

OWLCOTES MULTI-ACADEMY TRUST

Risk Management Policy



April 2018
Reviewed: May 2023

About Owlcotes Multi-Academy Trust (OMAT)

OMAT is committed to the development of inclusive schools, sharing a common purpose to provide excellent education and improved outcomes for pupils.

OMAT strives to provide high-quality education for all children within our local communities by inspiring innovation, creativity and aspiration through an enriched curriculum.

OMAT is committed to the principles of co-operation, collaboration and sharing best practice with a strong focus on staff development.

OMAT is also committed to the preservation of the unique identity of all schools within the trust: each school will have a Local Governing Board (LGB) which is involved in decision making at school level, with autonomy to make decisions for its own school in line with the Scheme of Delegation.

All trustees and any schools joining must agree to share and uphold all of these principles now and in the future.

Owlcotes Multi-Academy Trust

Risk Management Policy

1. Introduction

This policy sets out a strategy for managing risk within Owlcotes Multi-Academy Trust. Sound risk management, when embedded, achieves many benefits. These include assisting in setting priorities (focusing on key risks), service planning and demonstrating to stakeholders and inspectors that the Trust is continuously improving by managing areas of key concern at all levels.

The challenge is to effectively manage risk without significantly increasing workloads. This is achieved by ensuring risk management is part of existing processes rather than treating it as a separate function. The objectives of the strategy are to:

- Ensure risk management is embedded as part of all decision-making processes;
- Manage risk in accordance with best practice.

2. Risk Management Philosophy

The purpose of the risk management philosophy is to adopt processes which will identify measures to either eliminate or control OMAT's exposure to risk. Not all risks will be identified or eliminated, particularly those of a minor nature.

3. What is Risk Management?

"Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled".

Risk management is an essential part of effective and efficient management and planning. Risk management identifies those issues that will act as a barrier to OMAT achieving its aims. **See Appendix C for more information.**

OMAT's approach is to be risk aware of risks, rather than risk averse, and to manage risk rather than to seek to eliminate it in all cases. There are two types of risk:

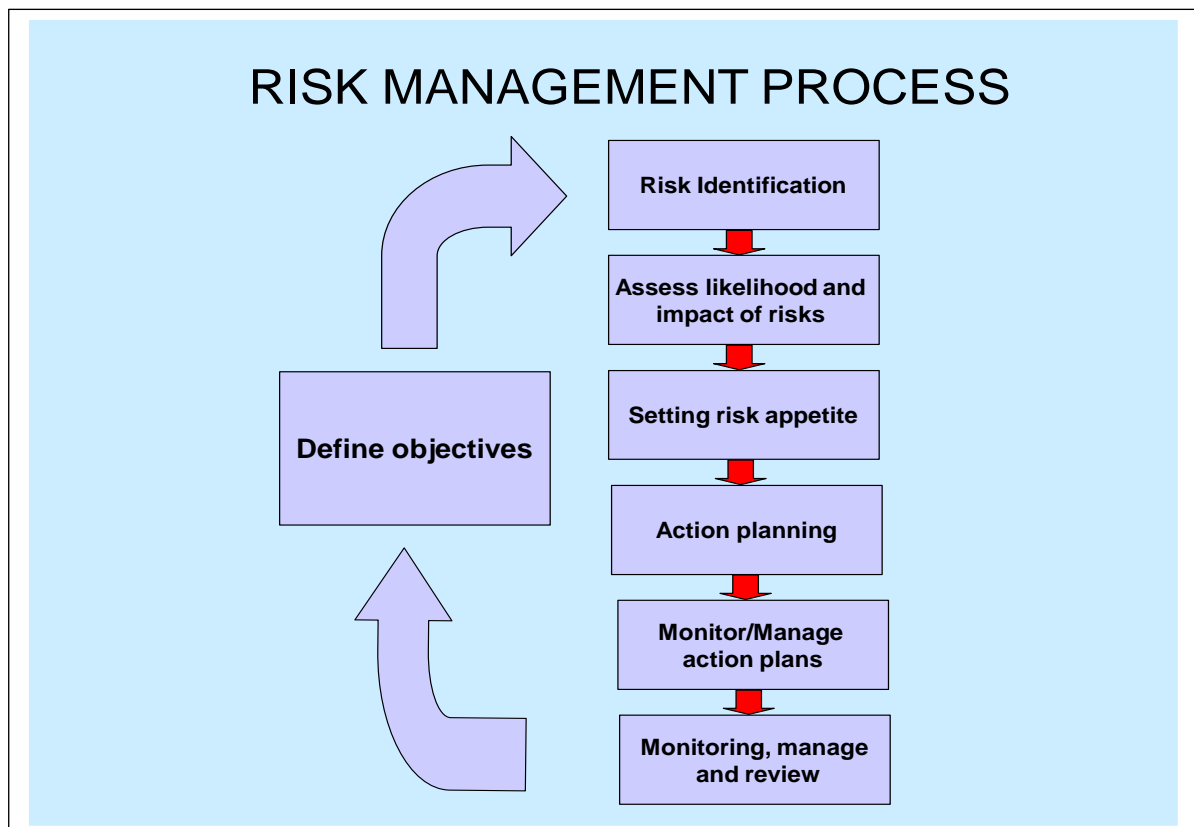
- Direct threats (damaging events) which could lead to a failure to achieve objectives;
- Opportunities (constructive events) which if exploited could offer an improved way of achieving objectives, but which are surrounded by threats.

