Orchard Community Trust
Risk Management Policy

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1. Introduction & Purpose

The Orchard Community Trust's aim is to provide the highest possible quality of education for all local children, in order to ensure pupils from all backgrounds are able to succeed.

This mission statement informs our approach to our structures and governance.

a. The Orchard community Trust (OCT) is committed to minimising risk through a framework of integrated governance supported by a proactive risk management culture.

b. Risk can be defined as the combination of the potential likelihood of an event and its impact. In managing our schools there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk Management is concerned with both positive and negative aspects of risk.

c. In the safety field, it is recognised that consequences are only negative and therefore the management of safety risk is focused on prevention of harm.

2. Policy forms the approach to Risk Management in the Orchard Community Trust.

a. Risk management is a central part of our strategic management and culture. It is the process whereby we methodically address the risks attached to our activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

b. The focus of good risk management is the effective identification and treatment of risks. Its objective is to add the maximum sustainable value to all our activities. It focuses on understanding the potential upside and downside of all those factors, which can affect our organisation.

c. Employees at all levels throughout the trust should include risk management and awareness of risk as a key element of their job description. This supports accountability, performance measurement and reward, thus promoting proactivity.

d. Key performance indicators for risk management shall be developed, implemented and reviewed to measure the effectiveness of the risk management process.

3. Risk Management Cycle:

The following process will be applied:

1. **Identify the risk:**

2. **Assess the risk and its level against policy;**

3. **Determine the risk management strategy;**

4. **Respond**

5. **De-brief**

Identifying risks

Risk identification cannot be centralised to a core team or function, it must be a fluid part of the day-to-day operation of the organisation and acrossthe estate. Risk identification is a core competency and must be developed through the performance management process.

The OCT MAT works to a framework of four key areas to identify and classify risks. This allows the organisation to take into consideration both internal and external factors that can positively or negatively affect the organisation.

A list of risks will be identified using a variety of techniques including data analysis, risk identification workshops, options appraisals and incident investigation among others.

Risks will be categorised into the following framework on the Trust risk register. The Chief Operating Officer is to maintain the risk register.

Factor	Examples
Strategic	e.g. local, national and international political factors that can affect the organisation. social and cultural dynamics affecting the education system
Operational	e.g. Management information and systems, HR and human capital, Income risks.
Complinace	e.g legal, regulatory and compliance matters
Financial	e.g. internal or external micro- or macro- economic factors.

Figure 1: Risk framework

Assessment of risk

Risks will be assessed on two core criteria:
- **Likelihood**: the probability of the risk occurring
- **Impact**: the positive or negative ramifications of the risk coming to fruition.

Both criteria will be scored on the risk register, between 1 (the lowest) and 5 (the highest). When multiplied together, the total provides a quantifiable risk profile. The risk profile will then determine the severity of the risk through a simple Red, Amber, Green framework (severity).

Risk profile score (severity)	RAG rating (Red, Amber, Green)	
1 ≥ 5		Green
6≥12		Amber
13≥25		Red

Figure 2: Risk profile and RAG

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Impact / Likelihood	1	2	3	4	5

Figure 3: Risk severity table

Likelihood	
Likelihood	
*Likelihood scores are based on an event taking place within one academic year or less	
1	Under 1% chance of occurring.
2	1% - 25% chance of occurring.
3	25% - 50% chance of occurring.
4	50% - 75% chance of occurring.
5	Over 75% chance of occurring. Almost certain.

Figure 4: Likelihood definitions table

Impact		
1	Very Low	Insignificant. Nothing to worry about.
2	Low	Fairly serious. Possibly important, but can be managed although it would take up some time and resources.
3	Medium	Serious. A threat, which could cause us reasonable problems and would definitely take up time and resources.
4	High	Very serious. Would hinder the achievement of our strategic objectives and/or would take up considerable time and resources.
5	Very High	Major disaster. Could seriously undermine the standing and position of the organisation.

Figure 5: Impact definitions table

Risk management strategy

The risk management strategy determines the way in which the organisation will respond to a risk. The trust has adopted four categories of risk response type:

> *Transfer* – Through coventional insurance or by supporting a third party to take the risk in another way.

> *Tolerate* – The Trusts ability to do anything about some risks may be limited, or the cost of taking any action maybe disproportionate to the potential benefit gained. Common for large external risks. In these cases the response may be to tolerate but the risk should be tracked so the Trust is ready to reconsider and act should the risk escalate. Tolerance levels must be set that determine the level of risk and inform the decision making process.

> *Treat* - Most risks will fall within this category. The purpose of taking action to reduce the chance of risk occurring is not necessarily to obviate the risk, but to contain it to an acceptable level. Risk will be dealt with at an appropriate level where the responsibility to decide on action will rest. Other risks may translate into activities designed to mitigate them. As is the case with any change in course of action, new risks may be encountered which subsequently require management.

> *Terminate* – Do things differently thus removing the risk wherever it is feasible to do so.

Risk Owner

Once a response type is elected, a detailed strategy will be outlined and communicated by the risk owner. One individual, where possible, should be elected as the risk owner.

During the formation of the risk management strategy phase, the risk owner will identify stakeholders with an interest in or affected by the risk. Stakeholders must be consulted to establish their relationship with the risk and what influence this might have on the risk management process.

To ensure a holistic approach to risk management consultation must be ongoing.

Risk response

The risk owner will then coordinate all activities to ensure the successful implementation of the strategy and will remain responsible for effective communication throughout the implementation phase.

Post implementation debrief
The final stage of the risk management cycle is to conduct a debrief after the implementation of the management strategy to assess the effectiveness of the strategy.

4. Escalation

Risk should be understood and reported at all levels within the Trust.

The Trustees should:

- know about the most significant risks facing the organisation;
- ensure appropriate levels of awareness throughout the organisation;
- know how the organisation will manage a crisis;
- know the importance of government and stakeholder confidence in the company;
- be assured that the risk management process is working effectively; and
- publish a clear risk management policy covering risk management philosophy and responsibilities.

Local Governing Boards should:

- know about the most significant risks facing the schools within the cluster via the cluster risk register;
- ensure appropriate levels of awareness throughout the cluster;
- know how each school will manage a crisis;
- know the importance of government, parents and local community confidence in the schools;
- be assured that the risk management process is working effectively; and

Executive Leaders, Executive Headteachers, Headteachers and Heads of School should:

- be aware of risks which fall into their area of responsibility, the possible impacts these may have on other areas and the consequences other areas may have on them;
- have performance indicators which allow them to monitor the key business and financial activities, progress towards objectives and identify developments which require intervention;
- have systems which communicate variances in budgets and forecasts at appropriate frequency to allow action to be taken; and
- report systematically and promptly to the Audit Committee any perceived new risks or failures of existing control measures highlighted within the school and cluster risk registers.

Individuals should:

- understand their accountability for individual risks;

- understand how they can enable continuous improvement of risk management response;

- understand that risk management and risk awareness are a key part of our culture; and

- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.