



THE CONSORTIUM
ACADEMY TRUST

Risk Management Strategy Policy

The Consortium Academy Trust (TCAT)
An Exempt Charity Limited by Guarantee
Company Number 07665828

Status:	Live
Policy Owner (Position)	CEO
Statutory / Recommended	Recommended
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Advisory Committee	Audit and Risk Committee
Linked Documents and Policies	ESFA Academy Financial Handbook

1. Introduction

The Risk Management Strategy aims to ensure:

- TCAT has a framework for managing the risks the Trust (and all academies) face
- The Trust complies with risk management best practice
- The Trust achieves its objectives in the most effective way

The Risk Management Strategy has been designed for use by all staff of the Trust and it serves to:

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

2. Aims and Objectives of Risk Management

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

- Protecting its learners, 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

3. Roles and responsibilities

The Trust Board has overall responsibility for risk management through the Audit and Risk Committee. The Director of Finance (DoF) has lead responsibility for risk management processes and the TCAT-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Audit and Risk Committee

The Risk Register is formally reviewed each term by the Executive Leadership Group (ELG). An update on risk status is submitted to the Audit and Risk Committee termly. The Risk Management Strategy is monitored by the Executive Leadership Group and forms part of the CEO's annual report to the Trust Board.

4. Identification of risks

The Risk Management Strategy 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.

Our approach to risk management is linked to key aims:

- Control risk to create capacity for sustainable and managed growth
- Raise awareness of financial and compliance risk across the Trust
- Establish clear lines of accountability

- Ensure public funds are spent in accordance with the Nolan Principles

5. Categories of risk

Strategic and Reputational 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 physical environment.

Financial risks – concern the effective management and control of Trust finances at either Trust or school level and the effects of external factors such as interest rate movement.

Compliance risks – concern such issues as health and safety, environmental, data protection, employment practices and regulatory issues.

Operational risks – concern the day-to-day issues that the academies are confronted with and are maintained by the Headteacher of each academy

6. Evaluation of risks

The Risk Management Strategy states that risks should be evaluated against agreed criteria in order to make decisions about the significance of risks to the Trust.

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

The scores for a particular risk are multiplied in order to prioritise all risks into four priority groups:

Priority	Action Level
Critical	Requires immediate high level action to reduce the risk to an acceptable level
High	Significant management action/control evaluation and improvements required and/or continued proactive monitoring
Medium	Seek cost effective management action/ control improvements
Low	Seek control improvements if possible and/or monitor regularly

The **descriptors** for impact and probability can be expanded as follows:

Probability	Almost certain	5	5	10	15	20	25	
	High	4	4	8	12	16	20	
	Medium	3	3	6	9	12	15	
	Low	2	2	4	6	8	10	
	Unlikely	1	1	2	3	4	5	
			1	2	3	4	5	
			Minor	Low	Medium	High	Major	
			Impact					

6.1. Impact of risk occurring

Impact	Description
Major	The financial impact will be significant – in excess of £150 000 Has significant impact on TCAT’s strategy or on teaching and learning Has significant stakeholder concern
High	The financial impact will be moderate – between £100 000 to £150 000 Has a moderate impact on strategy or on teaching and learning High stakeholder concern
Medium	The financial impact will be moderate – between £50 000 to £100 000 Has no more than a moderate impact on strategy or on teaching and learning Moderate stakeholder concern
Low	The financial impact is likely to be low – between £10 000 to £50 000 Has a low impact on strategy or teaching and learning Low stakeholder concern
Minor	The financial impact is likely to be low – below £10 000 Has no impact or strategy or teaching and learning No stakeholder concern

6.2. Probability of risk occurring

Probability	Description	Indicator
Almost certain	Likely to occur each year, or more than 50% chance of occurrence within next 12 months	Potential of it occurring several times within a 4 year period. Has occurred recently
High	Likely to occur within a 2 year period or less than 50% chance it will occur in the next 12 months	Potential of it occurring more than once within a 4 year period. Has occurred in the last 2 years
Medium	Likely to occur within a 4 year period or less than 25% chance it will occur in the next 12 months	Could occur more than once within a 4 year period. Some history of occurrence
Low	Unlikely to occur within a 4 year period or less than 10% chance it will occur in the next 12 months	Unlikely to occur more than once in a 4 year period. Has not occurred in last 4 years
Unlikely	Not likely to occur within a 4 year period or less than 5% chance it will occur in the next 12 months	Has not occurred. Is unlikely to occur.

7. Risk appetite

This term describes TCAT's readiness to accept risks and those risks it would seek to reduce. The Trust's threshold is in the area delineated by the orange shaded area in the risk matrix shown on page 4. Within this zone, steps would be taken to manage the risk to an acceptable level.

8. Risk Mitigation

Once a risk is identified the Trust will seek to ensure that it is managed and does not develop into an issue. This will be achieved through:

Avoid the risk – counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the Trust

Transfer the risk – The risk is transferred to a third party, for example through an insurance policy

Mitigate the risk – The response actions either reduce the probability of a risk developing, or limit the impact on the Trust to acceptable levels

Tolerate the risk – The Trust accepts the possibility that the event might occur but the cost of the counter measures outweigh the possible downside

9. Risk Reporting and Communication

The aim of reporting risks is to provide assurance to the Trust Board, LGBs and Internal Auditors that TCAT is effectively managing its risks and has a robust systems of internal controls.

9.1. Risk register

The reporting mechanism is the Risk Register which highlights the key risks facing the Trust.

The Risk Register is monitored by the Audit and Risk Committee on a termly basis.

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 as it occurs. Any new or increased risks identified will be evaluated by the Executive Leadership Group and, if appropriate, recorded in the Risk Register.

9.2. Communicating Risks

The Audit and Risk Committee monitors the Risk Register each term. The Director of Finance will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the Audit and Risk Committee, along with a summary of the actions taken.

The Director of Finance will endeavour to raise awareness that risk management is part of the Trust's culture and ensure that:

- Individual members of staff are aware of their accountability for individual risks
- Individuals report promptly to senior leadership any perceived new risks or failure of existing control measures.

9.3. Annual risk review and assessment

The internal audit reviews will seek to provide an annual assessment of the effectiveness of TCAT's management of risk.

The Finance Director will prepare an annual review of the Risk Management Strategy for the Audit and Risk Committee thereby enabling this Committee to report to the Trust Board on:

- The significant risks facing TCAT
- The effectiveness of the risk management processes
- Whether the Trust remains compliant in this area

10. Areas for improvement

Any areas identified as being in need of improvement will be discussed and agreed each term at the Audit and Risk Committee.