



EDITH STEIN **CATHOLIC ACADEMY TRUST**

RISK MANAGEMENT STRATEGY

APPROVED BY TRUSTEES	DECEMBER 2023
SCRUTINISED BY AUDIT AND RISK COMMITTEE	NOVEMBER 2023
DATE LAST REVIEWED	NOVEMBER 2023
MEMBER OF STAFF RESPONSIBLE	CEO/CFO
STATUTORY / NON-STATUTORY	NON-STATUTORY



1.0 Introduction

1.1 Risk management is the process whereby the Trust methodically addresses the risks attaching to its objectives and associated activities with the goal of achieving sustained benefit within each activity and across the whole range of activities.

1.2 Risk management will be aimed at ensuring that the Trust achieves its objectives in the most effective way and those resources are directed at those objectives. It will not be seen as a separate exercise but as the means of best achieving the Trust's objectives.

1.3 This risk management strategy has been designed to provide a framework for managing the risks the Trust faces and ensuring its objectives are achieved in the most effective way.

1.4 It has been designed for use by all staff of the Trust and it serves to:

- Communicate the strategies for managing risk in the Trust
- Establish procedures which should be adopted in the risk management process

1.5 **Catholic Social teaching** Trust leaders have a duty to contribute to the common good by taking responsibility for their own actions and those that they lead. There is a clear line of sight between risk management and the resources entrusted to the Trust. How the Trust manages and nurtures those resources is a measure of our responsibility and stewardship of creation. We are only custodians of the schools in our care. Being a good steward means safeguarding what we have been given, mitigating risk so it is there for students in the future.

2.0 The Aims and Objectives of Risk Management

2.1 The Trust's overall risk management plan is aimed at:

- Protecting its pupils, staff and assets
- Managing risk in accordance with best practice and reducing the cost of risk
- Anticipating and responding to changing social, environmental and legislative requirements
- Raising awareness of the need for risk management
- Integrating risk management into the culture of the Trust
- Adopting legal compliance as a minimum standard

2.2 These aims and objectives will be achieved by:

- Establishing and maintaining a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all staff
- Maintaining documented procedures for the control of risk
- Providing suitable information, training and supervision
- Maintaining effective communication and the active involvement of all staff

- Maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- Monitoring arrangements on an ongoing basis

3.0 The Potential Benefits of Risk Management

3.1 Effective risk management protects and adds value to the Trust and its stakeholders through supporting the Trust's objectives by:

- Improving decision making, business planning and prioritisation by comprehensive and structured understanding of the wider business environment
- Supporting more efficient allocation and use of resources within the Trust
- Enhancing communication between schools and services
- Protecting and enhancing Trust assets and image
- Developing and supporting staff and the Trust's knowledge base
- Helping to focus the internal audit plan

4.0 The Structure and Administration of Risk Management

4.1 The Trust has a fundamental role to:

- Set the tone and influence of the culture of risk management within the Trust
- Determine the appropriate risk appetite or level of exposure for the Trust
- Approve major decisions affecting the Trust's risk profile or exposure
- Set policy and strategy for risk management
- Frequently monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures
- Ensure that risk management is a regular management meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis

4.2 The Trust's Audit and Risk Committee will have the day to day responsibility of reviewing the management of the Trusts Risk Strategy. The overall acceptable level of risk remains with the Trust to decide.

