



**Wessex**  
Learning Trust  
We Learn Together!

# Risk Management Policy

**Date approved by Trust Board: September 2018**  
**Review Date: September 2021**

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## **Wessex Learning Trust Risk Management Policy**

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This policy will be reviewed by the Board of Directors every three years.

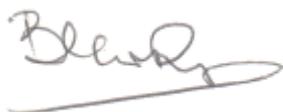
A handwritten signature in black ink that reads "Gavin Ball". The signature is written in a cursive style with a large initial 'G'.

Signature:

Name: Mr Gavin Ball

Date: 25/09/18

Position: Executive Headteacher

A handwritten signature in black ink that reads "Brian Kirkup". The signature is written in a cursive style with a large initial 'B'.

Signature:

Name: Mr Brian Kirkup

Date: 25/09/18

Position: Chair of the Board

## **1. Definition**

1.1 Risk may be defined as events or actions that can prevent an organisation from achieving its planned objectives, in part or in full. It is also the failure to take advantage of opportunities to promote and develop the organisation to achieve its objectives.

## **2. Introduction**

2.1 The risk management policy (the policy) forms part of the Trust's internal control and governance arrangement. The policy explains the Trust's underlying approach to risk management. It gives key aspects of the risk management process, and identifies the main reporting procedures. It describes the process the Trust uses to evaluate the effectiveness of the Trust's internal control procedures.

## **3. Why we need to manage risk**

3.1 Daily we manage risk without describing this as "risk management". We consider what might go wrong and take steps to reduce the impact if things do go wrong. However, the Trust cannot rely on informal processes. Also, as a public body, we must provide assurance to the Department of Education, Ofsted, auditors, and Trustees that we are managing risk correctly. Therefore we need to formally identify corporate risks and mitigating actions.

## **4. Risk Management Objectives**

4.1 The objectives for managing risk across the Trust are:

- To comply with risk management best practice.
- To ensure risks facing the Trust are identified and appropriately documented.
- To provide assurance to the Board that risks are being adequately controlled, or identify areas for improvement.
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

## **5. Risk Management Strategy**

5.1 This strategy aims to:

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

## **6. Approach to Risk Management**

6.1 The following key principles outline the Trust's approach to risk management:

- as the principal executive and policy-making body of the Trust, the Trust Board is responsible for risk management.

- the Trust is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives.
- there should be an open and receptive approach to mitigating risk.
- the Finance & Human Resources Committee advises the Trust Board on risk management.
- the Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- the Local Governing Bodies are responsible for encouraging and implementing good risk management practice throughout the Trust and within the schools.
- headteachers and Leadership teams of each school within the Trust are responsible for encouraging and implementing good risk management practice within their areas of responsibility.
- Each school in the Trust will adhere to the Trust’s Risk Policy and maintain their own Risk Register.
- early warning mechanisms will be put in place and monitored to alert the Trust so that remedial action can be taken to manage any potential hazards.
- The Executive Headteacher has a moderation role and should discuss key risks at each school with the Headteacher and reports outcomes of these discussions to the Board Identified risks must be controlled and monitored by risk

## **7. Identification of Risks**

7.1 Risk identification should be approached in a methodical way, consistent across all schools in the Trust, to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined. However, it is recognised that no process is capable identifying all possible risks. Therefore the process can only provide a ‘reasonable’ assurance that all relevant risks have been identified.

## **8. Evaluation of Risks**

8.1 Risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation. The Trust uses a scoring system based on Impact and Likelihood of Occurrence.

### **Impact**

<b>Descriptor</b>	<b>Score</b>	<b>Impact on service and reputation</b>
Insignificant	1	no impact on service no impact on reputation complaint unlikely litigation risk remote
Minor	2	slight impact on service slight impact on reputation complaint possible litigation possible
Moderate	3	some service disruption potential for adverse publicity avoidable with careful handling complaint probable litigation probable
Major	4	service disrupted

		adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme/Catastrophic	5	service interrupted for significant time major adverse publicity not avoidable (national media) major litigation expected resignation of senior management and board loss of beneficiary confidence

### Likelihood

Descriptor	Score	Impact on service and reputation
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly Probable	5	expected to occur frequently and in most circumstances

8.2 The risk score is arrived at by multiplying the score in the 'x' column (Likelihood) by the score in the 'y' column (Impact) and then adding the 'y' score to the answer (gross risk). The effect is to give extra emphasis to impact when assessing risk.

8.3 This policy reminds those directly involved in assessing risk that risk scoring often involves a degree of judgement or subjectivity. Where data or information on past events or patterns is available, it will be helpful in enabling more evidence-based judgements.

## 9. Heat Map

9.1 The risk score will provide a colour coded figure. Colour codes are:

Red - major or extreme/catastrophic risks that score 15 or more

Yellow - moderate or major risks that score between 8 and 14

Green - minor or insignificant risks scoring 7 or less.

Impact	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
				1	2	3	4
			Remote	Unlikely	Possible	Probable	Highly Probable
			<b>Likelihood</b>				

## **10. Addressing Risks**

10.1 When responding to risks, the Trust will seek to ensure that it is managed. The Trust will adopt one or more risk responses outlined below:

- **Terminate:** Countermeasures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business.
- **Transfer:** The risk is transferred to a third party, for example through an insurance policy.
- **Treat:** The response actions either reduce the likelihood of a risk developing or limit the impact on the Academy to acceptable levels.
- **Tolerate:** We accept the possibility that the event might occur, for example because the cost of countermeasures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring.

## **11. Risk Register**

11.1 Identified risks will be included in a Risk Register which will include the gross risk score, the means by which the risk will be addressed and the steps identified to mitigate the risk.

11.2 Those risks identified as 'red' in the risk score should be reviewed by the Board at least half-yearly and all other risks should be reviewed at least annually. The Finance and HR Committee (as the Audit Committee) should review the whole register half-yearly and all red coloured risks at each meeting.

11.3 Any significant changes in risk, impact or likelihood, or the occurrence of an event which raises the profile of a risk will be recorded in the Risk Register as it occurs. Any new or increased risks identified will be evaluated and, if appropriate, recorded in the Risk Register.

## **12. Trust's Annual Review of Effectiveness**

12.1 The top three risks for each school and for the Trust overall, as identified by the school and agreed by the FHR Committee, will be reported to the Board of Trustees on an annual basis. In addition, the Trust, as advised by the FHR Committee, will undertake an annual review to consider:

- whether risk management continues to be linked to the achievement of the Trust's objectives.
- whether each LGB risk register is appropriate and consistent.
- whether risk review procedures cover fundamental reputational, governance, staff, teaching, operational, compliance, student, estates, financial and other risks to achieving the Trust's objectives.
- whether risk assessment and risk-based internal control are embedded in ongoing operations and form part of its culture.
- changes in the nature and extent of fundamental risks and the Trust's ability to respond to changes in its internal and external environment since the last assessment.
- the scope and quality of management's on-going process of monitoring the system of internal control including such elements as the effectiveness of internal audit and other assurance functions.

- the extent and frequency of reports on internal control to the Board and whether this is sufficient for the Trustees to build up a cumulative assessment of the state of control and effectiveness of risk management.
- the incidence of any fundamental control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results.
- the effectiveness of the Trust's public reporting processes.
- the effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

### **13. Review**

13.1 This policy will be reviewed by the Wessex Learning Trust Board every three years or earlier if there are any changes to legislation.