



# The Federation of Mowden Schools (Academy Trust)

## Risk Management Policy and Procedure

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Approved by Chair of Committee:

Signature .....  ..... Dated ..... 20-6-18 .....

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Approved by Chair of Governors:

Signature .....  ..... Dated ..... 16-5-18 .....

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The Federation of Mowden Schools (Academy Trust) will be referred to as Mowden School throughout this document.

### **Purpose**

The purpose of this policy and procedure is to outline Mowden School's risk management strategy.

Mowden School sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.

"Risk" is used in this policy and procedure to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting: operational performance; achievement of aims and objectives; or meeting the expectations of stakeholders.

"Major risks" are those risks that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of Mowden School.

### **Scope**

This policy and procedure applies to the risk management strategy for Mowden School as a whole.

### **Key Principles**

Mowden School believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

### **Rationale**

Mowden School has a responsibility under charity law to state in its annual accounts that the major risks, to which the charity is exposed, as identified by the Governors, have been reviewed and systems have been established to mitigate those risks.

Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in Mowden School strategic plan.

### **Policy**

Mowden School's policy is to adopt best practice in identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel

responsible are detailed below.

The Governing Body is responsible for making a statement on risk management in the annual accounts of Mowden School. In order to be able to make the required statement with reasonable confidence the Governors should ensure that:

- The identification, assessment and mitigation of risk is linked to the achievement of Mowden School's vision and strategic goals as set out in the Development Plan;
- The process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- The process produces a risk exposure profile that reflects the Governors views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.

The Governing Body is responsible for overseeing the development and implementation of the risk management strategy.

Mowden School's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across Mowden School.

The Headteacher and the SLT are responsible for ensuring that they take personal responsibility for championing risk assessment and management across Mowden School and for reinforcing risk-aware attitudes and responses. Their role is to provide objective assurance to the Governing Body that:

- Risks are correctly evaluated
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating effectively
- Management is properly reporting the status of key risks and controls.

## **Procedure**

### **Risk Identification**

The process of risk identification will involve both Governors and the SLT. Consideration will be given to the following factors:

- The vision, beliefs, values and strategic goals;

- The nature and scale of Mowden School's activities, both current and planned;
- External factors that may affect Mowden School and could include include legislation and regulation;
- Mowden School's reputation with its key stakeholders;
- The operating structure.

### **See Appendix 1– Typical Categories of Risk**

#### **Risk Assessment**

- 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;
- Agree future reporting and review procedures.
- Taking each of the risks in turn, discuss and rate them in terms of likelihood eg 1 = Almost Impossible, 5 = Very Likely and impact eg 1 = Negligible, 5 = Catastrophic.

A risk matrix (see Appendix 2) will be used to plot each risk.

The assessment of each risk will take into consideration the control measures currently in place to manage the risk. The controls identified will 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

With this exercise complete, the Governing Body will decide what their risk appetite is, (what level of risk they are willing to tolerate). This will determine what response the Governing Body wishes to make to each risk.

#### **Risk Response**

The response to each risk will fall into one of the following categories

- **Treat** Further action needs be taken to reduce the risk
- **Tolerate** The risk is accepted without the need for further action.

- **Terminate** The activity will cease in order to prevent the risk.
- **Transfer** The risk will be transferred to another organization - normally through an insurance policy.

### **Action Planning/Risk Register**

Any risks requiring treatment should be recorded in a risk register (see Appendix 3). The actions required to produce an acceptable control system will be identified and documented. Clear responsibilities should be allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version of the register will be circulated to all senior members of the Academy so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

### **Monitoring and Review**

The risk register will be reviewed regularly by SLT and the Governing Body to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that:

- New risks and escalating risks are identified;
- Planned actions are carried out in line agreed timescales;
- The risk register is updated as risks change over time;
- Early signs of developing risks are identified.

Each Governing body committee has developed a risk register with areas relevant to their areas and these are reviewed at each committee meeting.

### **References**

EFA Financial Handbook

Charity Commission Guidance on Charities and Risk Management

## Appendix 1 - Typical categories and associated risks in an Academy Trust

<b>Corporate/Strategic</b>	Lack of strategic planning, no link to financial planning
	Reputation
<b>Governance</b>	Responsibilities not defined
	Too much or too little delegated to Head Teacher and Finance Director
	Unable to attract Governors
	Non attendance at meetings by Governors
<b>Academic</b>	Unable to achieve targets
	Staff recruitment and retention
<b>Pupil Support</b>	Welfare of pupils
	Safety of pupils
<b>Contractual/partnership</b>	Over-dependency on a relationship, liabilities arising
<b>Financial</b>	Changes in funding
	Changes in pupil numbers
	Internal control breakdown/Fraud
	Inaccurate financial reporting
<b>IT</b>	Security risks
	Business continuity
	Obsolescence of current systems
<b>Physical</b>	Legislation - DDA, fire safety etc
	Loss, damage or theft of assets
<b>Commercial</b>	VAT/taxation exposure
<b>Political</b>	Failure to maximise opportunities
<b>Legal</b>	Child Protection
	Admissions
	Employment Legislation
	Data Protection, Freedom of Information etc.
	Contracts etc.

## Appendix 2 - Risk Management Procedure and Matrix

### Guidance on the Definition of Likelihood and Impact

#### Likelihood

5 - Very High	There is little doubt that it will happen soon
4 - High	Strong chance it will happen in the next year
3 - Significant	50/50 chance this will happen in the next year
2 - Low	Not expected to happen in the next year
1 - Very Low	Almost impossible

#### Impact

5 - Catastrophic	Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long term consequences; extensive coverage in press; major financial loss then threatens existence
4 - High	Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage
3 - Moderate	Some disruption to operations for 48 hours; short term illness/injuries; some damage to reputation; financial loss than can be managed within budget
2 - Low	Limited short-term disruption to operations; minor injuries/illness; small financial loss
1 - Negligible	Not a noticeable effect on the school; no injuries; no damage to reputation

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**RISK MATRIX**

<b>LIKELIHOOD</b>	<b>5</b> Very High					
	<b>4</b> High					
	<b>Significant</b>					
	<b>2</b> Low					
	<b>1</b> Very Low					
		<b>1</b> Negligible	<b>2</b> Low	<b>3</b> Moderate	<b>4</b> High	<b>5</b> Catastrophic
		<b>IMPACT</b>				



### Appendix 3 – Risk Register Template

#### Risk Register

Date of last review

No	Category	Specific Risk	Current Control Measures in place	Consequences	Likelihood of occurring 1=Very Low 5=Very High	Impact 1=Insignificant 5=Catastrophic	Risk Score	Risk Rating	Action (Treat/Tolerate/Transfer/ Terminate/Take the Opportunity)	Additional Control measures to be put in place	Person Responsible	Date to be actioned	Date risk updated
1													
2													
3													
4													

