



## **Risk Management Policy**

### **Purpose of the Policy**

1. Taking risk management seriously is a priority for HFC MAT. The Risk Management Policy forms part of the institution's internal control and corporate governance arrangements. It is designed to provide assurance that the institution has adopted best practice in this area.
2. The policy explains the institution's underlying approach to risk management.
3. The policy should be read in conjunction with HFCMAT's Risk Management Strategy which sets a framework for the management of risks and identifies roles and responsibilities in the management of those risks.

### **Aims and underlying approach to risk management**

HFC MAT has a Risk Management Strategy which aims to:

1. Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult.
2. Assess the likelihood of such risks occurring (high, medium, low) and the potential impact of such occurrences with particular reference to the areas of finance, reputation and planning/operations.
3. Enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.

The following key principles outline the HFC MAT's approach to risk management and internal control in pursuing the aims set out above:

1. The Trust Board has responsibility for overseeing risk management within the trust as a whole.
2. The Trust Board carries out this responsibility through its Audit and Risk Committee.

3. An open and receptive approach to solving risk problems is adopted by the Trust Board.
4. Key risk indicators are identified and closely monitored on a regular basis by the Audit and Risk Committee and Trust Board.
5. The Trust Board uses a weighted scoring system for all identified risks.
6. All colleagues within the institution are encouraged to be involved in the risk management process by the reporting of risks both Trust wide and locally at school sites. The Trust aims to ensure that its Risk Management Policy is fully embedded across the institution.

### **Risk Appetite**

The Trust recognises its responsibility to recognise and manage risks. As such it has considered general appetite to risk taking and views appetite as:

**Open** - We are willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward and value for money.

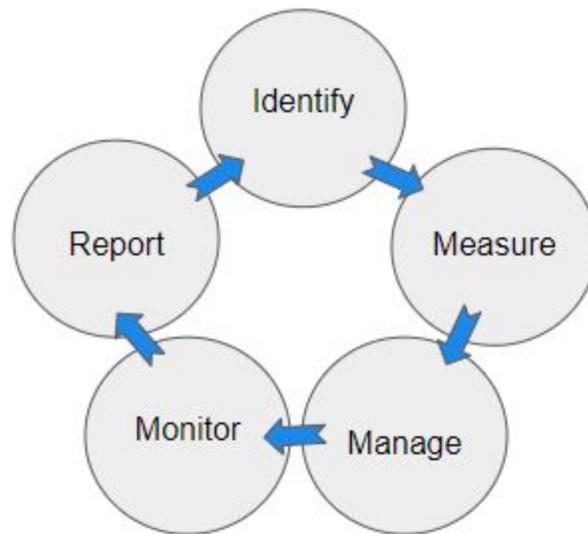
#### **Considered approach to risk.**

Whatever the approach, we are judicious in managing risks and applying appropriate controls.

## Risk Management Strategy

HFCMAT's Risk Management Strategy follows the process outlined in figure 1 below and accompanying notes.

**Fig 1 - Risk Management Process**



### 2.1 Identification

All potential events that could adversely influence the achievement of business objectives (including not capitalising on opportunities) are identified, defined and categorised. Identification of risks can be by the CEO, COTD, CFO, Headteachers, Estates Manager, Operations Manager or any other member of staff who brings it to the attention of those listed here.

Risks will be added to the risk register for each individual school and/or for the MAT once they have been identified.

### 2.2 Measurement

Once the risks have been identified they will be assessed, evaluated and ranked.

Assessment of risks will use this formula: Likelihood x Impact = Evaluation. The likelihood of the event taking place will be judged and awarded a number.

The potential impact of an event will also be awarded a number. These two numbers will be multiplied together and the result will be evaluated as either high risk (red), medium risk (amber), or low risk (green).

RAG ratings will be provided on the register to identify top risks clearly. Intermediate risks will be shown by red/amber (high-medium) and amber/green (Medium-low).

HFCMAT will identify the point beyond which risks will not be tolerated.

	<b>Likelihood</b>		<b>Impact</b>
5	<b>Very likely</b> - Likely to occur in the majority of cases.	5	<b>Major</b> - Major impact on quality of education, financial security and/or major adverse publicity not avoidable
4	<b>Likely</b> - Is likely to occur or will happen on more occasions than not.	4	<b>Significant</b> - Impact on quality of education, financial security and/or adverse publicity not avoidable
3	<b>Fairly Likely</b> - May occur on some occasions, but not frequently	3	<b>Moderate</b> - Some impact on quality of education, financial security and/or potential for adverse publicity – avoidable with careful handling
2	<b>Unlikely</b> - Not expected to happen, but there is a remote possibility that it will occur	2	<b>Minor</b> - Slight impact on quality of education, financial security and/or slight impact on reputation
1	<b>Very unlikely</b> - Not likely to happen or will only happen in exceptional circumstances.	1	<b>Insignificant</b> - No impact on quality of education, financial security and/or no impact on reputation

**Initial risk score**

1–8 : Low risk. Accept risk. To be managed at the activity level. (Green)

9–16: Medium risk. Management action required to reduce risk level to low (Amber)

17–25: High risk. Significant - Board action/awareness required. (Red)

### Rag rating

1-6 - Green			
7-8 - Green / Amber			
9-12 - Amber			
13 - 16 - Amber / Red			
17 - 25 Red			

## 2.3 Management

### Tolerate - Treat - Transfer - Terminate

Once risks have been measured, HFCMAT will decide how to manage them. Risks will either be **tolerated, treated, transferred or terminated.**

Tolerated risks will not be recorded on the Trust's Risk register as the aim is to keep these to a manageable focus.

Treatment of risks will include: preventative controls, mitigation processes and contingency plans in the event that risks materialise.

Risks may be transferred by purchasing insurance.

If the risk is judged to be beyond the trust's tolerance for risk, then action will be taken to remove any possibility of such circumstances arising.

## **2.4 Monitoring**

Risk will be monitored via the risk register by the members of staff identified within it, and through regular meetings of the Headteachers' Board and Local Governing Bodies.

## **2.5 Reporting**

The board will review the risk register each term at the Audit & Risk Committee. The Risk Register will also be considered at the Business Advisory Board with colleagues from each of the Trust schools.

At times of additional risk, further meetings may be called.

Directors will consider "stress testing" the supposed controls and mitigations to ensure that they do not exist on paper only.

The Internal Auditors will also include Risk Management as part of their programme of work.

**Date of Policy Approval by Directors:** 9th February 2021

**Date of Review:** January 2023 **by:** CEO