4. What are the Benefits of Risk Management?

- Increases likelihood of achieving objectives by identifying the barriers to achievement;
- Become less risk averse in innovation (because you understand) and hence more innovative;
- Improved business planning through a risk based decision making process;
- Improved operational management;
- Enhanced performance;
- Focus on doing what matters to make a difference.

5. What is the Risk Management Process?

Implementing the strategy involves identifying, analysing, managing and monitoring risks. Risk management is a **continuous** process, which involves continual **identification, assessment and management** of the risks faced by OMAT.



6. Owlcotes Risk Management Objectives

- To integrate risk management into the day to day activities of OMAT;
- To identify and measure risks associated with OMAT decisions;
- To eliminate or control risks associated with OMAT decisions;
- To review risks in response to changes in the internal and external environment;
- To raise awareness of risk management within OMAT.

Appendix A: Risk Management Methodology

Implementing the strategy involves identifying, analysing, managing and monitoring risks.

Stage 1: Identification, Analysis, Profiling and Prioritisation of Risks

Identifying the Risks

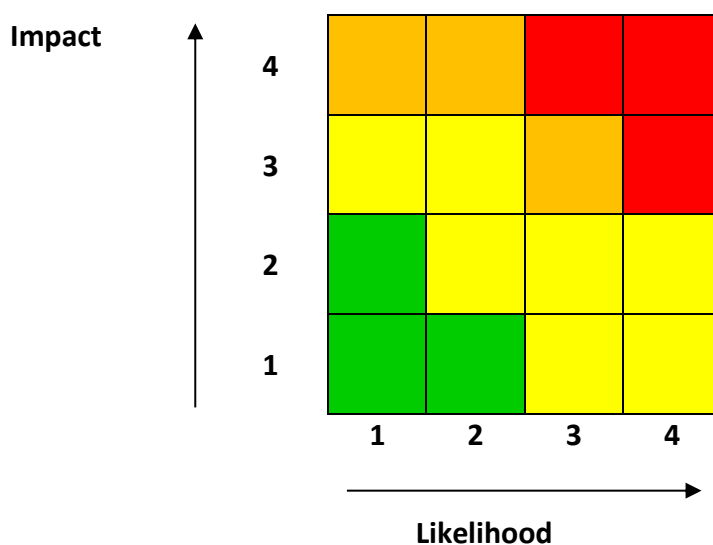
When identifying risks, it is suggested that the following categories of possible risk areas be used. They will act as a prompt and as a trigger for officers involved in the process. They will ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate on operational, financial or legal risks.

Examples of risks from each category can be found in Appendix C.

Analysis, Risk Profiling and Prioritisation

Following identification, the risks need to be entered into the Risk Register(s) and evaluated. The Trust central team or school's Senior Leadership Team will look at the risks identified and decide their ranking according to the likelihood of the risk occurring and its impact, if it did occur. A matrix is used to plot the risks and once completed this risk profile clearly illustrates the priority.

All risks above the appetite cannot be tolerated and must be managed down, transferred or avoided. The appetite for risk will be determined by management on a case by case basis. The risk profile used and key are shown below:



Score	Likelihood	Score	Impact
1	Very unlikely	1	Minor
2	Unlikely	2	Moderate
3	Likely	3	Significant
4	Very Likely	4	Catastrophic

A guide for scoring likelihood and impact is attached as **Appendix B**.

