Risk Management Policy

(To be read in conjunction with Risk Register)

Last Updated: June 2021

Version 6

Document Control

Changes History

Version	Date	Amended by	Recipients	Purpose
1.0	2/05/2017	CFOO	Board and Audit Committee	New Policy
2.0	11/9/2018	CFOO	Audit committee	Updated policy for review
3.0	2/10/2018	CFOO	ESG Chair	Review
4.0	18/10/2018	CFOO	Board	Approval
5.0	12.02.20	CFOO	Board	
6.0	18.06.2021	CFOO	Audit Committee	Updated policy for review and recommendation to the Board

Approvals

This policy requires the following approvals:

Board	Chair	CEO	Date Approved	Version	Date for Review
*			26th October 2018	4.0	2020
*			28th February 2020	5.0	2021
*			23rd July 2021	6.0	2024

National/Local Policy

☐ This policy must be localised by Academies

☒ This policy must not be changed, it is a National Policy (only change logo, contact details and yellow highlights)

Position with the Unions

Does the policy require consultation with the National Unions under our recognition agreement? ☐ Yes ☒ No   If yes, the policy status is: ☐ Consulted and Approved ☐ Consulted and Not Approved ☐ Awaiting Consultation

Distribution

This draft document has been distributed to:

Position	Date	Version
Audit Committee for comment		

ESG Chair	2 October 2018	3.0
Board	28 February 2020	5.0
Audit Committee for recommendation to the Board	18 June 2021	6.0

1. Vision and Values

Plymouth CAST is a multi-academy trust of Catholic schools which is part of the mission of the Catholic Church dedicated to human flourishing and the building of a kingdom of peace, truth and justice. The Trust is to be conducted in all aspects in accordance with canon law and the teachings of the Roman Catholic Church and at all times to serve as a witness to the Catholic faith in Our Lord Jesus Christ.

Our vision and values are derived from our identity as a Catholic Trust. Central to our vision is the dignity of the human person, especially the most vulnerable. Our academies are dedicated to providing an education and formation where all our pupils and young people flourish in a safe, nurturing, enriching environment. All governors in our academies are expected to be familiar with the vision, mission, values and principles of the Trust and not in any way to undermine them. They should support and promote the vision and conduct themselves at all times in school and on school business according to the vision and principles of the Trust

2. Introduction

The Risk Management policy aims to ensure that PLYMOUTH CAST complies with risk management best practice as adopted by academies. It forms the start point for Corporate Governance with the requirements of the FRC's 'Risk Guidance' (risk management, internal control and related financial and business reporting) and sets out the current processes and responsibilities for risk management in PLYMOUTH CAST.

2.1 The 'Risk Guidance' for Corporate Governance were published in 2014 and can be summarised as:

2.1.1 The Board acknowledges responsibility for the system of internal control

2.1.2 An ongoing process is in place for identifying, evaluating and managing all significant risks

2.1.3 An annual process is in place for reviewing the effectiveness of the system of internal control

2.1.4 There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

2.2 In assessing what constitutes a sound system of internal control regards risk management, the 'Risk Guidance' states that consideration should be given to:

2.2.1 The nature and extent of the risks facing the organisation

2.2.2 The extent and categories of risk which it regards as acceptable

2.2.3 The likelihood of the risks concerned materialising

2.2.4 The organisation's ability to reduce the incidence and impact of the risks that do materialise

2.3 Risk Management best practice for public organisations is encapsulated in the following documents,

2.3.1 The Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector. Available at the following link:

https://www.theirm.org/media/886059/ARMS_2002_IRM.pdf

2.3.2 HM Treasury's "Management of Risk – Principles and Concepts" ("The Orange Book") that provides guidance on developing a strategic framework for the organisational consideration of risk. Available at the following link:

https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-risk-management

https://www.gov.uk/government/publications/management-of-risk-in-government-framework

2.3.3 The Charity Commission guidance "Charities and risk management (CC26) and the essential trustee: what you need to know, what you need to do (CC3) available at the following link:

https://www.gov.uk/government/publications/charities-and-risk-management-cc26

https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3

3. Risk Management Objectives

3.1 The objectives for managing risk across the Trust are:

3.1.1 To comply with risk management best practice;

3.1.2 To ensure risks facing the Trust are identified and appropriately documented;

3.1.3 To provide assurance to the Board that risks are being adequately controlled, or identify areas for improvement;

3.1.4 To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

4. Risk Management Policy

4.1 This strategy aims to:

4.1.1 Outline the roles and responsibilities for risk management.

4.1.2 Identify risk management processes to ensure that all risks are identified, controlled and monitored

4.1.3 Ensure appropriate levels of awareness throughout the Trust

5. Roles and responsibilities

5.1 The role of the Trust Board of Directors (trustees)

The Plymouth CAST board is accountable for the oversight of the management of risk. It exercises this accountability through the Audit and Risk Committee which reports directly to the Board. Through approval of this Risk Management Policy the Directors (trustees) set the tone and influence the culture of risk within the Multi Academy Trust (MAT). This includes determining:

1. The risk attitude of the MAT in respect of risk
2. The process for identification and evaluation of the strategic risks via the Audit and Risk Committee which provides a regular review
3. The standards and expectations of staff with respect to conduct and probity in relation to risk management

The MAT Board is also responsible for:

1. Taking major decisions affecting the MAT's risk exposure
2. Monitoring the management of identified strategic risks
3. Assuring SELT that operational risks are being actively managed, with appropriate controls in place
4. Biennial review of the Risk Management Policy to ensure it remains fit for purpose.

The Board's attitude to risk is based on an evaluation of the combination of the likelihood of an adverse event happening and the impact of that event on the Trust, its pupils and its staff. Generally, the trust will seek to mitigate all risks to a situation where both are reduced to a level of medium or lower. Risks to personal health, safety and wellbeing will be mitigated to maximum extent practicable and in full accordance with all applicable legislation and regulation.

Where a risk cannot be effectively reduced to an acceptable level, then measures will be put in place to address the consequences so that mitigation is achieved by another route. An example of this is ensuring that appropriate insurance is in place.

Where the board considers that a risk has been adequately assessed and mitigated, it will deem the risk to be acceptable. Unacceptable risks are where the mitigation measures are not yet deemed sufficient and where the risk owner is required to take further action. It should be noted that some risks may have a high likelihood and/or impact and still be

deemed acceptable if there is no further practicable mitigation possible."

5.2 The role of the Senior Executive Leadership Team (SELTT)

1. Identifying and evaluating the strategic and operational risks faced by the MAT, including financial and non-financial implications of those risks as part of its ongoing management activity, for consideration by the Board

2. Providing adequate information in a timely manner to the Board on the status of the risks and the procedures and controls in place to perform mitigation
3. Undertaking an annual review of the effectiveness of the systems of internal control, providing a report to the audit committee, supported by audit reports
4. The CEO is accountable for risk management across the MAT
5. The COO is responsible for the day-to-day operation of risk management
6. The COO is responsible for assigning risk ownership across the MAT. The assignment should be alignment to the responsibilities allocated in the MAT organisation chart.

5.3 The Role of Risk Owners

1. Identifying all risks within their area of responsibility.
2. Assigning a likelihood and impact score to each risk.
3. Determining, implementing and operating appropriate risk mitigation procedures and controls.
4. Adjusting the likelihood and impact score to reflect the mitigation.
5. Recommending to the Risk and Audit Committee whether the risk should be regarded as acceptable.
6. Periodically reviewing the risk mitigation measures to confirm that they are both adequate and effective.
7. Periodically reviewing all risks within their area of responsibility and updating the risk assessment and risk register accordingly.
8. Providing a termly confirmation of the current status of all risks under their responsibility.

5.4 The role of Head Teachers

1. Head Teachers will be Risk Owners for their school. At school level the Head Teacher is responsible for identifying strategic and operational risks and including them in the school annual planning documentation reported to the SELT
2. Reviewing the identified risks on a regular basis, alerting the COO of any changes

6.   Identification of risks

6.1   The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.

6.2   Plymouth CASTs approach to risk management is linked to strategic aims and objectives. These have been set and agreed with the Board and encompass 5 key aims:

6.2.1   Control risk to create capacity for sustainable and managed growth

6.2.2 Engender a culture of acute awareness of financial risks throughout the trust

6.2.3 Create clear lines of sight of accountability

6.2.4 Ensure clarity with all use of public funds

6.2.5 Provide efficient central support for the Trust

6.3 The structure and organisation of Plymouth CAST's risk register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified. Through the register, accountabilities and the use of public funds can be both identified and protected

7. Evaluation of risks

7.1 The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation.

7.2 PLYMOUTH CAST will use a 5x5 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:

			Likelihood				
			Lowest	Low	Medium	High	Highest
			1	2	3	4	5
Impact	Lowest	1	1	2	3	4	5
	Low	2	2	4	6	8	10
	Medium	3	3	6	9	12	15
	High	4	4	8	12	16	20
	Highest	5	5	10	15	20	25

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

8. Impact of risk occurring

Impact	Description
Highest	The financial impact will be in excess of £50,000
	Has a significant impact on PLYMOUTH CAST's strategy or on teaching and learning
	Has significant stakeholder concern
High	The financial impact will be between £25,000 and £50,000
	Has a high impact on strategy or on teaching and learning
	High stakeholder concern
Medium	The financial impact will be between £5,000 and £25,000
	Has no more than a moderate impact on teaching and learning

