



Academies Trust

The Co-operative Academies Trust

Risk Management Policy

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1. Introduction

- 1.1. This document sets out for The Co-op Academies Trust (“the Trust”) the Risk Management Policy (“the Policy”). Reference to the Trust includes its member organisations for the purpose of the role, responsibility and procedures contained herein, except where otherwise stated.
- 1.2. The Trust’s policy has been developed in conjunction with colleagues from the Co-op Group Risk team and has followed many of the processes and procedures adopted by the Co-op Group (collaborative approach), whilst at the same time recognising the Trust’s legal status and regulatory requirements as a Multi Academy Trust (MAT) within the education sector.
- 1.3. The purpose of this Policy is to ensure that the Trust maintains and develops a robust approach risk and risk management in terms of process and procedures. The Trust considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Trust’s strategic objectives and associated business priorities. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education (DfE).
- 1.4. The Trust must comply with the principles of risk management outlined in the Academies guidance published by the DfE. This Policy expands on that and provides detailed information on the Trust’s risk policy and procedures.
- 1.5. The Trust considers risk and risk management as an integral part of decision making and routine management and must be incorporated within strategic and operational planning processes, at all levels, across the Trust.
- 1.6. Risk assessments must be conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with the Trust’s objectives and goals. Any risks or opportunities arising from these assessments will be identified, analysed and reported to the appropriate management level. The Trust will centrally maintain a strategic risk register. All Academies within the Trust will maintain operational risk registers. The Trust is committed to ensuring that all staff, particularly Principals / Head Teachers are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.
- 1.7. The Trust will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Trust.

2. Purpose of the Policy

- 2.1. Taking risk management seriously is a priority for the Trust. This Risk Management Policy forms part of the Trust’s internal control and corporate governance arrangements. It is designed to provide assurance that the Trust has adopted best practice in this area, as advocated by the Turnbull Report on internal control of companies and in other parts of the education and voluntary sectors.

Risk is defined as, “Any event happening that may have an impact on the achievement of business objectives”. Such events can be either actual threats to the provision of existing



programmes and projects, or opportunities missed.

- 2.2. The purpose of this policy and procedure is to outline the risk management strategy of the Trust. It sets a framework for the management of risks and identifies roles and responsibilities of staff in the management of those risks.
- 2.3. The Trust sets out strategic and business objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed as part of the planning process.
- 2.4. “Risk” is used in this policy and procedure to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting:
 - Operational performance;
 - Achievement of aims and objectives; or
 - Meeting the expectations of stakeholders.
- 2.5. “Major risks” are those risks which have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of the Trust or its constituent Academies.

3. **Aims and Underlying Approach to Risk Management**

- 3.1. This policy and procedure applies to the risk management strategy for the Trust, as a whole, and the Academies which go to make up the Trust.

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It is a process that involves the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, controlling, monitoring and communicating risk.

The process and procedures of how Trust manages and controls risk across the Trust are covered in section 8 below.

- 3.2. The Trust has a risk management strategy which aims to:
 - Identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult;
 - Assess the likelihood of such risks occurring (high, medium, low) and the potential impact of such occurrences with particular reference to the areas of finance, reputation and planning/operations; and
 - Enable decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.



In practice there are a multitude of risks within the Trust and it is not possible in a simple statement, or measure, to set out the Trust's appetite for the level of risk to take. This is something that needs to be considered on a risk by risk basis taking into account the context of the risk.