Risks are categorised as tolerable, acceptable, manageable, and serious. Before taking any action to reduce the level of residual risk an organisation must determine its risk appetite. That is how much risk it is prepared to retain without taking further mitigating action. The risk appetite for OMAT has determined the classification of risks in

the matrix above. This risk appetite may be changed at any time as part of a review of this Risk Management Strategy.

Acceptable: Risks where any action to further reduce the level of the risk would be inefficient i.e. the cost in time or resource outweighs any potential impact of the risk materialising. These risks are managed effectively without the need for further action and are coloured **green** on the matrix.

Manageable: Risks which can be reduced within a reasonable timescale, in a cost-effective manner. Any mitigating actions must be monitored and recorded. Manageable risks are coloured **yellow** on the matrix.

Serious: Risks which would have a detrimental effect on the achievement of objectives. Action plans should be developed to reduce the level of residual risk, and reviewed periodically. Serious risks are shown as **orange** on the matrix.

Very Severe: Risks which could have a potentially serious effect on the organisation without immediate comprehensive action to reduce the level of risk. Very severe risks are **red** on the matrix.

The risk scores may not necessarily be a pure multiple of the impact and likelihood scores, but have been determined as part of the process to determine the risk appetite.

Risks should be assessed with current management and control measures in place, and without existing controls. This assists in identifying the importance of existing controls, and the need to ensure that suitable assurances are obtained relating to the effectiveness of the current controls.

Stage 2: Action Planning (Risk Appetite)

The potential for controlling the risks identified will be addressed through the management controls and treatments. Risks identified as serious are above the risk appetite, and should be managed to a level where the residual risk is classified as manageable or acceptable. Most risks are capable of being managed – either through mitigation planning (managing down the likelihood), contingency planning (managing the impact) or a mixture of both. Relatively few risks have to be avoided or transferred, although there will be a greater tendency to transfer (insure) risks that have a high impact, but a low likelihood.

Appendix B: Guidance for the Quantification of Risks

Grading of Likelihood

The likelihood of a risk materialising is measured on a scale of 1 to 4, where 1 is low and 4 is high. More detailed definitions of each grading are as follows, and are as stated in the guidance:

Grading	Definition	Likelihood of circumstances which may lead to risk	Indicator
1	Very unlikely	>10% chance of circumstances arising.	Has happened rarely / never.
2	Unlikely	10% to 40% chance of circumstances arising.	Only likely to happen once every 3 or more years.
3	Likely	40% to 75% chance of circumstances arising.	Likely to happen at some point in the next 1-3 years. These circumstances are occasionally encountered.
4	Very likely	> 75% chance of circumstances arising.	Regular occurrence. Circumstances are frequently encountered.

The above definitions are intended as a guide, and a degree of flexibility may be appropriate in their application.

Grading of Impact

Grading of the impact is less straightforward, since there are a variety of impact types which a risk may have, for example reputation or financial. To provide guidance, a description has been provided for some of the more common impacts, as set out on the following page. It should be noted that an impact may occur in only one of these categories, and a grading does not indicate that all impacts will arise. In cases where other impact types arise, the grading must be interpreted appropriately.

Guidance for the Quantification of Risks

ALARM Grading	Reputation	Staff	Governance	Financial	Project delivery	Service provision	Legislative/ contractual	Health & Safety
1. Minor	Short term adverse local public opinion.	Damage to staff morale, minor increase in staff turnover.	Some elements of governance framework ineffective.	Budget base exceeded by less than 10%.	Delay to project delivery.	Short term disruption to minor service.	Failure to meet minor terms of contract.	Minor injury, short term, sickness less than 3 days.
2. Moderate	Adverse local publicity / local public opinion.	Staff dissatisfaction, increase in staff turnover.	Some elements of governance framework criticised by external body.	Budget base exceeded by 10% - 50%.	Significant delay to high profile project, or failure to deliver target.	Major element of service not provided for 1-day; minor element not provided for 1 week.	Breach of minor contract; failure to meet significant contract terms.	Serious injury or extensive minor injury, semi-permanent, sickness more than 3 days.
3. Significant	Persistent adverse local media coverage.	Major staff dissatisfaction, short term strike action, staff turnover including key personnel.	Criticism of all governance arrangements by external body.	Budget base exceeded by 50% - 100%.	Failure to deliver high profile target.	Major element of service not provided for 1-week, longer term disruption to minor element.	Breach of significant contract; element of legislative requirement not achieved.	Extensive serious injury, permanent injury or harm, long term sickness over 4 weeks.
4. Catastrophic	Persistent adverse national media coverage.	Major staff dissatisfaction, long term strike action, significant key staff turnover.	Complete breakdown in governance arrangements.	Budget base exceeded by over 100%.	Failure to deliver several high-profile targets.	Longer term disruption to major service element.	Statutory requirement not achieved.	Death of staff / public.

