

RISK MANAGEMENT POLICY

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Approved By	Hamwic Education Trust Board of Directors
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RISK MANAGEMENT POLICY

This document defines how Hamwic Education Trust will ensure that it complies with risk management best practice.

Hamwic Education Trust accepts that risk is an inherent part of its operation and aims to minimise risks to an acceptable level.

For the purpose of this document, all references to the Trust refers to Hamwic Education Trust, Hamwic Trust and all associated multi-academy trusts & academies.

Introduction:

This document aims to:

- Outline the roles and responsibilities for risk management
- Identify risk management processes to ensure that all risks are appropriately identified, managed and monitored
- Ensure appropriate levels of awareness through the Trust

Objectives

The objectives for managing risk across the Trust are to:

- Comply with risk management best practice
- Ensure risks facing the Trust are identified, appropriately documented and managed
- Provide assurance to the Board of Directors that risks are being well managed
- Ensure that action is taken appropriately where risks are identified

Roles & Responsibilities:

Board of Directors

The Board of Directors are responsible for ensuring that there are effective risk management arrangements in place, which includes:

- Defining the Trust's risk management strategy and risk appetite
- Integrating the risk management process into the Trust's overall strategy
- Receiving regular reports on risk management

The Board of Directors will review all key risks across the Trust to ensure that they are minimised to an acceptable level.

Finance & Audit Committee

The role of the Finance & Audit Committee is to support the Board of Directors in ensuring that the risk management arrangements are established and maintained across the Trust. The Finance & Audit Committee will:

- Oversee risk registers
- Provide regular reports to the Board of Directors regarding risk management
- Review and agree all key risks across the Trust
- Review all other risks to ensure that they are managed effectively
- Regularly review risk registers to ensure they are up to date

Deputy CEO/CFO

The Chief Financial Officer has the lead responsibility for implementing the risk management policy.

Local Governing Bodies

Local Governing Bodies are responsible for reviewing all risks associated with their academy to ensure that they are minimised to an acceptable level. Local Governing Bodies are required to review their risk register on a regular basis.

School Leaders

School Leaders are responsible for identifying, evaluating and responding to risks in their academy, in consultation with their Local Governing Body. School Leaders are responsible for ensuring that risks are reviewed regularly and communicated with staff.

Process

The Trust and each academy will maintain a risk register. This risk register will contain all of the relevant information pertaining to each identified risk, detailed below.

At the start of each academic year the Chief Financial Officer will send to School Leaders a template risk register for completion.

Each academy's risk register is required to be submitted to the Chief Financial Officer by 30 September each year once it has been reviewed by each Local Governing Body. The Chief Financial Officer will consolidate the risk registers and report to the Finance & Audit Committee for review.

Risk registers must be reviewed regularly by School Leaders, Local Governing Bodies, the Finance & Audit Committee and the Board of Directors throughout the year.

Identification of Risks

The identification of risks should be undertaken with care as there will be an element of subjective judgement. No process is capable of identifying all possible risks that may arise. The process can only provide reasonable assurance that all relevant risks have been identified.

Risks must be classified into one of the below categories:

Risk Category	Examples
Strategic	Natural disaster, potential expansion, changes in educational policies, governance skills & structures, conflicts of interest, etc.
Financial	Reducing funding rates, fall in pupil numbers, fraud, budgeting, cash flow, financial control, insurance, etc.
Operational	Asbestos, buildings, health & safety, security of assets, legal, flood, fire, schools trips, IT, loss of data, loss of key staff, recruitment, employment issues, skills gaps, safeguarding, swimming pool, etc.
Reputational	Poor exam results, performance, Ofsted, value for money, compliance, negative publicity, etc.

Evaluation of Risks

Risks are evaluated based on assessing the impact and the probability of the risk occurring. Once these have been assessed, the risk score will provide additional emphasis to each risk.

The below will support how risks are evaluated:

Impact of risk occurring

Impact Score	Financial Impact	Non-Financial Impact
5	Significant (in excess of £100,000)	Significant impact on Hamwic Education Trust's strategy or on teaching and learning with high stakeholder concern.
4	High (between £75,000 and £100,000)	High impact on strategy or on teaching and learning with moderate stakeholder concern.
3	Moderate (between £50,000 and £75,000)	Moderate impact on strategy or on teaching and learning with moderate stakeholder concern.
2	Low (between £25,000 and £50,000)	Low impact on strategy or on teaching and learning with moderate stakeholder concern.
1	Very Low (below £25,000)	Very low impact on strategy or on teaching and learning with low stakeholder concern.

Probability of risk occurring

Probability Score	Description	Indicator
5	Likely to occur each year, or more than 50% chance of occurrence within the next 12 months	Potential of it occurring several times within a 3 year period / Has occurred recently
4	Likely to occur within a 2 year time period or between 25% to 50% chance of occurring within the next 12 months	Could occur more than once within a 3 year period / Reasonable history of occurrence
3	Likely to occur within a 3 year time period or between 10% to 25% chance of occurring within the next 12 months	Could occur more than once within a 5 year period / Some history of occurrence
2	Likely to occur within a 5 year time period or between 5% to 10% chance of occurring within the next 12 months	Could occur more than once within a 5 year period / Low history of occurrence
1	Unlikely to occur within a 5 year time period or less than 5% chance of occurrence	Is not likely to occur

The risk score is arrived at by multiplying the impact score with the probability score. The risk score will identify the overall severity of the risk as follows:

Risk Score	Description	Dashboard
16 – 25	High level of impact and/or probability	Red
8 – 15	Medium level of impact and/or probability	Orange
1 – 7	Low level of impact and/or probability	Green

All risks with a risk score of over 16 are identified as key risks and are subject to a higher level of scrutiny by the Finance & Audit Committee and the Board of Directors.

Responding to Risks

For each identified risk, a risk response must be applied taking into account the risk score. The possible responses to risks are as follows:

Response	Description
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 Trust
Transfer	The risk is transferred to a third party, e.g. through an insurance policy
Mitigate	The response actions either reduce the likelihood of a risk developing, or limit the impact on the Trust to acceptable levels
Accept	The Trust accept the possibility that the event might occur, e.g. because the cost of the counter measures will outweigh the possible downside, or the Trust believes there is a remote probability of the event occurring

Once a response to each risk has been allocated, descriptions as to the specific counter measures must be provided.

Reporting & Communicating Risks

Once all risk registers have been completed and reviewed by the appropriate Local Governing Body, they are to be submitted to the CFO for review. These risk registers will be consolidated and reported to the Finance & Audit Committee and Board of Directors. All risks with a risk score of 16 or over will be reviewed by the Board of Directors to ensure that appropriate action is being taken for key risks.

The Finance & Audit Committee will review the consolidated risk register on a regular basis.

Reviewing Risks

The risk register for the Trust and each academy is to be reviewed throughout the year and formally updated during the Autumn term each year.