RISK MANAGEMENT PROCEDURES

This document sets out the artefacts and procedures used by the Equa Multi Academy Trust to monitor and manage risks (and issues). In particular, it covers:

- The Risk Register artefact.
- Risk oversight by Trustees and Members.
- The concept of Corporate Risks.
- Procedures for opening and closing risks and the materialisation of risks as issues.
- Change management and version control of the Risk Register.
- Definitions including how to assign the severity of risks.
- Management of risk at school level

Policy Lead	**CFO**
Committee	**Resources**
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Contents

1. **The Risk Register**

All risks identified by the Equa Multi Academy Trust must be recorded in a document called the Risk Register. Maintenance and publication of the Risk Register will be managed as follows:

1) There will be a single Risk Register for the whole Trust. An updated version will be distributed to headteachers following each Resources Committee meeting. Schools may then use the same template or their own version for local risk management.
2) The owner of the Risk Register is the Chief Finance Officer (CFO) / Chief Executive Officer (CEO). No person except the CFO or CEO will make changes to the Risk Register except in special circumstances and then only with the explicit approval of the Resources Committee.
3) The master version of the Risk Register will be a Microsoft Excel document that follows the template supplied as a supplementary document to Risk Management Procedures. This master version of the Risk Register will be held by the CEO with an editable copy stored on GovernorHub, as well as a PDF of the latest version control.
4) The Risk Register is a confidential document and must not be shared beyond the Trustees, Members and staff with the exception of making it available to appropriate authorities on request (for example, Ofsted inspectors). Every page of both the Microsoft Excel and PDF versions of the Risk register will be watermarked "Confidential".
5) An audit trail of changes to the Risk Register will be maintained by the CFO/CEO (see below for details).

2. **Procedures for risk oversight**

Each risk, with the exception of Corporate Risks (see below for details), in the Risk Register must be assigned to either the Resources Committee, Standards Committee or Full Trust Board meetings for regular oversight. The relevant owner will be identified in the 'owner' column of the Risk Register.
Oversight of risks will be managed as follows:

1) Every Resources and Standards meeting will have risks highlighted against the agenda. In addition, the Resources Committee meeting will have a standing agenda item to review the Risk Register to cover any severe risks not discussed previously in the meeting.
2) Under this agenda item, all risks with a High severity score following mitigation must be reviewed at every meeting. Items with Medium or Low severity scores may be reviewed less frequently but at a minimum of two times per school year.
3) Each risk should have a decision response, updated following each meeting. A decision response may be to Treat, Tolerate or Terminate. Any terminated risks will be 'greyed out' on the register, so that they are still visible should reactivation be necessary.
4) New high (red) risks should be notified to the Chair of Trust Board and the CEO as soon as possible; existing high (red) risks should be monitored on a weekly basis by the CFO (Resources) or CEO (Standards).
5) Medium (amber) risks should be monitored regularly by the CEO.

3. **Corporate risks**

A Corporate Risk is a risk that pertains to the governance of the Trust (examples might include Trustee succession planning or the skill set of Trustees). Corporate Risks will be reviewed at Full Trust Board meetings at least once per academic year. The Trustees will provide oversight of Corporate Risks and review them at their meetings. At the least, each Resources meeting must have a standing agenda item to review the Corporate Risks. Each Corporate Risk will be assigned to the Members in the 'owner' column of the Risk Register.

4. **Procedures for raising and closing risks**

Any Trustee, Governor, or member of staff may propose a new risk at any time for potential addition to the Risk Register. Each proposed new risk must be discussed at the next available Full Trust Board meeting with the following outcomes:
1) An accept/reject decision about whether or not the proposed risk will be added to the risk register.
2) If the proposed risk is rejected, then the meeting must provide feedback for the proposer that explains the reason(s) for not adding it to the Risk Register.

3) If the proposed risk is accepted, then the meeting must discuss the following:
   a. A formal wording for the risk.
   b. Probability and impact scores.
   c. Assignment for oversight.
   d. Potential response actions (these may need further consideration by the School after the meeting).
   e. Feedback for the proposer.

Risks may only be closed by a relevant Full Trust Board meeting or a Resources Committee meeting. Any trustee, governor, or member of staff may propose a risk for closure. There needs to be a clear rationale for closing a risk. Examples of appropriate reasons include (but are not limited to):

- The risk is actually a "business as usual" operational matter that does not require specific highlighting on the Risk Register.
- The risk is actually trivial (i.e. its impact score is less than one).
- The risk can never happen (i.e. it has been terminated and its probability is now zero).
- The risk has happened (i.e. it is now an issue). In this case, it is appropriate to close the risk and to record an issue for which a response action plan will be required until the issue is closed. At that point, the original risk should be re-evaluated to decide it if should be re-opened as something that could potentially happen again in future.