Appendix C: Categories of Risk

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifesto commitment.	New political arrangements, political personalities, political make-up.
Economic	Affecting the ability of OMAT to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions.	Cost of living, changes in interest rates, inflation, poverty indicators.
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Academy's ability to meet its objectives.	Staff levels from available workforce, ageing population, health statistics.
Technological	Associated with the capacity of the Academy to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures.	E-Gov. agenda, IT infrastructure, Staff/client needs, security standards.
Legislative	Associated with current or potential changes in national or European law.	Human rights, TUPE regulations etc.
Environmental	Relating to the environmental consequences of progressing the Academy's strategic objectives.	Land use, recycling, pollution.
Professional/ Managerial	Associated with the particular nature of each profession, internal protocols and managerial abilities.	Staff restructure, key personalities, internal capacity.
Financial	Associated with financial planning and control.	Budgeting, level of reserves.
Legal	Related to possible breaches of legislation.	Legal claims.
Physical	Related to fire, security, accident prevention and health and safety.	Office issues, stress, equipment use etc.
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.	Contractor fails to deliver; partnership agencies do not have common goals.
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.	Position in league tables, accreditation.
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens.	Managing expectations, extent of consultation.

Appendix D: Roles and Responsibilities

OMAT Trustees

OMAT Trustees have the role of overseeing the effective management of risk. In effect this means that they will agree the Strategy, framework and process put forward – as well as the priorities for action. They will also review and approve as appropriate any newly developed risk assessments and reviewed procedures which have been produced to mitigate against threats to the health and well-being of staff, pupils and visitors. Trustees will keep under review the effectiveness of risk management and will receive a formal update of the risk register at least **termly**. They may also be involved in providing reports to stakeholders on the effectiveness of the risk management framework, strategy and process. Trustees are ultimately responsible for risk management because the risks threaten the achievement of policy objectives.

The OMAT Trustees will provide a formal update to Members at least **annually** at the AGM with details of progress in the management of financial risks.

The Board of Trustees will review the Risk Management Policy at least every **3 years**.

School Governing Body

Each OMAT school's governing body has the role of ensuring the OMAT risk management policy is implemented effectively within their school. The school level risk register and any newly approved OMAT risk assessment will be shared with each LGB. The Chair of Governors of each LGB may report to the OMAT trustees on risk management and key risks impacting OMAT at a strategic level.

School Senior Leadership Team

Risk registers should be updated on an ongoing basis as new risks are identified and existing risks change. The school senior management will provide an update to the risk register for the governing body at least termly.

OMAT – Partners

OMAT could work with partners to deliver its service, for example schools involved in delivering ITT placements. It is important that those partners are considered in the risk management framework. At times it will be appropriate for partnerships / shared services to be undertaken, however, it is essential that accountabilities are adequately determined and that OMAT does not overlook any risks that may fall on it arising from its part in a joint venture.

Internal Audit

The provider procured by OMAT to provide internal audit services, or internal audit functions managed by the OMAT central team, will provide independent and in-house assurance on the effectiveness of controls within OMAT. As part of the production and presentation of the annual 'audit opinion' on the risk and internal control framework, internal audit comments on the appropriateness of the risk management process within OMAT, as well as identifying areas of low assurance and associated actions required.

The Importance of an Integrated Approach

In essence, the framework detailed above should provide a consistent, integrated approach to risk management; embedding it into strategy and operations. Risk management must continue to be integrated and play a key role in the decision-making process in the future.

**This Risk Management Policy was adopted by Owlcotes Multi Academy Trust on
25/04/2018**

Chair of Trustees: Mrs Judith Norfolk		
Signature:		Judith Norfolk:
Frequency of review:	3 years	
To be reviewed by:	FRAC	
To be approved by:	OMAT Full Board	
Date of next review:	May 2026	

REVIEW RECORD

Date of review	Reason for review	Date of next review
02/07/2020	Agreed review schedule.	July 2023

Name :		Signature:	
on behalf of OMAT Full Board			

Date of review	Reason for review	Date of next review
11/05/2023	Update to Appendix A.	May 2026

Name :			
on behalf of OMAT Full Board			

Date of review	Reason for review	Date of next review

Name :		Signature:	
on behalf of OMAT Full Board			