	Moderate stakeholder concern	
Low	The financial impact is likely to be below £5,000	
	Has a low impact on strategy or on teaching and learning	
	Low stakeholder concern	
Lowest	The financial impact is likely to be below £1,000	
	Has limited impact on teaching and learning	
	Limited stakeholder concern/financial department to monitor	

Probability of risk occurring		
Probability	Description	Indicator
Highest	Likely to occur within 12 months	Potential for repetition
	More than 50% chance of occurrence	Has occurred before
High	Likely to occur within a 2-year period	Potential of it occurring more than once
	Less than 50% chance it will occur in next 12 months	Has occurred in last 2 years recently
Medium	Likely to occur within 3 years	Some history of occurrence
	Less than 25% chance within 12 months	
Low	Unlikely to occur within 4 years	Unlikely to occur more than once
	Less than 10% chance within 12 months	Has occurred but not in last 4 years
Lowest	Not likely to occur within 4 years	Has not occurred

9. Addressing risks

9.1 When responding to risks, Plymouth CAST will seek to ensure that it is anticipated and managed early so risk does not develop into an issue where the potential threat materialises. The main tool for doing so effective risk management at all levels within the organization.

9.2 Plymouth CAST will adopt one of the 4 risk responses outlined below:

9.2.1 **Avoid**. Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business. This is the responsibility of the Risk Owner.

9.2.2 **Transfer**. The risk is transferred to a third party, for example through an insurance policy. This is the responsibility of the COO.

9.2.3 **Treat**. The response actions either reduce the likelihood of a risk developing or limit the impact on Plymouth CAST to acceptable levels. This is the responsibility of the COO.

9.2.4 **Tolerate**. Accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or the Board believes there is only a remote probability of the event occurring. This is the responsibility of the CEO, with the approval of the Board.

10.   Risk Management Procedures

The MAT maintains a strategic and operational Risk Register for the Trust.   Each identified risk has a responsible Risk Owner whose responsibilities are set out in Section 5 above.

When performing a Risk Assessment, the Risk Owner should review and categorise all potential risks within their area of responsibility. This is best done through some form of workshop with all the relevant members of staff. The broader the discussion, the more chance there is of ensuring that relevant risks are identified and captured. The Risk Assessment should **not** be treated as a desk top exercise or a simple list.

Having identified all relevant risks, the Risk Owner must then determine the necessary processes to provide mitigation including identification of risk mitigation owners and hold them to account for their actions. In this regard, a process is someone doing something to reduce either the likelihood or the impact or both. In this regard the process must be both adequate (i.e., it addresses the breadth of the risk) and effective (i.e., it addresses the depth of the risk). Each risk mitigation process must have some form of preventative and detective controls to ensure that it performs in the way that it is designed to do.

Once the mitigation is in place, the Risk Owner must then make a professional judgement as to whether the risk should be deemed to be acceptable. This is a recommendation to both the COO and CEO. Assuming that they approve, the recommendation must then be formally approved by the Risk and Audit Committee on behalf of the board.

The result of this process must then be recorded in the Risk Register. The Risk Register is a record of all risks identified in Risk Assessments, together with the Risk Owner, the post mitigation likelihood and impact and the acceptability of the mitigated risk. Where a risk is not deemed to be acceptable, the register must record what actions are being taken by the Risk Owner to make it acceptable and the deadline.

11.   Risk Reporting and Communication

11.1   The aim of reporting risk is to allow the Board to discharge its responsibilities as set out in Section 5 above and determine that Senior Management are effectively managing the risks of Plymouth CAST and that a robust system of internal controls is in place.

11.2   The internal audit service is responsible for independent annual review of the

adequacy and effectiveness of internal control systems, of which risk management forms a part, and providing assurance to the board that the Risk Management policy is being followed and that its responsibilities are being properly discharged. They report regularly to the Audit and Risk Committee on their findings.

11.3   The external audit service provides feedback to the Audit and Risk Committee on the operation of internal financial controls.

11.4   The Audit and Risk Committee is responsible for reviewing and signing off all Risks on the Risk Register. The Committee will determine how a summary of the Risk Register is presented to the Board so that the Board only need to focus on material risks.

12.   Risk register

12.1   The strategic element of the risk register will be reviewed by the Board termly to confirm the risk scoring and to assess the effectiveness of controls and mitigation. The CEO will provide an update at each meeting via the CEO report, highlighting movements to the Board. The Audit and Risk Committee will review the wider risk register and provide a regular update to the Board through its minutes.

12.2   The Risk Register will be monitored by the Audit and Risk Committee on a termly basis. Risks will be assigned to each Board sub-committee and reviewed at the termly meetings, with feedback via SELT of any proposed changes.

