



# Risk Management Policy and Procedure

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## **RISK MANAGEMENT POLICY & PROCEDURE**

### **Introduction**

Risk is one of life's certainties and how successfully Loxdale Primary School deal with it can have a major impact on the achievement of our key goals. This policy aims to raise awareness about the need to address strategic and operational risks and to provide good practical guidance to manage such risks in an effective and formal way.

This policy is intended to ensure the school identifies and manages significant risks effectively, and is developed in line with Best Value initiatives.

Key stages inherent within the policy:

- Identifying risks and controls
- Assessing risk
- Evaluating what action needs to be taken
- Periodic monitoring and assessment

### **Risk Management**

Risk is the threat that an event or action will adversely affect the school's ability to achieve its objectives. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus; structures and processes; standards of conduct and service delivery arrangements.

The school's system of internal control is part of its Risk Management process and has a key role to play in the management of significant risks to the fulfilment of school objectives. It also contributes to the safeguarding of public funds and the school's assets.

Internal control aids the effectiveness and efficiency of operations; it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. Loxdale Primary School recognises the importance of maintaining a sound system of internal control and that the principle aim of any internal control system is to manage the risks that are significant to the achievement of its objectives.

This policy aids the adoption of a Risk Management approach to establishing and maintaining the system of internal controls and reviewing their effectiveness. The school recognises the importance of managing risk effectively and the need to embed internal control and risk awareness into the processes that are used to pursue our objectives and also guide the behaviour of all staff.



### **The Constituents of Good Risk Management**

Risk Management is an integral part of good governance and is the process whereby:

- There is a shared awareness and understanding within the School of the nature and extent of the risks it faces;
- The extent and categories of risks regarded as acceptable and the likelihood and potential impacts of the risks materialising;
- There is capability to reduce the incidence and impact on the organisation of risks that do materialise;
- There is a regular and ongoing monitoring and reporting of risk including early warning mechanisms;
- An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk;
- The School conducts, at least annually, a review of the effectiveness of the systems of internal control in place;
- The Headteacher reports to Governors on the results of the review and explains the action being taken to address any significant concerns it has identified.

This process should be ongoing, embedded in the culture of the School and have the potential to re-orient the whole organisation around performance improvement. It is not about eliminating risk but about understanding risk and managing it more effectively.

### **The Benefits of Effective Risk Management**

The benefits of implementing good risk management processes are fairly self-evident. In its publication "Worth the Risk" (2001) The Audit Commission summarised the following range of benefits:

Increased focus on what needs to be done (and not done) to meet objectives:

- More satisfied stakeholders
- Better management of change programmes
- More calculated/innovative risk taking
- Fewer complaints
- Better controlled insurance costs
- Improved quality of learning environment
- Better ability to justify actions taken
- Delivery of Best Value
- Getting things right first time more often i.e. less waste

The DfE publication "Insurance - A guide for schools" (2003) more specifically identifies that effective risk management will reduce:

- Disruption of children's education
- Damage to an School's reputation
- The negative effect of incidents on staff and pupils morale
- Time lost in reacting to incidents, handling claims etc.
- The stress and anxiety that always accompanies accidents and losses
- The cost of insurance cover as premiums reflect claims history



### Policy

The School's policy is to adopt best practice in the 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.

### Governors of the School

The Governors of the School are responsible for:

- Ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the School's objectives as set out in each School's Improvement Plan
- Ensure that the process covers all areas of risk (e.g. governance and management, operational, financial, and external factors) and is focused primarily on major risks
- Ensure that the process produces a risk exposure profile that reflects the trustees' views as to levels of acceptable risk
- Review and consider the principal results of risk identification, evaluation and management
- Ensure that the risk management is ongoing and embedded in management and operational procedure.

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

### The Leadership Team

The Schools' Leadership Team have responsibility for ensuring that the risk management policy is implemented and for co-ordinating risk management activity across their School.

The Headteacher and the Senior Leadership Team in the School are responsible for ensuring that they take personal responsibility for championing risk management across the School and for reinforcing risk-aware attitudes and responses.

