



SOUTH WEST ESSEX

COMMUNITY EDUCATION TRUST

The South West Essex Community Education Trust comprises of:

- Deneholm Primary School
- Stifford Clays Primary School
- William Edwards School

Name of Policy: **RISK MANAGEMENT**

Issue Status: Created by PJM on 11/09/15
Approved by Board on 14/12/15

To be reviewed by: December 2016

Approval Signature: _____
Chair of the Board

Date:

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Changes to Policy since last review

Relevant Section	Change made	Page Number
	None – new policy, based on William Edwards School’ previous Risk Management Strategy	

Consultation on this Policy

Consultation was conducted with the following groups on the dates below. All comments received were considered and changes incorporated. Future versions will see changes made, outlined in the above section for quick reference.

Headteachers & Finance Committee

w/c 21/09/15

In each case at least 2 calendar weeks formed the consultation period.

1. Background

- 1.1 The Risk Management Strategy aims to ensure that the Trust complies with risk management best practice and with the requirements of the Turnbull guidance and sets out the current processes and responsibilities for risk management.
- 1.2 The Turnbull guidelines for Corporate Governance were published in 1999; the 'Turnbull Report'. The disclosure requirements under Turnbull can be summarised as:
- a) The Trust Board acknowledges responsibility for the system of internal control
 - b) An ongoing process is in place for identifying, evaluating and managing all significant risks
 - c) An annual process is in place for reviewing the effectiveness of the system of internal control
 - d) There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts
- 1.3 In assessing what constitutes a sound system of internal control, the Turnbull report states that consideration should be given to:
- a) The nature and extent of the risks facing the organisation
 - b) The extent and categories of risk which it regards as acceptable
 - c) The likelihood of the risks concerned materialising
 - d) The organisation's ability to reduce the incidence and impact of the risks that do materialise
- 1.4 Risk Management best practice is encapsulated in the Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector.

2 Risk Management objectives

- 2.1 The objectives for managing risk across the Trust are:
- a) To comply with risk management best practice, including the Turnbull guidelines;
 - b) To ensure risks facing the Trust are identified and appropriately documented;
 - c) To provide assurance to the Trust Board that risks are being adequately controlled, or identify areas for improvement;
 - d) To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

3 Risk Management policy

- 3.1 This policy aims to:
- a) Outline the roles and responsibilities for risk management in the Trust
 - b) Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
 - c) Build a risk aware culture
 - d) Inform the Trust's business continuity planning

- 3.2 Roles and responsibilities - The Trust Board has overall responsibility for risk management. This responsibility includes:
- a) Monitoring the performance of risk management processes
 - b) Ensuring that appropriate controls are in place to manage identified risks
 - c) Receiving periodic reports
- 3.3 Each Academy will appoint a Risk Manager, who will be an existing senior member of staff, who will administer and champion risk management in each establishment.
- 3.4 The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.
- 3.5 The structure and organisation of each Academy's risk register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

4 Evaluation of Risks

- 4.1 The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation
- 4.2 The Trust uses a 5x5 matrix, based upon the National Patient Safety Agency's Risk Matrix for Risk Managers, to assess impact and probability as high, medium or low, as illustrated in the diagram below:

Likelihood	Almost certain					
	Likely					
	Possible					
	Unlikely					
	Remote					
		Trivial	Minor	Moderate	Major	Critical
		Impact				

- 4.3 The descriptors for high, medium and low impact and probability can be expanded as follows:

4.4 Impact of risk occurring:

Impact	Description
Critical (5)	<ul style="list-style-type: none"> The financial impact will be significant [in excess of £150,000] Has a significant impact on the School's strategy or on teaching and learning Has significant stakeholder concern
Major (4)	<ul style="list-style-type: none"> The financial impact will be major [between £100,000 – 150,000] Has a major impact on the School's strategy or on teaching and learning Has major stakeholder concern
Moderate (3)	<ul style="list-style-type: none"> The financial impact will be moderate [between £50,000 and £100,000] Has no more than a moderate impact on strategy or on teaching and learning Moderate stakeholder concern
Minor (2)	<ul style="list-style-type: none"> The financial impact will be minor [between £10,000 and £50,000] Has no more than a minor impact on strategy or on teaching and learning Minor stakeholder concern
Trivial (1)	<ul style="list-style-type: none"> The financial impact is likely to be low [below £10,000] Has a low impact on strategy or on teaching and learning Low stakeholder concern

