Risk Management Policy

1. Introduction

1.1. Identifying and managing the possible and probable risks that an organisation may face over its working life is a key part of effective governance for Multi Academy Trusts of all sizes and complexity. By managing risk effectively, trustees can help ensure that:

- significant risks are known and monitored, enabling Directors and governors to make informed decisions and take timely action;
- the Trust makes the most of opportunities and develops them with the confidence that any stees can

Commission as its means of defining and assessing risk, in the following areas:

4.2.

4.2.1. The Trust takes a strategic approach to Risk Management. Therefore, risks are segmented into four key strategic areas:

4.2.1.1. Accountability (which includes governance);

4.2.1.2. Improvement - Increasing quality of provision in our education

5.3. Although there are various tools and checklists available, the identification of risks is best done by involving those with a detailed knowledge of the way the Trust and its constituent academies operate, and therefore Headteachers are pivotal.

5.4. The Trust will keep a strategic risk register which will be a working document owned by the Trust Board, with delegated responsibilities for ongoing review and oversight passed to Board Committees.

5.5. The risk identification process, whilst focusing on the risk to the Trust itself, is therefore also likely to include identifying risks that may arise in individual academy as well as Trust-wide activities.

6. Risk Assessment and Categorisation

6.1. Identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.

6.2. One method is to look at each identified risk and decide how likely it is to occur and how severe its impact would be on the Trust if it did occur.

6.3. Risks which have very high impact and very low likelihood of occurrence are now accepted by many as having greater importance than those with a very high likelihood of occurrence and an insignificant impact. In these cases, the concept of impact and the likelihood of risks occurring and their interaction should be given prominence in both the risk assessment and risk management processes. Tccurh l vt3 (n)5 ( )1 (pr)7 (om)2 (i)1 (s) events do occur with devastating effect whilst at other times probable events do not happen.

6.6. A focus on high-impact risk is important, but what may be a lower impact risk can change to very high impact risk because of the possible connection between it happening and triggering the occurrence of other risks.

6.7. One low impact risk may lead to another and another so that the cumulative impact becomes extreme or catastrophic. Many studies have shown that most business failures are the result of a series of small, linked events having too great a cumulativeBDC 0 0.9 (i)6 hs6mulativeBDC 0 0.

Extreme/Catastrophic	5	▪ litigation probable ▪ Service interrupted for significant time ▪

6.14. In interpreting the risk heat map below, likelihood is x and impact is y. The colour codes are as :

6.15. Red - major or extreme/catastrophic risks that score 15 or more;

6.16. Yellow - moderate or major risks that score between 8 and 14;

6.17. Blue or green - minor or insignificant risks scoring 7 or less.

6.18.

Impact (y)					
Extreme/Catastrophic - 5	10	15	20	25	30
Major - 4	8	12	16	20	24
Moderate - 3	6	9	12	15	18
Minor- 2	4	6	8	10	12
Insignificant - 1	2	3	4	5	6
	1 Remote	2 Unlikely	3 Possible	4 Probable	5 Highly Probable

Likelihood (x)

7. Risk Management

7.1. Where major risks are identified, the Board will make sure that appropriate action is being taken to manage them, including an assessment of how effective the existing controls are.

7.2. For each of the major risks identified, the Board will consider any additional action that needs to be taken to manage the risk, either by lessening the likelihood of the event occurring, or lessening its impact if it does.

7.3. Once each risk has been evaluated, the Board will draw up a plan for any steps that need to be taken to address or mitigate significant or major risks. This action plan and the implementation of appropriate systems or procedures allow the Board to make a risk management statement in accordance with the regulatory requirements.

7.4. Risk management is aimed at reducing the 'gross level' of risk identified to a 'net level' of risk, in other words, the risk that remains after appropriate action is taken.

7.5. The Board are required to form a view as to the acceptability of the net risk that remains after management. In assessing additional action to be taken, the costs of management or control will generally be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate.

7.6. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance must be struck between the cost of further action to manage the risk and the potential impact of the residual risk.

7.7. Good risk management is also about enabling organisations to take opportunities and to meet urgent need, as well as preventing disasters. For example, an organisation may not be able to take advantage of technological change in the absence of a reserves policy that ensures there are adequate funds.

8. Monitoring and assessment

8.1. Risk management is a dynamic process ensuring that new risks are addressed as they arise. It should also be cyclical to establish how previously identified risks may have changed.

8.2. Risk management is not a one-off event and should be seen as a process that will require monitoring and assessment. Senior leaders must