4.3 The Trust Management team will have responsibility for:

- Managing risk on a day-to-day basis across the Trust
- Promoting risk awareness and risk management across the Trust

4.4 The Chief Executive Officer as the Risk Management Champion 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

4.5 The Local Governing Bodies (LGBs) will:

- Support and ensure policies approved by the trust are implemented by their schools
- Establish internal risk policy, register and structures for their individual schools
- Ensure adequate information is provided in a timely manner to the Trust, its Audit and Risk Committee and its other committees on the status of risks and controls
- Focus and co-ordinate risk management activities throughout their individual schools
- Develop risk management as part of the culture of each individual school
- Have responsibility for overseeing the management of risk in their schools on a day-to-day basis
- Promoting risk awareness and risk management objectives within their schools
- Ensure that risk management is a regular board meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis
- Report early warning indicators to the Trust

4.6 Senior Leadership Teams (SLTs) will:

- Support and implement policies approved by the Trust and LGB
- Ensure internal risk policy and structures are embeded within their individual school
- Develop risk response processes, including contingency and business continuity programmes
- Provide adequate information in a timely manner to the LGB and its committees on the status of risks and controls
- Co-ordinate risk management activities in their individual school
- Raise the level of management awareness and accountability for the business risks experienced by their individual school
- Maintain risk management as part of the culture of their individual school
- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of their school
- Have primary responsibility for managing risk in their schools on a day-to-day basis

- Have responsibility for promoting risk awareness within their school and introduce risk management objectives into their school
- Identify and evaluate the significant risks faced by their schools for consideration by their LGB, the Trust, the Trust Audit Committee and other sub Committees
- Ensure that risk management is incorporated at the conceptual stage of projects as well as throughout a project
- Ensure that risk management is a regular management meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis
- Report early warning indicators to LBG

5.0 Risk Identification

5.1 Risk is not only about adverse events, it is also about missed opportunities. All areas of activity within the Trust and partnerships with third party organisations should be considered together with what would stop them being as successful as they should. The key risks that the Trust faces will be those that would stop it achieving its objectives in these areas.

5.2 As the first step in the risk identification process all staff with responsibility for delivering operations aims or targets need to understand the Trust's corporate objectives and the legal and regulatory environment in which it operates.

5.3 The second step is the translation of these objectives into operating aims in the form of detailed business plans and performance indicators for each area of activity. This should be an ongoing annual exercise with regular updating of the aims.

5.4 The next step is to identify what would stop each area being as successful as it should. Risks can readily be identified through either group discussion or a more structured approach.

5.5 There are many methods for grouping risks, starting from either categorising risk or analysing it using a functional approach. Consideration by category, for example, would include:

- Strategic risks – concern the long-term strategic objectives of the Trust. They can be affected by such areas as capital availability, legal and regulatory changes, reputation and changes in the physical environment. For example, failure to recognise sector message, LGB's not undertaking their roles properly.
- Operation risks – concern the day-to-day issues that the organisation is confronted with as it strives to deliver its strategic objectives. For example, failure to maintain timely and accurate learner data.
- Financial risks – concern the effective management and control of the finances of the Trust and the effects of external factors such as interest rate movement and other market exposures. For example, failure to balance budget

- Compliance risks – concern such issues as health and safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues. For example, breach of employment laws.

5.6 The risks that have been identified should be recorded on the risk template and updated to the register for each school and incorporated, as necessary, into the corporate risk register.

6.0 Risk Estimation (Assessing Likelihood and Impact) – Trust and School Guidelines

6.1 Having identified the risks that the Trust is facing, they need to be prioritised into a manageable order so that action can be focused on the significant risks. At this stage in the risk management process you should only be concerned about the risks that threaten the achievement of your operating aims and objectives. Risk prioritisation will enable necessary action to be taken at the relevant level of management within the Trust.

6.2 Each risk should be assessed in terms of the likelihood of its occurrence, and its impact on the Trust, should it occur.

6.3 Not all risks will affect the Trust with the same impact, and some are far more likely to occur within the Trust than others. Other risk will be more appropriate to be managed at school level.