4.5 Probability of risk occurring:

Probability	Description	Indicator
Almost Certain (5)	<ul style="list-style-type: none"> Will undoubtedly happen/recur each year, possibly frequently 	<ul style="list-style-type: none"> >50% chance of it occurring within a four year period
Likely (4)	<ul style="list-style-type: none"> Will probably happen/recur, but it is not a persisting issue/circumstances 	<ul style="list-style-type: none"> 10 - 50% chance of it occurring within a four year period
Possible (3)	<ul style="list-style-type: none"> Might happen or recur occasionally 	<ul style="list-style-type: none"> 1 - 10% chance of it occurring within a four year period
Unlikely (2)	<ul style="list-style-type: none"> Do not expect it to happen/recur but it is possible it may do so 	<ul style="list-style-type: none"> 0.1 - 1% chance of it occurring within a four year period
Remote (1)	<ul style="list-style-type: none"> This will probably never happen/recur 	<ul style="list-style-type: none"> <0.1% chance of it occurring within a four year period

5 Risk appetite

- 5.1 The term risk appetite describes the Trust's readiness to accept risks and those risks it would seek to reduce.
- 5.2 The Trust's risk threshold is the boundary delineated by the orange shaded area (represented by scores of 5 and above) in the risk matrix in paragraph 4.2. The Trust's risk appetite is to not exceed a score of 4 without the Trust Board's minuted approval.
- 5.3 Above this threshold, each Academy will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

6 Addressing risk

- 6.1 When responding to risks, each Academy will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises. The Academy will adopt one of the four risk responses outlined below:

- 6.2
- | | |
|----------|--|
| Avoid | Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the Academy and Trust |
| Transfer | The risk is transferred to a third party, for example through an insurance policy. |
| Mitigate | The response actions either reduce the likelihood of a risk developing, or limit the impact on the Academy and Trust to acceptable levels. |
| Accept | We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring. |

- 6.3 Should necessary controls become disproportionate in terms of time, effort and cost, the Board will decide how Academies respond to the risk. This decision will be minuted.

7 Risk reporting and communication

- 7.1 The aim of reporting risk is to provide assurance to the Trustees, Governors, Senior Leadership and Internal Auditors that each Academy is effectively managing its risks and has a robust system of internal controls.
- 7.2 Each Academy will log all incidents within their monthly finance monitoring and these will be communicated to the Board by the Trustee (with responsibility for risk management). Any incidents for cause for concern will be notified to the Chair of the Board.

8 Risk register

- 8.1 The reporting mechanism will be each Academy's Risk Register and Risk Management Plan. This will highlight the key risks facing the School, as well as a breakdown for each key strategic aim. The Risk Management Plan will be monitored by Local Governing Body at each meeting. The Risk Management Plan is automated via the Trust's online Risk

Management system.

- 8.2 The appointed Risk Manager will endeavour to raise awareness that risk management is a part of the Academy's culture and seek to ensure that:
- a) individual members of staff are aware of their accountability for individual risks
 - b) individuals report promptly to senior management any perceived new risks or failure of existing control measures.

9 Monitoring and review of risk management

- 9.1 The Risk Register is formally reviewed each term by a Trust appointed Responsible Officer.

The Risk Management Plan is monitored by the Local Governing Body.

- 9.2 The Trustee (with responsibility for risk management) will prepare and review the risk management plan for the Board annually in September and more frequently if necessary. This will enable the Trust Board to understand:

- 9.3
- a) The risks facing the Trust and each Academy
 - b) The effectiveness of the risk management processes
 - c) That the Trust has published a risk management policy covering risk management philosophy and responsibilities