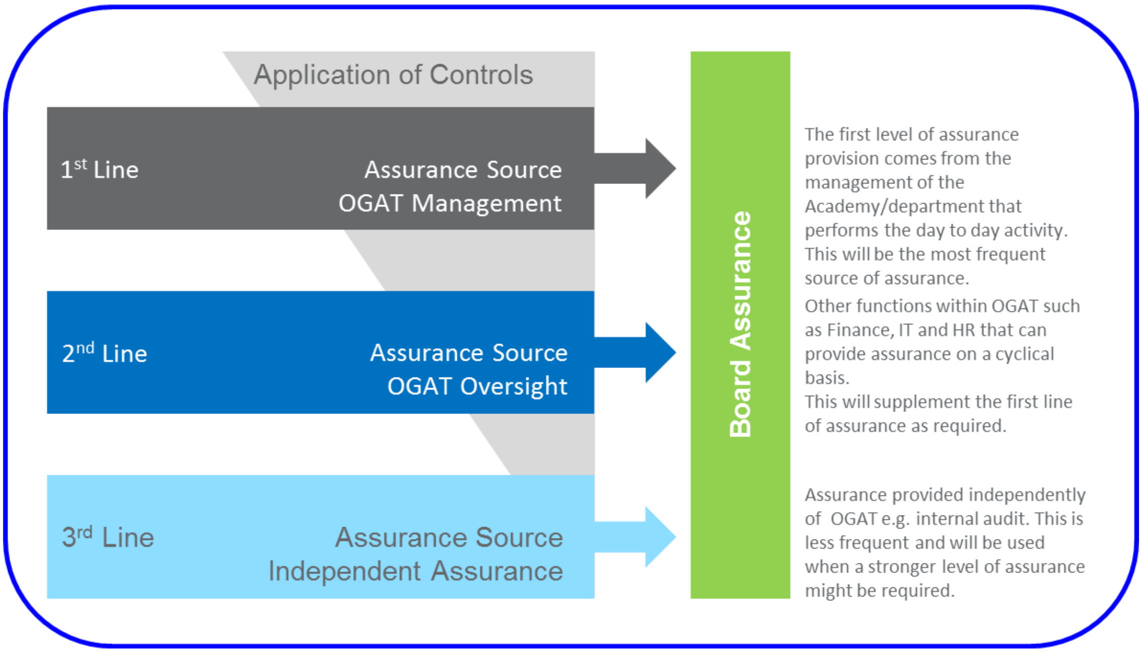
Diagram 2: Definition of controls assurance ratings

Level of Control	**Definition**
Good	A high degree of reliance can be place on the system of internal control. Compensating controls are in place such that even if part of the system breaks down, the control criteria will probably still be met
Satisfactory	The controls can be relied upon; however, some improvements to controls can be made

Marginal	The system can generally be relied upon in most circumstances but there are some circumstances where one or more of the four control criteria may not be met
Weak	The system of internal control cannot be relied upon to meet the control criteria. If there has not already been a significant breakdown, it is only a matter of time before this occurs

Typically, assurance will be gained from a variety of sources and management will seek to triangulate evidence to provide a greater degree of confidence. This may involve multiple agencies and approaches and is commonly referred to as the 'three lines of assurance model'

Diagram 3: Three lines of assurance model



The frequency and volume of assurance will reduce down from the first line of assurance through the second line of assurance and culminating in a lower level of third level independent assurance. All three levels are important and the Trust needs to ensure that an appropriate balance of assurance is received across the three levels.

Gross and Net risk

In completing the above mentioned assessment of risk, recognition needs to be given to the impact of the mitigating actions taken by management to reduce the impact of the risk. Accordingly, risks should initially be recorded at their gross value – the impact without mitigating actions. The same risks should then be recorded allowing for the impact of the mitigating actions. By doing so, the Trust can value the impact of the mitigating factors to determine whether they are cost effective.

Both the gross risk and net risk scores are to be recorded on the Risk Register.

The movement in these risk scores between reporting periods is to be recorded on this key documents to enable the reader to understand whether each risk is constant, decreasing or increasing over time.

Step 5 Risk Monitoring

The likelihood or impact of an identified risk can change for several reasons including:
Nature of the risk has changed or is changing
Existing controls are inadequate or not functioning
New controls are introduced

Early warning indicators should be designed for each risk to alert management to the situation effectively. These should have triggers, be described in the register and be highlighted in monthly reports to management and the Trust. Key characteristics of monitoring mechanisms are:

Information must reach the level of management where decisions can be made
Mechanisms must pick up the problem before it happens, or at least before it gets too serious.