6.4 The impact of a risk and the likelihood of it occurring should be scored as follows:

- Likelihood

For each of the risks you have listed assess the likelihood of their occurrence on the following scale:

1. extremely unlikely; rare occurrence
2. unlikely
3. moderately unlikely
4. very likely, regular occurrence
5. highly likely
6. extremely likely; frequent occurrence

- Impact (financial/reputational)

Also assess the impact on the following scale:

1. not critical to continued operations
2. minor impact in limited areas
3. minor impact in many areas
4. significant impact; would not affect continued operations in short-term but might in long-term
5. significant impact; in medium term; relates to substantial operational areas
6. fundamental to continuing operations

Financial and Reputational Impact are scored separately and the two scores are added to give the total Impact score

6.5 Multiply the scores for likelihood and impact (Financial and Reputational) and then rank the risk by numerical value.

7.0 Risk Prioritisation

7.1 Risks should be prioritised as follows

Risk Score	Prioritisation	Colour	Action
1 to 6	Insignificant	Light Green	Keep under annual review
7 to 12	Minor	Dark Green	Keep under termly review
13 to 18	Moderate	Yellow	Consider action or contingency plan
19 to 24	Major	Amber	Implement action or contingency plan
25+	Extreme	Red	Requires immediate action

8.0 Risk Mitigation

8.1 Once risks have been identified and prioritised, you need to decide how the Trust is going to address them.

8.2 As the first step, you should assess the 'cost' of accepting the risk. This may be a financial cost or a lost opportunity. You may decide that accepting a particular risk is appropriate and not take any further action.

8.3 If you decide further action is needed then there are three main options: • avoid the risk • transfer all or part of the risk • mitigate the risk

8.4 A risk may be avoided by withdrawing from that area of activity but doing so may result in a missed opportunity.

8.5 A risk may be transferred wholly or in part to a third party, possibly through insurance or a partnership arrangement.

8.6 In the majority of cases, the next step will be to put in place systems to mitigate either the likelihood or the impact of the risk. These will include systems addressing the whole operation of the Trust as well as the areas where risks have been identified. Any system of risk mitigation should provide as a minimum:

- Effective and efficient operation of the Trust
- Effective internal controls
- Compliance with law and legislation

8.7 Mitigating action plans should be recorded against each risk that has been listed in the risk register with appropriate milestones. In order for an action plan to be successful the action plans should be:

- Specific
- Measurable
- Achievable
- Realistic
- Time constrained

They should also include sources of assurance over the controls in place to mitigate each risk identified.

8.8 Source of Assurance is defined as evidence that mitigating action/controls are in place and being regularly reviewed. As part of the periodic risk review the Assurance should be reviewed to ensure that the mitigating action/controls are appropriate and functioning. The residual risk should also be considered at each review if Assurances indicate that mitigating actions/controls are working better/worse than originally planned.

9.0 Gross and Net Risk

9.1 In completing the above-mentioned assessment of risk, recognition needs to be given to the impact of the mitigating actions taken by management to reduce the impact of the risk. Accordingly, risks should initially be recorded at their gross value – the impact without mitigating actions. The same risks should then be recorded allowing for the impact of the mitigating actions. By doing so, the Trust is able to value the impact of the mitigating factors to determine whether they are cost effective.

9.2 Both the gross risk and net risk scores are to be recorded on the Risk Register and the Risk Reduction Plan.

9.3 The movement in these risk scores between reporting periods are to be recorded on these key documents to enable the reader to understand whether each risk is constant, decreasing or increasing over time.

