Risk Management: an introduction

Part of the Governor Services *Introduction to Governance* **Series**

OXFORDSHIRE COUNTY COUNCIL

For school governors, trustees, academy committee members and school governance boards

Introduction

This online training resource will provide you with a basic understanding of risk in schools.

It is a starting point for Governors with little or no risk management experience.

This online training resource is also an introductory step before undertaking the **Risk Management** training course provided by Governor Services as part of their core training offer.

Governor Services Training Information

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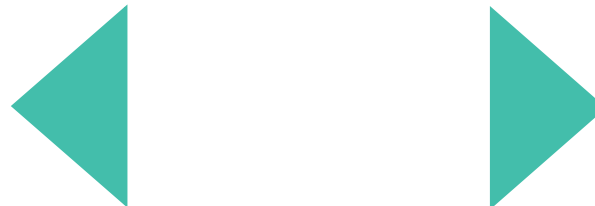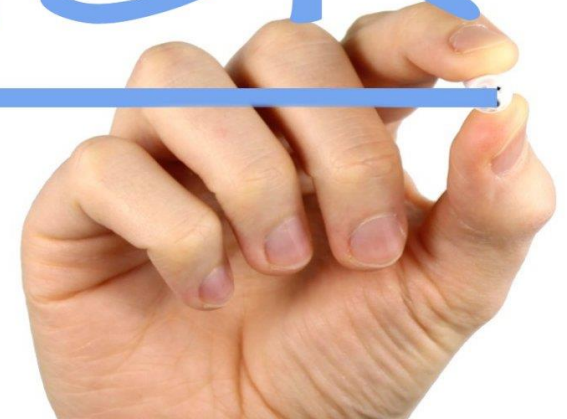
The role of governors

The **Governance Handbook** sets out the requirement for Governing Boards to focus on risk management by:

- Having procedures for the board to set and manage risk appetite and tolerance

- Ensuring that risks are aligned with strategic priorities and improvement plans (allowing prioritisation of resources)

- Ensuring that appropriate intervention strategies are in place and risk management is embedded at every level of governance.

This emphasises the need for Governing Boards to have clear strategic priorities and improvement plans in place, and to understand the risks associated with these as well as those associated with any statutory responsibilities such as health and safety or equality.

Governance Handbook

Are you aware of any risk management processes in your school?

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Some basic definitions

Risk is an uncertain event or set of events which, should it occur, could affect whether you achieve your strategic aims.

It is measured by combining the **probability of the uncertainty** occurring with the **size of its impact** if it does.

If there is a **high probability** in two schools that pupil numbers will fall by 10, the **size of impact** will depend on other factors such as the number of pupils on roll. If the school has 2000 students, losing 10 will have less impact than if the school had only 100 students. The risk for the smaller school in this instance, would be greater.

Risk can be associate with **positive actions as well as negative ones**. All innovation and creativity comes with risk; the issue is around how you manage that risk.

Some basic questions

What is risk management?

Risk management includes all the processes involved in:

- Identifying, assessing and judging risks
- Assigning ownership
- Taking actions to mitigate or anticipate risks
- Monitoring and reviewing progress

Can the risk management process eliminate all risks?

No; it is important to remember that risk is intrinsic to the delivery of education. It is not the intention to avoid or eliminate all risks but instead to recognise and appropriately control risks to avoid harm to either individuals or the school itself through not meeting its objectives.

Control

What is a control?

Controls include any processes, policies, devices, practices, or actions that modify the potential risk.

An agreed child protection and safeguarding policy would be considered as part of the control for safeguarding risks in school. However, on its own, would this be sufficient?

What other practices, processes or training would be needed to lower the risk to meet the school's risk appetite around safeguarding?

The effectiveness of controls should be assessed by the board to decide if they are effective or not. Action would be needed if they were not deemed effective.

Thinking space…

Thinking about your own experience of governance, and your own board, how would you answer the following:

- How familiar are you with the risk process in your school? Are you more familiar with some parts of this than others? Why?

- What are the top 3 risks your school faces and how often are these discussed by your board? What has changed because of these discussions?

- Are your risks aligned to your strategic aims? How often are they reviewed to ensure that all relevant risks have been identified and mitigated?

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The role of the board

What should your Governing Board do?

There are four key steps your board will need to take to share and manage risks that could affect the school and the board's strategic aims.