Working with the Headteacher, the Governing Body's role is to provide objective assurance 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 by way of a Risk Register.

### Process

The process for managing risks within a Risk Register- involves four fundamental stages:

- Identify risks - having a process for identifying those risks that face the School
- Assessing risks - assessing the probability and impact of those risks so you can prioritise the action to be taken
- Addressing risks - determining what action is appropriate and who should take responsibility



- Monitoring risks - ensuring that risks are managed effectively and that the Risk Register is regularly reviewed and updated

This process is put into practice through the following steps:

### Step 1

Everyone involved with the running of the School must understand that Risk Management is about reducing risks to an acceptable level and is not about eliminating risk altogether.

### Step 2

Risk management must be an inclusive process as it is the staff involved with the School's day to day operations who will best understand the risks faced and their actions and communication will be key to the management of those risks.

### Step 3

The risks the School faces in achieving its objectives need to be identified. To be effective, Risk Management processes need to take account of a wide range of risks although most risks probably have some, albeit indirect, financial consequences.

As the range of risks is potentially very wide it helps to categorise them. Risk categorisation helps staff to generate a fairly comprehensive picture of the risks that the School might face. It also helps the School to structure its risk mitigation strategies and procedures.

Loxdale Primary School has summarised risks under two headings, as follows.

- **Strategic Risks** - These need to be taken into account in judgements about medium to long term goals and objectives of the School. Managing strategic risks requires a School to have an outward looking approach rather than a purely internal focus. Senior staff and Governors are, therefore, more likely to be prominent in the identification of strategic risks and the planning and implementation of risk mitigation strategies, than more junior staff. Strategic Risks are recorded in a School Strategic Risk Register and reported to Governors on an annual basis. In its annual consideration of the Risk Register, the Governing body must consider the following issues:
  - i. The appropriate risk appetite or level of exposure for the school as a whole
  - ii. The extent and frequency of Risk Management reports to the Governing Body
  - iii. The effectiveness of the overall approach and policy to risk management.
- **Operational Risks** - These are the risks that are encountered by staff in the daily course of their work. They provide a basic framework within which staff and Governors can discuss the risks facing the School and the measures that are being/could be taken to address them. Operational Risks are recorded on Risk Assessment forms which are to be completed by staff prior to beginning an activity/school trip. Operational Risk Assessments are held in a Health and Safety Risk Assessment file and categorises as Cleaner/Caretaker duties, General Health and Safety, Offsite Visits, Teachers.



### Step 4

The risks identified then need to be assessed so that management can see whether the risk can be tolerated or whether it needs to be addressed in some way (e.g. through additional controls). Typically, risks are assessed in terms of the impact and likelihood of risk occurring. Risks at this stage are often referred to as inherent.

### Step 5

Where risks have been identified, action should be taken to determine the next step to ensuring that the risk is managed appropriately.

The school will choose which action is required by choosing one of the following courses of action:

- **Tolerate** the risk - The school may decide that the level of risk is acceptable and no further action is required. Low level risk only.

For Risks that are not acceptable to the school, the best course of action should be to:

- **Treat** the risk - This may include additional controls to all procedures, additional training for the staff involved, contingency plans in the event that the risk occurs,
- **Transfer** the risk - insurance which is just one of the ways of addressing risk) or,
- **Terminate** - in more extreme circumstances, terminating the activity that gives rise to the risk.

The level of risk after these additional controls is often referred to as the residual risk.

### Step 6

The risks the School needs to manage normally recorded in a risk register. Risks are also normally allocated to an "owner" who is responsible for ensuring that the additional controls are operated and monitoring the level of the risk.

### Step 7

Risk management normally operates on an annual cycle with a regular process for identifying the risks the organisation faces throughout this period of time. Inevitably, risks vary over time. New risks arise, while steps taken to address older risks should be effective, meaning that the priorities for management action will change on a regular basis. It is also important to ensure that the risk management process itself is operating effectively.

### Monitoring and review

This policy is monitored by the Governing Board, and will be reviewed annually.

Review Date: Autumn 2023