The Trust and Individual Academies should:

Review Termly the risks which fall into their area of responsibility, the possible impacts these have on other areas and the consequences other areas may have on them
Use performance indicators to monitor the key business and financial activities, progress towards objectives and identify developments which require intervention
Have systems which communicate monthly variances in budgets and forecasts to allow action to be taken
Report systematically and promptly to the Head of Finance any perceived new risk or failures of existing mitigating or control measures

The Chief Operating Officer should:

Ensure that the Trust Risk Register is updated in the light of developments within the Trust and the wider business environment

The Executive Leadership Team should:

Review the Trust Risk Register Termly
Review key performance indicators and progress towards objectives
Take necessary action to address adverse departures for objectives
Provide adequate information to the relevant Trust's Committee on the most significant risks

The Audit Committee should:

Review the Trust Risk Register and the Internal Audit monitoring document at its meetings
Provide ongoing advice on the effectiveness of the risk management process

Step 6 Risk Reporting

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is being taken to reduce (or at least maintain) their likelihood and/or impact.
The frequency with which risks are reviewed will depend upon their scoring and also the organisational level of risk i.e. Corporate, Academy or Department. The intention is to prioritise focus on the higher scoring net risks more frequently as by definition these are the risks that require greater management attention and assurance over them. That is not to say that the lower scoring risks are not subject to regular review, it is the frequency of the review that will be determined by the scoring.

The Trust has determined that risks scoring in excess of XX should be reviewed by risk owners on at least a termly basis in terms of ensuring that actions are being completed, assurances over controls are being received and the identification of any further actions is conducted. Those risks scoring less than XX may be subject to either 6 monthly or annual review as per diagram 3.
Different levels within the Trust need different information from the risk management process.

Early warning indicators should be reported systematically and promptly to senior management to allow action to be taken. The frequency of reporting should be related to how quickly a risk can materialise and its likely impact.

Staff should:

Understand their accountability for individual risks
Understand that risk management and risk awareness are a key part of the Trust's culture
Understand how they can enable continuous improvement of risk management response
Report systematically and promptly to senior management any perceived new risks or failures of existing control measures

Trust Executive Leadership Team / Executive Principals / Business Managers should:

Report to the Risk Champion the outcome of their termly review of business and financial activities and progress towards objectives
Report systematically and promptly to the Risk Champion any perceived new risks or failures of existing control measures

Executive Principals / Business Managers should:

Review the findings of the reviews within their remit
Ensure accurate reporting of risk in terms of issue and risk values
Assist the Risk Champion in assessing each risk and its reporting to the Audit Committee and the Trust.

Report monthly to the Executive Leadership Team on the progress towards objectives in Individual schools and inform the Risk Champion in order that the Trust risk register may be updated

Report systematically and promptly to Executive Team any perceived new risks or failures of existing control measures
Report to each Audit Committee meeting the most significant risks facing the Trust
Ensure appropriate levels of awareness throughout the Trust

The Trust should:

Report annually on the effectiveness of the risk management process in the Trust
Report to the Trust's Directors on a regular basis its risk management policies and the effectiveness in achieving its objective

Management will ensure that risk is a regular feature of existing performance discussions with Faculties, Houses and Departments.

Diagram 4: Overview of risk management activities

Frequency	Risk Score	Council / Committee	Faculty/House/Department	Project
Annually	All risks	Business Plan process including risk identification	Business Plan process including risk identification	Ad Hoc population of individual project risk register
	All risks	Board level sign off of refreshed Risk Register	Executive level review and sign off of refreshed Risk Register	Sign off dependent upon Scheme of Delegation limits
	All risks	Board / Committee review of corporate risk		
Termly	Very High and High level risks	Board / Committee review of corporate risk report *(inc strategic and v high / high operational risks)*	Executive review of risks and escalation as required	Project Board review of risks and escalation as required
Six Monthly	Minor and Moderate risks	n/a	Executive review of risks and escalation as required	Project Board review of risks and escalation as required

Regular reporting at executive management, the Board and Local Governing Body will enable senior management and Governors to be fully aware of the risks and progression being made in managing them. Net red risks on operational risk registers will be reported with the corporate risks in regular reports at Board and Committee level.

It is not the intention to report the full risk register at Board and Committee level. Reports will be a summary of the risks, changes in risks and risk scoring since the last report, the gap between residual and target risk scores and identification of further management actions alongside any overdue actions.