4. Key Principles

- 4.1. The Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance. The risks to which the Trust is exposed to reflect the dynamic and changing environment in which it operates and the risk management strategy reflects this.
- 4.2. The following key principles outline the Trust's approach to risk management and internal control in pursuing the aims set out above:
- The Trust has responsibility for overseeing risk management within the institution as a whole;
 - The Trust carries out this responsibility through its Board of Directors:
 - An open and receptive approach to solving risk problems is adopted by the Trust;
 - Key risk indicators are identified and closely monitored on a regular basis at both the Trust and at an individual Academy level. The Trust's wider risk register is updated on a regular basis;
 - The Board of Directors review The Trust's risk register and action plan on a regular basis (minimum of quarterly);
 - The Trust, through its senior leadership team, are responsible for the operational management of this policy and in giving assurance to the Board on its compliance;
 - The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
 - Resources are assigned to the management of risks in such a way to optimise value for money;
 - The Trust uses a weighted scoring for all identified risks, early warning indicators, milestones on actions and details sources of assurance over the controls in place, relevant to each identified risk; and
 - All staff within the Trust are encouraged to be involved in the risk management process by the reporting of risks through the risk template for both the Trust as a whole and Academy specific risks. The Trust aims to ensure that its risk management policy and strategy are fully embedded across the Trust.



5. Rationale

- 5.1. The Trust Board has a responsibility under law to state in its annual accounts that the major risks to which it is exposed have been reviewed and systems have been established to mitigate those risks.
- 5.2. Properly controlled risk taking is necessary to the success of the organisation to build capacity for the future and deliver against the strategic goals set out in the development plans of the Trust's and its constituent Academies.

6. Policy

- 6.1. The Trust's Policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

7. Responsibilities

Trust Board

- 7.1. The Trust Board is responsible for making a statement on risk management within the annual report and financial statements of the Trust. In order to be able to make the required statement with reasonable confidence Board Members should:
- Ensure that the identification, assessment and mitigation of risk is linked to the achievement of the Trust's vision and strategic goals as set out in its development plan;
 - Ensure that the process covers all areas of risk, e.g. governance & management, operational, financial, reputational and external factors and is focused primarily on major risks;
 - Ensure that the process produces a risk exposure profile that reflects collective views as to levels of acceptable risk;
 - Review on a regular basis (minimum of quarterly) and consider the principal results of risk identification, evaluation and management; and
 - Ensure that the risk management is ongoing and embedded in management and operation procedure (including the delivery of appropriate assurances, skills, knowledge and training).
- 7.2. The Trust Board delegates operation responsibility for the development and management of this policy to the Audit and Risk Committee (ARC) including developing and setting of 'Risk Appetite' at both Trust and Academy level.



- 7.3. The Trust Board is responsible for overseeing the development and implementation of the risk management strategy and the categorisation of academy risk type.

Governing Body of each Academy within the Trust (GB)

- 7.4. The GB is responsible for managing, monitoring and reporting risks within each individual Academy. In order to deliver this with reasonable confidence the GB should:

- Ensure that the identification, assessment and mitigation of risk is linked to the achievement of the Trust's vision and strategic goals as set out in its development plan;
- Ensure that the process covers all areas of risk, e.g. governance & management, operational, financial, reputational and external factors and is focused primarily on major risks;
- Ensure that the process produces a risk exposure profile that reflects collective views as to levels of acceptable risk;
- Review (minimum of a quarterly basis) academy risks and consider the principal results of risk identification, evaluation and management; and
- Ensure that the risk management is ongoing and embedded in management and operation procedure.

- 7.5. The GB has the authority to sub delegate this responsibility to its finance sub committee

Trust Senior Leadership Team (SLT)

- 7.6. The Director of the Trust (DoT), through the Trust's Senior Leadership Team (SLT), has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust, including liaison with the Principal/ Headteacher of the Trust's constituent Academies. The DoT will provide a regular report on risk management to the Trust Board.

- 7.7. The DoT and SLT are responsible for ensuring that they take personal responsibility for championing risk assessment across the Trust and its constituent Academies and for reinforcing risk-aware attitudes and responses.

- 7.8. Their role is to provide objective assurance to the Trust Board that:

- Risks are being correctly identified and evaluated;
- Key risks are being managed appropriately including the effectiveness of the controls and other responses to them;
- The risk management framework and internal control framework is operating effectively; and



- Management is properly reporting (minimum of a quarterly basis) the status of key risks and controls.