5. Procedures for change management and version control of the Risk Register
A clear audit trail is needed for the Risk Register using version control and with precise updates. In order to achieve this, the following procedure is recommended:

- As owner of the Risk Register, the CFO/CEO is responsible for ensuring that the Risk Register is kept up to date with a clear change history and version control.
- The Microsoft Excel master version Risk Register will include a worksheet for change history and version control
- Each time the Risk Register is updated by the CFO/CEO, the following will be added to the change history:
  o The version number of the Risk Register will be incremented (the precise numbering scheme is at the CFO's discretion).
  o The date of the update will be recorded.
  o A one-sentence summary will be recorded for each risk that has been updated.
- Each time the Risk Register is updated by the CFO/CEO, the date of update will be recorded in the Risk Register itself for each risk that has been updated.
- Each time the Risk Register is updated by the CFO, a read-only copy of the new Microsoft Excel version of the Risk Register will be made available on GovernorHub. The previous version of the Risk Register will be archived.
- Each time the Risk Register is updated by the CFO/CEO, a read-only copy of the new PDF version of the Risk Register will be made available on GovernorHub. The previous version of the Risk Register will be archived.

6. Definitions

Risk
The traditional definition of risk has been based on a focus on events that might happen and that would have an adverse effect. The modern approach to risk embraces a wider approach as typified by the way MSP (Managing Successful Programmes) defines a risk:
"An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives."
Similar definitions are used by PRINCE 2 and MoR (Management of Risk).
Those risks that, if they occur, would have an adverse effect are referred to as threats; those risks that, if they occur, would have a beneficial effect are referred to as opportunities.

Issue

An issue is distinct from a risk and MSP defines it as:

"A relevant event that has happened, was not planned and requires management action. It could be a problem, query, concern, change request or risk that has occurred."

For a risk to become an issue it has to actually happen – this is sometimes referred to as a risk materialising. In other words, a risk becomes an issue when its probability becomes 100% (because it is no longer uncertain).

Severity

Severity is a widely used measurement of the importance of risks. It is based on assigning a score to two aspects of a risk (impact and probability) and there are various formulae used to calculate the severity score but we use a simple product of impact and probability to calculate it.

Impact is a measure of how much an organization will be affected by a risk, should it happen. We use the following scores:

1. The occurrence of this risk could have one or more of the following results:
    a. Some change to the reputation of the School.
    b. Some change to specific areas of the finances of the School.
2. The occurrence of this risk could have one or more of the following results:
    a. Some change to health and safety in the School.
    b. Some change to effective teaching and learning within the School.
    c. Medium change to the reputation of the School.
    d. Some change to the financial stability of the School or medium to high change to specific areas of the finances of the School.
    e. Some change to the School's ability to meet its statutory compliance obligations.
3. The occurrence of this risk could have one or more of the following results:
    a. Medium to high change to health and safety in the School.
    b. Medium to high change to effective teaching and learning within the School.
    c. High change to the reputation of the School.
    d. Medium to high change to the financial stability of the School.
    e. Medium to high change to the School's ability to meet its statutory compliance obligations.
4. The occurrence of this risk could have one or more of the following results:
    a. Very high change to health and safety in the School.
    b. Very high change to effective teaching and learning within the School.
    c. Very high change to how Ofsted might rate the School overall.
    d. Very high change to the reputation of the School.
    e. Very high change to the financial stability of the School.
    f. Very high change to the School's ability to meet its statutory compliance obligations.

Probability is a measure of how likely a risk is to happen. We use the following scores:
1. It is highly unlikely that this risk will occur.
2. There is a possibility that this risk may occur, although the expectation is that it will not.
3. It is more likely than not that this risk will occur within the foreseeable future.
4. This risk has occurred or it is very likely that it will occur within the foreseeable future.

Risk Criteria

We classify all risks as high (red, 9-16 severity), medium (amber, 4-8 severity) or low (green, 1-3 severity) using the criteria set out in the table below:

		Probability			
		1	2	3	4
Impact	**1**	1	2	3	4
	2	2	4	6	8
	3	3	6	9	12
	4	4	8	12	16

Response Action
The response action is the action that the Trust will take to address a risk.

Traditionally, when risk management was focussed on threats, a common approach was to classify response actions into three types:
- Treat: take actions to reduce the severity of the risk (i.e. actions that reduce the probability of it happening to an acceptable level and/or reduce the impact of it happening to an acceptable level
- Tolerate: take no action to change the severity of the risk (i.e. accept the current level of probability and impact)
- Terminate: take actions to eliminate the risk (i.e. actions that reduce the probability of it happening to zero and/or reduce the impact of it happening to zero).

7. Management of risk at school level

The head teacher or school business manager will be responsible for maintaining the risk register at school level.

The risk register should be maintained in addition to the Equa risk register, and should focus on school-based risks and not those owned at trust level.

Recommended procedure

Prior to each LGB meeting, the head teacher will review the Equa risk register, and will identify school-based risks fitting into the numbered categories, producing a school based version, following the same format and principles set out above.
New risks will be reported to the LGB through the Head teacher report to Governors.

1. The LGB meeting will have a standing agenda item to review the Risk Register.
2. Under this agenda item, all risks with a High severity score following mitigation must be reviewed at every meeting. Items with Medium or Low severity scores may be reviewed less frequently but at a minimum of two times per School year.
3. Each risk should have a decision response, updated following each meeting. A decision response may be to Treat, Tolerate or Terminate. Any terminated risks will be 'greyed out' on the register, so that they are still visible should reactivation be necessary.
4. Identified new risks will be reported to the CEO.
5. An urgent meeting may be called at Full Trust Board level or Local Governing Body level to consider any urgent or high risks