2.4 Embedding Risk Management

For risk management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. As such risks and the monitoring of associated actions should be considered as part of a number of the Trust's significant business processes, including:

Corporate Decision Making – significant risks should be appropriately identified and disclosed at Board / Committee level when making key decisions. All decisions should be taken with a view on the level of risk involved.
Business/Budget Planning – the annual process should incorporate the updating of Academy / Department risk registers to reflect current aims/outcomes.
Project Management – all significant projects should formally consider the risks to delivering the project outcomes before and throughout the project. This includes risks that could have an effect on service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).
Partnership Working – partnerships should establish procedures to record and monitor risks and opportunities that may impact the Trust and/or the Partnership's aims and objectives.
Procurement – all risks and actions associated with significant contracts need to be identified and assessed, kept under review and amended as necessary during the procurement process.
Information Governance – an assessment of the level of risk and compliance with regards the use of information
Health and Safety – the Trust should recognise the specific risk assessment policy to be followed in relation to health and safety risks.

Further to the above the Trust should ensure that risk features appropriately on meeting agendas, Board/Committee paper front sheets, meeting closure actions, business planning/case documentation and Academy or department level discussions thus ensuring that risk management is seen as a primary tool for effectively managing the Trust's business.

Appendix I – Roles and responsibilities

	Board	Audit Committee	Management	Risk Manager / Equivalent	Heads of Department	Staff
Role & Responsibility	Set risk management strategy. **Set Risk Appetite** Review strategic risk profile. Consider strategic risks in the context of future planning and decision making.	Reviewing the effectiveness of the risk management arrangements, including seeking assurance that risk is managed across the organisation.	Identifying resources to effectively and efficiently implement the risk management strategy.	Advise Board, Management and Audit Committee on progress of risk management activities. Facilitate implementation of the risk management strategy.	Implement the risk management strategy within their Department. Identify, assess and monitor the operational risks for their Department. Report to Management / Board as required.	Maintain an awareness of the current risks and implement assigned actions as required.
Monitoring						
Annually (as a minimum)	Review risk management strategy. Full review and refresh of strategic risks.	Review and sign off of the Annual Risk Management report, including risk management forward plan.	Develop action plan to manage the strategic risks.	Produce annual report on Risk Management. Develop the risk management forward plan.	Full refresh of Departmental Risk Register.	N/A

Quarterly	Receive a report informing them of the risk profile and an update on the management of strategic risks.	Oversight of the strategic risks and all primary risks from across the organisation. Review of assurance and action profile including actions overdue for all risks.	Review and update strategic profile, including action plan. Review of new primary risks emerging from across the organisation.	Coordinate termly risk update for strategic risks. Analysis of risk registers incorporation into risk reports /updates for Board, Audit Committee and Management Team.	Review and update Departmental risk register.	
Monthly	N/A	N/A	Monitor strategic risk actions. Monitor all primary risks and actions.	Analysis of primary risk profile and action Plans. Produce reports for Trust Management.	Monitor Departmental primary risk profile and risk actions and send update to Risk Manager.	

Appendix 2: Measurement of Likelihood and Impact

OVERALL RISK SCORING MATRIX

	Likelihood				
Impact	**1 Rare**	**2 Unlikely**	**3 Possible**	**4 Likely**	**5 Almost Certain**
5 Major	**Moderate (15)**	**High (19)**	**High (22)**	**Very High (24)**	**Very High (25)**
4 Significant	**Minor (10)**	**Moderate (14)**	**High (18)**	**High (21)**	**Very High (23)**
3 Moderate	**Low (6)**	**Minor (9)**	**Moderate (13)**	**High (17)**	**High (20)**
2 Minor	**Low (3)**	**Low (5)**	**Minor (8)**	**Moderate (12)**	**High (16)**
1 Negligible	**Low (1)**	**Low (2)**	**Low (4)**	**Minor (7)**	**Moderate (11)**

LIKELIHOOD MEASUREMENT

	Rare 1	**Unlikely 2**	**Possible 3**	**Likely 4**	**Almost Certai 5**
Description	May only occur in exceptional circumstances	Could occur during a specified time period	Might occur within a 5 year time period	Will probably occur in most circumstances	Expected to occur most circumstance
Occurrence	Once / > 10 years	Once / 5 – 10 years	Once / 12 months – 5 years	Once / 12 months	Multiple / 12 mont
Probability	< 20%	21 – 40%	41 – 65%	66 – 90%	> 90%