10.0 Management (control) of Risk

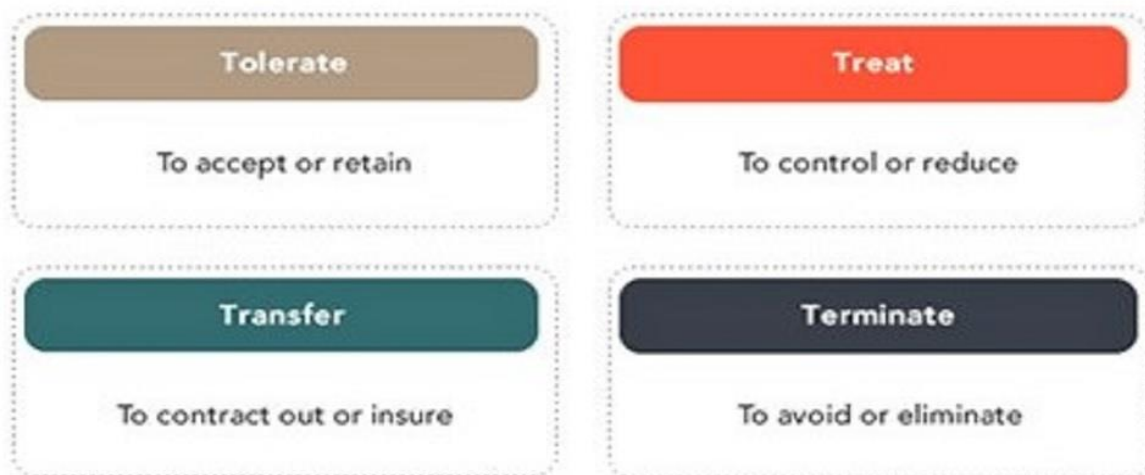
10.1 Once the risks have been assessed, evaluated and ranked, the trust will ensure there are appropriate plans to manage them. These plans include preventative controls, mitigation processes and contingency plans, if risks materialise. The approach taken will depend substantially on the trust's risk appetite and risk capacity, collectively known as risk management profile:

- **Risk appetite** – the amount of risk the trust is willing to accept in the pursuit of its objectives
- **Risk capacity** – the resources (financial, human, and so on) which the trust is able to put in place in managing risk

10.2 Consideration of these factors may generate disagreement owing to differing views of risk, so it is important that discussion involves debate and challenge. Whilst the trust may feel more comfortable where there is greater control of risk, the availability of the trust's resources and capacity will be taken into consideration.

10.3 The current Trust's Risk Management Profile is shown at the annex to this document.

10.3 Once the trust has established its risk tolerance and capacity, it will move onto the risk control treatment. Whilst there are a number of ways to do this the trust will use the "4 T's" approach. This involves balancing the potential benefits from the achievement of objectives against the costs, efforts, or disadvantages of proposed actions.



Trust risk tolerance grid

- **Tolerating** risk is where no action is taken. This may be because the cost of instituting controls is not cost-effective or the risk or impact is so low that they are considered acceptable. For instance, the trust may decide to tolerate the risk of contracting with a supplier with a poor credit rating provided the goods/services could be obtained relatively easily from someone else.
- **Treating** risk involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur. For instance, the trust may decide to train more than the statutory minimum of staff as paediatric first aiders and to put in place a rota for first aid cover during lunch or other times.
- **Transferring** risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing). The trust may decide to take out insurance to mitigate the risk of the excessive costs of supply staff in the event of extended staff absences.

- **Terminating** risk can be done by altering an inherently risky process to remove the risk. If this can be done without materially affecting operations, then removal should be considered, rather than attempting to treat, tolerate or transfer. Alternatively, if a risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the rational decision may well be that this is a process the trust should not be performing at all. For instance, the trust may decide not to contract with a related party to eliminate reputational risk.

10.4 The trust will also consider a fifth “T”, “**take advantage**”, in recognition that the uncertainty attached to risk sometimes offers opportunities as well as threats. For example, the trust may take advantage of working with a local university’s media faculty on a campaign to publicise the trust, this may run the risk of taking up staff time, but could lead to the opportunity to increase pupil numbers and funding.

11.0 Risk Monitoring

11.1 The likelihood or impact of an identified risk can change for a number of reasons including:

- Nature of the risk has changed or is changing
- Existing controls are inadequate or not functioning
- New controls are introduced

11.2 Early warning indicators should be designed for each risk to alert management to the situation effectively. These should have triggers, be described in the register and be highlighted in monthly reports to management and the Trust. Key characteristics of monitoring mechanisms are:

- Information must reach the level of management where decisions can be made
- Mechanisms must pick up the problem before it happens, or at least before it gets too serious.