Principal/ Headteacher within the Trust Academies

- 7.9. The Principal/ Headteacher, through their respective leadership teams, has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Academy including liaison with the DoT. The Principal/ Headteacher will provide a regular report on risk management to their respective GB.
- 7.10. The Principal/ Headteacher and their respective leadership teams are responsible for ensuring that they take personal responsibility for championing risk assessment across their Academy and for reinforcing risk-aware attitudes and responses.
- 7.11. Their role is to provide objective assurance to their GB and the DoT that:
- Risks are being correctly identified and evaluated;
 - Key risks are being managed appropriately including the effectiveness of the controls and other responses to them; and
 - Management is properly reporting (minimum of a quarterly basis) the status of key risks and controls.

8. Process and Procedure

- 8.1. The Trust's goal is to be "in control" which means that all risks have been effectively identified, assessed and that controls have been put in place to reduce the risk to within the Trust's risk appetite. Once identified, the Trust will then ensure that risks continue to be appropriately managed and reported to enable effective decision making to be made.
- 8.2. The Trust has developed a risk management strategy built around a comprehensive risk management and controls assurance framework/ process as detailed in the 4 step process below:
1. Risk Identification;
 2. Risk Assessment;
 3. Risk Management and Assurance; and
 4. Risk Monitoring, Evaluation and Review.



1. Risk Identification

- 8.3. The process of risk identification will involve Trust Board Members and SLT along with Governors, Principal's/ Headteachers and management at individual Academy's.



- 8.4. Risk identification is an ongoing process, it is recognised that the identification and proactive management of risk in the early stages of an initiative is far more cost effective than introducing retrospective interventions at a later date.
- 8.5. When identifying risks consideration will be given to the following factors:
- The Trust's / Academy vision, beliefs, values and strategic goals;
 - The nature and scale of the Trust and the individual Academy's activities, both current and planned;
 - External factors that may affect the organisation such as legislation and regulation, and the Trust's / Academy's reputation with its key stakeholders; and
 - The operating structure, e.g. functions.
- 8.6. Risks will be identified and grouped into two levels and into five standard generic categories which will reflect the size and scale of the Trust's activities and includes:

Trust Level - Corporate and Strategic Risks

Academy/ Operational Level - Operational Risks

Risk Categories

1. Academy/ Sponsor or Specific
2. Brand/ Values or Reputational
3. Strategic and Business
4. Finance and Treasury
5. Regulation and Compliance

Examples of risks that fall into the above generic categories are ***shown in Appendix 1***

- 8.7. The 'Risk Register' is a repository for all identified risks within the Trust and within each individual Academy (See section 9 below).

2. Risk Assessment

- 8.8. Each identified risk will be assessed to determine the likelihood of the risk occurring and the potential consequence or impact of its occurrence for the Trust and (or) the individual Academy.
- 8.9. The net risk change over the year is highlighted by use of traffic light symbols
- Increasing risk;
 - No or minimal change; and
 - Reducing risk.

- 8.10. Risk assessments allows the Trust to identify and employ the appropriate means and resources to manage the risk. It is calculated by considering the probability/ likelihood of the risk materialising against the impact should it materialise (using the 5 by 5 risk assessment matrix).
- 8.11. The following scoring system will be applied to each risk, whereby the risk score represents the product of the impact score and the likelihood score.