1. Define the board's own **appetite for risk** and set out tolerance levels

2. Be clear about **accountability and ownership**

3. Link decision-making and strategic aims to the **risk processes**

4. **Monitor risks** and the controls in place

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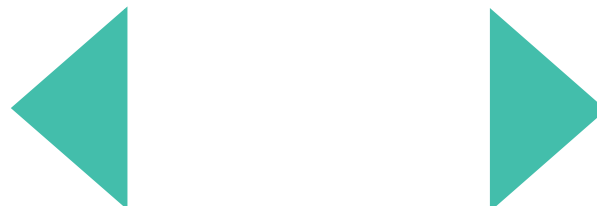
Risk appetite

What is Risk Appetite?

Risk appetite is the level of risk that a school is prepared to accept to achieve its strategic aims. After this point, action would be necessary to reduce the risk.

The risk appetite will differ between the various activities of the school. For example:

Safeguarding – all schools will have a zero tolerance of any risk relating to safeguarding

Educational Outcomes – schools may be happy to have a higher tolerance of risk when innovation in teaching pedagogy will result in better outcomes for pupils

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Importance of risk appetite

Why is risk appetite important?

Links strategy, risk management and performance management, making it clear to the Governing Board whether strategic aims are being met.

Prioritises resources by focusing on managing risks that cause the most harm or impact on achieving the strategic aims.

Improves resource allocation to unacceptable risks

Improves decision making by Governing Boards who have a clear understanding of what will stop the school achieving its strategic aims.

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What happens next?

What does this mean for the Governing Board?

After the Governing Board agrees its risk appetite the board can put in place a risk management process that can be cascade within the school:

- Tolerances should be set based on the appetite.
- All risks should be identified and assessed for appetite and tolerances
- The leadership team is responsible for ensuring the school operates within the agreed appetite
- The Governing Board will hold the leadership team to account
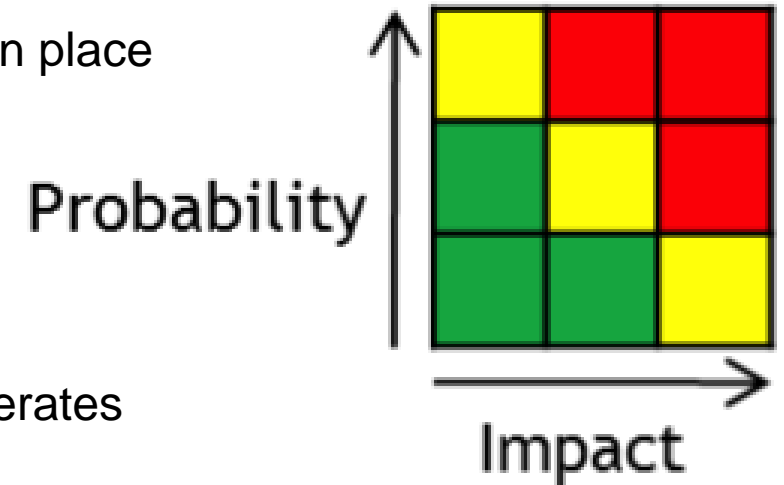
Risk management process
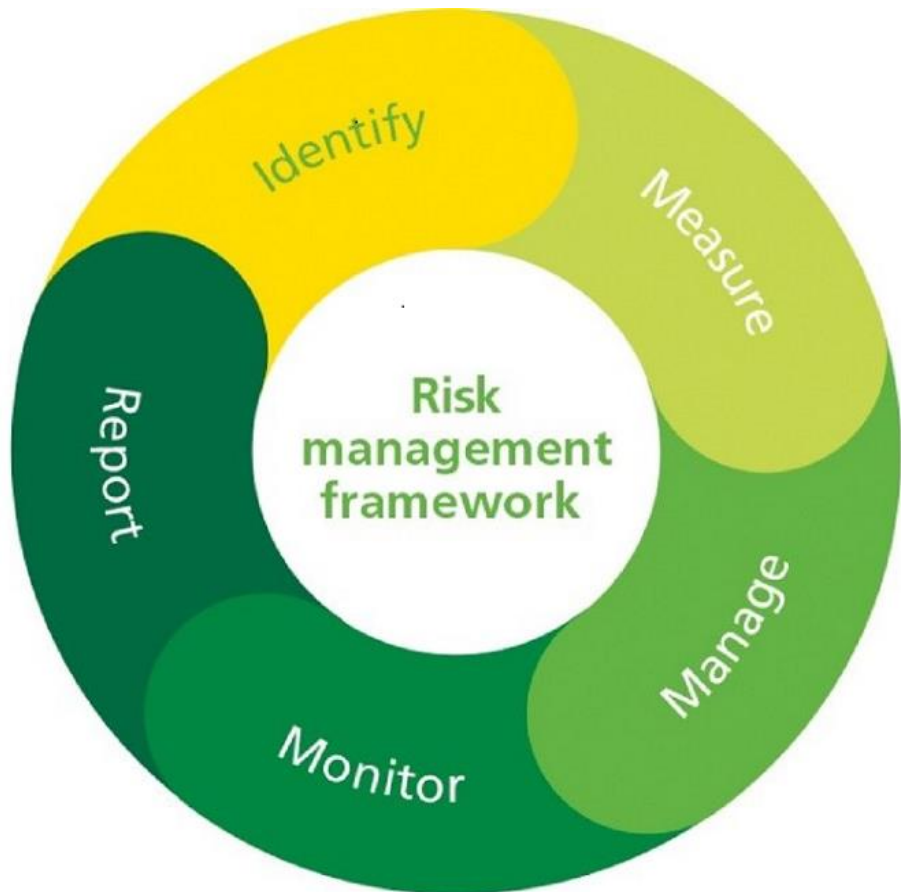
This process is typically broken down into 5 stages:

1. Identify all risks that could stop the school achieving its strategic objectives. *(For example, poor academic performance; deficit finances or dropping pupil numbers).*

2. Measure the impact and likelihood of the risk happening. *(This is usually scored on a simple scale- see previous page).*

3. Leadership manage the risk in line with the risk appetite statement. This could mean additional controls being implemented.

4. Leadership monitor the risk to ensure that the controls are effective in managing the risk.

5. Leadership report on the risks to the Governing Board to assure that the risk management process is effective.

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Common pitfalls to avoid

Formally considering risks is a new process for many maintained Governing Boards while academies have been risk assessing for longer. Common mistakes that alter the effectiveness of this process are:

- Reporting **too many risks** to the Board..

- **Ignoring know risks** because they seem hard to resolve or mitigate.

- Over-relying on **subjective judgement**; one person's risk is another's opportunity and individual perceptions influence the way risks are assessed.

- No real understanding of risk at **senior leadership team level**; it is key to get your school leaders to be 'risk champions'.

- A focus on risks not linked to **the strategic aims**.

- **Over-complexity**: discussion needs to focus on how to address the risk.

Summary

- The board has a responsibility to **oversee the management** of risks around the school. The focus of this process should link closely to the agreed vision and aims of the school. **What risks might prevent us from achieving our vision?**

- Risk can be associate with **positive actions as well as negative ones**.

- For any risk, consider **which controls are already in place** and whether they are effective.

- Consider the top risks and the board's risk appetite for each of these. **Is the board confident it is minimising risk where it needs to in order to achieve its strategic aims?**

- Any risk management strategy must be **shared across the school** so that everyone can contribute to its effectiveness.

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Additional support

Further information about **risk management** in your school will be available from your Chair, your headteacher or your governor mentor. *Ask for information about the processes used to determine risks, to set risk appetite and to evaluate the success of any risk management process in your school.*

Consider any other training needs you have. There may be other modules in this series that would help you in your governor role or you may benefit from joining one of our face to face training sessions. *Details of these are available from your clerk or by contacting Governor Services.*

If you have additional questions, do get in touch with Oxfordshire County Council Governor Services, who will be happy to support you:

Email: GovernorServices@Oxfordshire.gov.uk

Phone: 03300 249046

Useful resources

- The Governance Handbook: [Governance handbook and competency framework - GOV.UK (www.gov.uk)](#)

- Academy trust risk management (DfE) but useful for all school governors and trustees: [Academy trust risk management - GOV.UK (www.gov.uk)](#)

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Quiz and Feedback

We hope you have found this basic introduction to **Risk Management** for governors and trustees helpful.

Please use the link below to access the quiz and feedback.

Thank you for completing this training and for your valuable feedback.

Quiz

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