11.3 Individual schools should:

- Review termly the risks which fall into their area of responsibility, the possible impacts these have on other areas and the consequences other areas may have on them
- Use performance indicators to monitor the key business and financial activities, progress towards objectives and identify developments which require intervention
- Have systems which communicate monthly variances in budgets and forecasts to allow action to be taken
- Report systematically and promptly to their LGB any perceived new risk or failures of existing mitigating or control measures

11.4 The Senior Leadership Team should:

- Review the Corporate Risk Register half termly
- Review key performance indicators and progress towards objectives

- Take necessary action to address adverse departures for objectives
- Provide adequate information to the relevant Trust's Committee on the most significant risks

11.5 The Chief Executive Officer should:

- Ensure that the Corporate Risk Register is updated in the light of developments within the Trust and the wider business environment

11.6 The Audit & Risk Committee should:

- Review the Corporate Risk Register, Risk Reduction Plan and the Internal Audit monitoring document at its meetings
- Provide ongoing advice on the effectiveness of the risk management process

12.0 Risk Reporting

12.1 Different levels within the Trust need different information from the risk management process.

12.2 Early warning indicators should be reported systematically and promptly to senior leadership to allow action to be taken. The frequency of reporting should be related to how quickly a risk can materialise and its likely impact.

12.3 Staff should:

- Understand their accountability for individual risks
- Understand that risk management and risk awareness are a key part of the Trust's culture
- Understand how they can enable continuous improvement of risk management response
- Report systematically and promptly to senior management any perceived new risks or failures of existing control measures

12.4 Trust Management Team / Heads of Schools should:

- Report to the Risk Champion the outcome of their monthly review of business and financial activities and progress towards objectives
- Report systematically and promptly to the Chief Financial Officer any perceived new risks or failures of existing control measures.

12.5 Chief Executive Officer should:

- Review the findings of the Head of School
- Ensure accurate reporting of risk in terms of issue and risk values
- Assess each risk and its reporting to the Audit Committee and the Trust.
- Report termly to the SLT the progress towards objectives in Individual schools / services and update the corporate risk register

- Report systematically and promptly to SLT any perceived new risks or failures of existing control measures
- Report to each Audit and Risk Committee meeting the most significant risks facing the Trust
- Ensure appropriate levels of awareness throughout the Trust

12.6 The Trust should:

- Report annually on the effectiveness of the risk management process in the Trust
- Report to the Trust's stakeholders on a regular basis its risk management policies and the effectiveness in achieving its objective

**Annex to
Edith Stein Catholic Academy Trust's
Risk Management Strategy Document**

EDITH STEIN CATHOLIC ACADEMY TRUST'S RISK MANAGEMENT PROFILE

Key:

X = Assessed maximum tolerable retained risk.

1. : Safeguarding/Health and Safety

/	/	/	/	/	Inadequate Safeguarding and Child Protection
/	/	/	/	/	Inadequate Legal Compliance
/	/	/	/	/	Legal Action against trust
Insignificant	Minor	Moderate	Major	Extreme	

2. Financial:

/	/	/	/	/	Fraud
/	/	/	/	/	Financial Unsustainability
/	/	/	/	/	Cash Flow Failure
/	/	/	/	/	Fall in NOR
Insignificant	Minor	Moderate	Major	Extreme	

3. Trust Operations

	/				Trust Academies going into category
/					Souring of relationships between schools in the Trust
	/				MAT growth – ensure sustainability
/					Dilution of Catholicity
Insignificant	Minor	Moderate	Major	Extreme	

4. Governance

/					MAT policies are not adequate, compliant, monitored or reviewed
/					Significant changes arising from Central Government Legislation
Insignificant	Minor	Moderate	Major	Extreme	

OVERALL ESCAT RISK PROFILE ASSESSMENT