12.3   Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk will be recorded on the risk register. Any new or increased risks identified in the Audit and Risk Committee meetings or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register. The committee will be presented risks in a scale format according to the diagram below in order to assure visibility of complete risk profiles. For example, Risk A would be escalated under a linear scale because it scores 20 but neither risk B or C would normally be escalated as they score only 5 and 8 respectively. Using a l scale assures the board they see all risk elements that score high for either probability and/or impact.

Probability and Impact Grid (PiG)
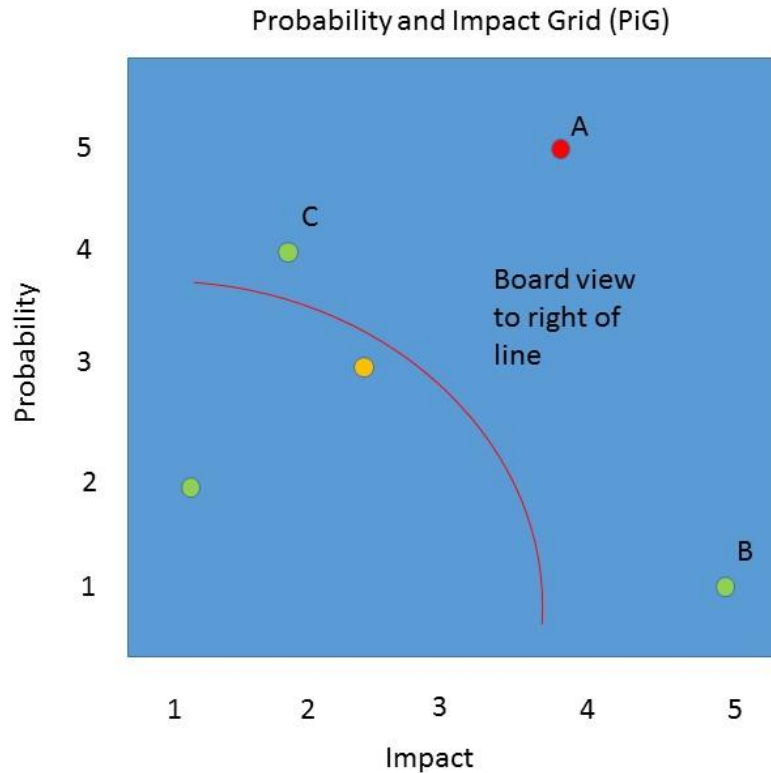
13.   Communicating Risks

13.1   The Audit and Risk Committee will monitor the risk register each term. The COO will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered by the Board along with a summary of actions taken.

13.2   The COO will take appropriate measures to raise awareness so that risk management is a part of PLYMOUTH CAST's culture and seek to ensure that:

13.2.1 Individual members of staff are aware of their accountability for individual risks by means of their job descriptions.

13.2.2 That appropriate training and support is provided where necessary.

13.2.3 That risk mitigation procedures and controls are properly documented.

13.2.4 Individuals report promptly to senior management any perceived new risks or failure of existing control measures.

14.   Categories of Risk

The MAT has set out a risk structure identifying both strategic and operational risk. The risk categories identified include:

1. **Political**. Political constraints such as change of government, or policy on education

2. **Economic**. Interest rates, exchange rates, inflation

3. **Socio Cultural Demographic.** Change affecting demand for services or change of stakeholder expectations including pupil numbers

4. **Technological.** Obsolescence of current systems; Procurement and best use of technology to achieve objectives

5. **Legal / Regulatory.** Laws and regulations which impose requirements (e.g., health & safety and employment legislation) including obligations imposed by the Catholic Church

6. **Environmental.** The need for buildings to comply with changing standards (e.g., energy efficiency) equipment to comply with changing standards

7. **Structural.** The need for the Trust to have effective and efficient structures to deliver excellent educational outcomes whilst maintaining financial sustainability

8. **Financial planning and control**. The need to ensure viability at school and Trust level

9. **Competition** for school places.

10. **Educational Standards and Outcomes**. The need for the Trust to be seen to deliver excellent educational outcomes as defined by Ofsted or other regulatory bodies

11. **Key personnel**. The need for the Trust to attract and retain appropriately qualified and experienced personnel at Board, SELT and School level, noting the specific requirement to employ Catholic leadership in the schools

15. Risk Themes

Risks will be categorised by 'Theme' so that the Trust can assess risk across business function and activity and determine appropriate balance. The themes are:

Educational Outcomes
School Communities, including pupils, parents, and other stakeholders
Health and Safety
Safeguarding
OFSTED Inspections
RSC Scrutiny
Canonical Inspections and Catholic life
ICT and cyber security

Physical Security
Governance
External Influences
Political, including Local Authority
Ethical/Reputational
Financial Regularity, including payroll matters
Financial sustainability
Information Management
Data Protection
Infrastructure and FM