

Trust Risk Management Policy



St Francis of Assisi
CATHOLIC ACADEMY TRUST

Francis of Assisi Catholic Academy Trust

Signed off by: Trust Board

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- 1 Overview**
- 2 Objectives**
- 3 Legal Framework**
- 4 What is a risk?**
- 5 Why the Trust needs to manage risk**
- 6 Risk Appetite**
- 7 Completing the Risk Register**
- 8 Identifying Risk**
- 9 Management of Risk**
- 10 Mitigating Risk**
- 11 Monitoring Risk**
- 13 Roles and Responsibilities**

1 Overview

The St Francis of Assisi Catholic Academy Trust sets out in this policy the framework for risk management throughout the Trust, and explains the roles and responsibilities of everyone involved in managing risk.

“Risk” is defined in this policy as an event, action or omission that will adversely affect our ability to meet our strategic objectives and deliver education successfully.

2 Objectives

1. The Board of Directors has overall responsibility for overseeing risk management within the Trust as a whole.
2. The Board of Directors carry out this responsibility through the Admissions, Finance, Risk and Audit Committee via the Risk Register.
3. The Risk Register will cover the full operations and activities of the Trust and not just financial risks.
4. Each Academy Local Governing Body and Headteacher is responsible for maintaining an Operational Risk Register.
5. An open and receptive approach to solving risk problems is adopted by the Trust.
6. Key indicators are identified and closely monitored on a regular basis at Trust and academy level.
7. The Trust makes conservative and prudent judgements and disclosure of the financial and non-financial implications of risks.
8. The Trust uses a scoring and traffic light system for all identified risks which include early warning indicators, timelines for actions and assurances of controls in place to mitigate each risk.
9. All Directors, Governors and employees are encouraged to be involved in the risk management process by reporting of risks through line management and governance structures in place.

3 Legal Framework

1. The Academy Trust Handbook states that the Trust must manage risks to ensure its effective operation and must maintain a risk register.
2. The Academy Trust Handbook states the Trust’s management of risks must include contingency and business continuity planning.
3. The Academy Trust Handbook states that the academy trust must have adequate insurance cover in compliance with its legal obligations or be a member of the academies risk protection arrangement (RPA). Not all risks are covered under the RPA.
4. The Trust must include a section in the Annual Report on principal risks and uncertainties, which are derived from the Trust’s Risk Register.

4 What is a risk?

“A risk is an uncertain event or set of events that, should it/they occur, will have an effect on the achievement of the Trust’s objectives. A risk consists of a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on delivery” (PRINCE 2).

5 Why the Trust needs to manage risk

The Trust manages risk on a daily basis without describing this process as “risk management”. The Trust regularly considers what might go wrong and takes steps to reduce the impact and likelihood of these events occurring. However the Trust cannot solely rely on this informal process in relation to risk management. The Trust is a public body which must ensure it provides assurance to the Department for Education, the Education and Skills Funding Agency, the Charities Commission, Ofsted, Auditors and Directors that it is managing risk effectively and correctly. As a result of this, the Trust needs to formally identify corporate risks and the mitigating actions linked to these risks.

6 Risk Appetite

Risk appetite is the expression used to indicate how much risk the Trust is prepared to take on. The risk appetite of the Trust can vary over time and may vary dependent on the work area being focussed on. It is vital that the Trust's risk appetite is clearly communicated so Local Boards and staff of the Trust can consider this when making decisions.

The St Francis of Assisi Catholic Academy Trust's risk appetite is **Low**.

7 Completing the Risk Register

The Charity Commission says the process of risk identification should be undertaken with care; the analysis will contain some subjective judgements, as no process is capable of identifying all possible risks that may arise. The process can only provide reasonable assurance to Governors and Directors that all relevant risks have been identified within each Academy and across the Trust as a whole.

Identified risks need to be put into perspective in terms of potential severity of their impact and likelihood of their occurrence. Assessing and categorising risks helps in prioritising and filtering them, and in establishing whether any further action is required.

This approach attempts to map risk as a product of the likelihood of an undesirable outcome and the impact than an undesirable outcome will have on Trust's ability to achieve its operational objectives. It enables the Directors to identify those risks that fall into the major risk category identified by the risk management structure.

The process begins with listing each item of risk that Trustees and LGB's believe are appropriate for the Trust and individual Academies. Once identified each risk is looked at on an individual basis and a decision taken as to how likely it is to occur and how severe its impact would be on the Trust if it did occur

Each Academy within the Trust has their own Risk Register and there is a Trust Risk Register which is made up of the key risks from the individual Academies Risk Registers. The Risk Register is fully reviewed annually and is a recurring agenda item at all Admissions, Finance, Risk and Audit Committee meetings.

8 Identifying Risk

Identifying risks that an organisation may face is a key part of effective governance across the Trust. At the risk identification stage, all potential events that are a threat to the achievement of business objectives (including not capitalising on opportunities) are identified, defined and categorised. Risk identification cannot be centralised to a core team or function but should be a fluid part of the day-to-day operations across the Trust. All Trust employees are responsible for contributing to the Risk Register by alerting a member of their Senior Leadership Team to potential risks.