IMPACT MEASUREMENT

Business as Usual activities	**Insignificant 1**	**Minor 2**	**Moderate 3**	**Significant 4**	**Major 5**
Compliance with legislation	Oversight on reporting activity that is under control.	Minimal non-compliance to relevant legislation. Breaches by an individual staff member.	Non-compliance with legislation. Possible closure of a course.	Non-compliance with legislation affecting Faculty, House or Department activities. Closure of several non-	Non-compliance with legislation affecting closure of core Faculty, House or Department operations or key business

				core operations.	activities and/or large penalty
Reputation damage	Minimal adverse publicity in local press. Letters received and printed but no further action taken.	Adverse publicity in local/regional press. Letters to the Editors, with follow up comments from the readership or interested parties.	Extended negative local/regional plus national media coverage. Requirement to manage key stakeholders.	Longer-term nationwide coverage. Need to increase focus on management of a broader group of stakeholders.	Extended negative national and international coverage. Requirement to implement a communication plan for all stakeholders.
Disruption to established routines and operations.	No interruption to service. Inconvenience to localised operations.	Some disruption manageable by altered operational routine. Reduction in operational routine.	Disruption to a number of operational areas/site. Closure of an operational area/site for up to one day.	Several key operational areas closed. Disruption to teaching / course schedules or key business activities for up to one week.	Disruption to services causing site closure or key business closure for more than one week
Financial.	Less than £100k	£100k to £250k	£250k to £500k	£500k to £1M	£1M+
General Environmental & Social Impacts.	No lasting detrimental effect on the environment i.e., harm, nuisance, noise, fumes, odour or dust emissions of short-term duration.	Short term, detrimental effect on the environment e.g. Minor discharge of pollutants within local neighbourhood.	Serious, discharge of pollutant or source of community annoyance within general neighbourhood that requires remedial action.	Long term detrimental environmental e.g. chronic &/or significant discharge of pollutant.	Extensive detrimental long term impacts on the environment and community i.e., catastrophic &/or extensive discharge of persistent hazardous pollutant.
Management Time and Effort	Event absorbed by normal activity.	Management effort required to minimise the impact.	A significant event managed through normal practices.	A critical event, which with proper management can be endured.	Executive Management focus away from day to day key functions

					for extended periods.
Staffing	Minimal effect on staff.	Potential for additional workload intruding on non-working time.	Increase in workload intruding on non-working time.	Significant increase in workload leading to major intrusion on non-working time. Possible loss of staff.	Additional workload unmanageable. Major impact on staff lives leading to multiple loss of staff.
Pupil Performance	Negligible effect on performance.	Marginal impairment on performance. Slight adjustment to approach required.	Standards falling, changes in delivery required to maintain performance.	Significant reduction in performance.	Complete failure in performance levels leading to major reputational damage and financial sustainability issues.
Health & Safety	No risk of injury.	Small risk of minor injury. H&S Policy not regularly reviewed.	High risk of injury, possibly serious. H&S standards are insufficient.	Serious risk of injury possibly leading to loss of life leading to a formal H&S investigation.	Potential cause of fatalities, H&S breach leading to serious fine and reputational damage.
Major Projects	**Insignificant 1**	**Minor 2**	**Moderate 3**	**Significant 4**	**Major 5**
Project Budget	<1% of project budget	1 to 5% of project budget	5 to 10% of project budget	10 to 25% of project budget	>25% of project budget
Program delays	Little or no delay	Short delay Duration increased >2%	Significant delay Duration increased >10%	Major delay Duration increased >25%	Major delay Duration increased >25%
Relationship - Managing Contractor	Either party is irritated but no formal complaints	Resolvable at working level	Resolvable at senior management level	Executive level intervention required	Legal recourse will be required.

Appendix 3: Risk Response Categories

	Description
Avoid	A decision is made not to take a risk. Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or stop the activity.
Accept	A decision is taken to accept the risk once the target risk score is achieved. Time limited tolerance of a risk that is greater than the target score may be tolerated providing that assurance is given that any additional actions being undertaken will reduce the risk to that of the target risk score within an acceptable timescale. Management and/or the risk owner make an informed decision to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.
Transfer	Transfer all or part of the risk through insurance or to a third party e.g. contractor or partner, who is better able to manage the risk. *Although responsibility can be transferred, in most cases accountability remains with the Trust, so this still needs to be monitored.*
Reduce	Implement further additional action(s) to reduce the risk by minimising the likelihood of an event occurring (e.g. preventative action) and/or reducing the potential impact should the risk occur (e.g. business continuity plans) Further actions are recorded in the risk register and regularly monitored. Once they have been completed, where appropriate a resultant action should be recorded as an existing action and the net risk level re-assessed.
Exploit	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.