The Trust categorises risks into eight core areas as follows:

- a) Strategic Risks
- b) Organisational Risks
- c) Management Information Risks
- d) HR & Employment Risks
- e) Other Legislative Risks
- f) Financial Risks
- g) Physical Risks
- h) Covid-19 Risks

9 Management of Risk

The Trust Board and each Academy will maintain a Risk Register will be reviewed regularly by Local Governing Bodies and Directors. Items in the register will be assessed, grouped, scored and colour coded using a traffic light system.

The descriptors for very high, high, medium, low and very low impact and probability can be expanded as follows:

Impact of risk occurring:

Impact	Description
Very High - 5	The financial impact will be catastrophic [£50,000 and above] Has a severe impact on the Trust's strategy or on teaching and learning. Will cause severe stakeholder concern. Can cause severe reputational damage to the Trust.
High - 4	The financial impact will be significant [between £40,000 and £49,999] Has a high impact on the Trust's strategy or on teaching and learning. Will cause high stakeholder concern. Can cause high reputational damage to the Trust.
Medium - 3	The financial impact will be moderate [between £20,000 and £39,999]. Has no more than a moderate impact on strategy or on teaching and learning. Has significant stakeholder concern. Can cause moderate reputational damage to the Trust.
Low - 2	The financial impact will be moderate [between £10,000 and £19,999]. Has no more than a moderate impact on strategy or on teaching and learning. Moderate stakeholder concern. Can cause moderate reputational damage to the Trust.
Very Low - 1	The financial impact is likely to be low [between £NIL and £9,999]. Has a low impact on strategy or on teaching and learning. Low stakeholder concern. Is unlikely to cause any reputational damage to the Trust.

Likelihood of risk occurring:

Probability	Description	Indicator
Very High - 5	Likely to occur every year, or more than 90% chance of occurrence within the next 12 months.	Potential of it occurring numerous times within a 3 year period and Has occurred in the past month.
High - 4	Likely to occur every year, or more than 75% chance of occurrence within the next 12 months.	Potential of it occurring numerous times within a 3 year period and Has occurred recently.
Medium - 3	Likely to occur every year, or more than 50% chance of occurrence within the next 12 months.	Potential of it occurring a several times within a 3 year period and may have occurred recently.
Low - 2	Likely to occur within a 3 year time period or less than 25% chance of occurring within the next 12 months.	Could occur more than once within a 3 year period and there is some history of occurrence.
Very Low - 1	Not likely to occur within a 3 year time period or less than 5% chance of occurrence.	Has not occurred in the last 3 year period and is not likely to occur.

10 Mitigating Risk

Once risks have been identified and assessed, actions are taken to mitigate the risks to reduce them to an acceptable level. Actions plans should be recorded against each risk that has been listed in the risk register with timescales if appropriate.

11 Monitoring Risk

The likelihood and impact of risk can vary, therefore it is necessary to review risks regularly to ensure The Admissions, Finance, Risk and Audit Committee receives the Risk Registers at each meeting to that changes are identified and responded to appropriately. The Trust Board will review the Risk Register at least annually.

12 Roles and Responsibilities

The Trust is responsible for:

- Setting the tone and influence the culture of risk management within the Trust;
- Determining the appropriate risk appetite or level of exposure for the Trust;
- Approving major decisions affecting the Trust's risk profile or exposure;
- Setting the policy and strategy for risk management;
- Frequently monitoring the management of significant risks to reduce the likelihood of unwelcome surprises or impact;
- Satisfying itself that the less significant risks are being actively managed, with in the appropriate controls in place and working effectively; and
- Annually reviewing the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- Ensuring a Business Recovery plan is in place.

The Senior Executive Leadership Team is responsible for:

- Supporting and implementing policies approved by the Trust;
- Providing adequate information in a timely manner to the Trust and its committees on the status of risks and controls;
- Focusing and co-ordinating risk management activities throughout the Trust;
- Raising the level of management awareness accountability for the business risks experienced by the Trust;
- Developing risk management as part of the culture of the Trust
- Providing training to Directors, Heads and Local Governing Bodies on the management of risk; and
- Providing a mechanism for risk management issues to be discussed and disseminated to all areas of the Trust.

The Academies are responsible for:

- Managing risk on a day-to-day basis;
- Promoting risk awareness within their operations introduce risk management objectives into their activities;
- Identifying and evaluating the significant risk faced by their operations for consideration by the Local Governing Bodies, Senior Executive Team, Risk, Finance and Audit Committee, the Trust and the other sub committees;
- Ensuring that risk management is incorporated at the outset of projects as well as throughout a project; and
- Reporting early warning indicators to SEL.

The Chief Financial Officer is responsible for:

- Developing specific programmes and procedures for establishing and maintaining risk management activities within the Trust;
- Ensuring the dispersal of vital information.
- Providing guidance, interpretation and understanding of the risk management systems ; and
- Ensuring a programme of internal and external scrutiny is in place

Individuals are responsible for:

- Understanding their accountability for individual risks.
- Understanding that risk management and risk awareness are part of our culture ; and
- Reporting promptly to senior management any perceived new risks or failures of existing control measures.