Co-operative Academies Trust - Risk Matrix (5 x 5)					Risk Scoring					Issue / Event	
	Impact	Finance & Treasury			Trust Reporting : Board/ARC - RED; ARC - AMBER (above dashed line)						
		Trust Level	Academy* Level 1	Academy* Level 2	5A	5B	5C	5D	5E		
IMPACT	CRITICAL (Reached risk limit, immediately compromises the 'ability/licence to operate'. Reportable to Board, Sponsor and ESFA)	5	≥£1.0m	≥£200k	≥£75k	5A (15)	5B (19)	5C (22)	5D (24)	5E (25)	Critical
	SEVERE (Approaching risk limit, could compromise the 'licence to operate' if not addressed. Reportable to Board, Sponsor and ESFA)	4	≥£650k and <£1.0m	≥£130k and <£200k	≥£75k and <£50k	4A (9)	4B (14)	4C (18)	4D (21)	4E (23)	Severe
	MAJOR (Outside of appetite but unlikely to compromise the 'licence to operate'. Reportable to Board and Sponsor)	3	≥£200k and <£650k	≥£40k and <£130k	≥£50k and <£25k	3A (7)	3B (11)	3C (13)	3D (17)	3E (20)	Major
	MODERATE (Some elements outside of appetite but not entirely. Reportable to Board)	2	≥£50k and <£200k	≥£10k and <£40k	≥£5k and <£25k	2A (5)	2B (6)	2C (10)	2D (12)	2E (16)	Moderate
	MINOR (Within risk appetite. Managed locally via GB)	1	<£50k	<£10k	<£5k	1A (1)	1B (2)	1C (3)	1D (4)	1E (8)	Minor
Academy* Categorisation will be determined by the Board/ ARC - Dependent on scale, size and complexity					A	B	C	D	E		
					VERY UNLIKELY	UNLIKELY	POSSIBLE	PROBABLE	IMMINENT		
					<10% in year	10-30% in year	31-50% in year	51-75% in year	>75% in year		
					May occur within next 10 years	May occur within next 5 years	May occur within next 3 years	May occur within the year	About to happen		
PROBABILITY / LIKELIHOOD SCALE											

Key: **Impact (I)** = Severity of impact if the risk should crystallise.
Likelihood (L) = Likelihood that the identified risk might crystallise

- 8.12. Guidance on the definitions of likelihood and impact on occurrence on risks is highlighted in **Appendix 2 attached**.
- 8.13. Each risk will be assessed to determine its “gross” or inherent risk score – the higher the score the more urgent the need for the risk to be mitigated and its “net” or residual risk score, taking into account risk mitigation factors (see below), which either lessen the likelihood of the risk occurring or lessen its impact if it does.
- 8.14. ‘Management’ will use the net risk scores to rank those risks that they regard as most serious – the “major risks”.
- 8.15. The Trust Board will need to form a view as to the acceptability of the residual risk that remains after mitigation.



- 8.16. The level of risk tolerance may vary depending on the nature of each risk or activity. The Trust Board will also consider the overall risk profile, i.e. the balance between higher and lower risk activities. The boundaries and limits will be communicated to management to ensure a clear understanding of the risks that can be accepted and those considered unacceptable. This may include identifying “target” risk scores for certain major risks, to be achieved after actions to further mitigate the risks.

3. Risk Management and Assurance

- 8.17. For each of the major risks identified, the Trust Board will need to ensure that appropriate action is taken to mitigate these to an acceptable level. They will also wish to gain assurance for those risks showing significant reductions in the gross to net risk score. This will involve:

- Establishing the effectiveness of the key factors mitigating or controlling the inherent risk;
- Identifying further actions and resources required to achieve target risk scores;
- Taking responsibility for monitoring the risk and sources of assurance; and
- The DoT and SLT will provide an annual report on risk management to the Trust Board.

- 8.18. The GB of each Academy within the Trust is responsible for managing, monitoring and reporting risks within each individual Academy,

- 8.19. The SLT is responsible for ensuring the risk management policy is implemented and for coordinating risk management activity across the Trust, including liaison with the Principal/ Headteacher of the Trust's constituent Academies.

4. Risk Monitoring, Evaluation and Review

- 8.20. Risk monitoring and reporting aims to provide the Trust Board, GB's and SLT with an accurate, timely and clear account of the current and projected risk exposure. This in turn assists management when making informed strategic and operational decisions to ensure the Trust continues to operate in line with our values, ethics and performance objectives.

- 8.21. Risk reporting occurs at a number of levels to ensure the availability of timely/ relevant information for a variety of stakeholders to support informed decision making on an ongoing basis.

- 8.22. The Trust Board and ARC will utilise the role of the internal audit function to provide assurance of compliance with this policy.

- 8.23. This policy will be reviewed when there are changes in the law, or in accordance with the schedule drawn up by the DoT and SLT and agreed by the Trust Board.

9. Risk Register



- 9.1. The results of the approach to risk identification, evaluation and management described above will be codified through the use of a Trust-wide risk register.
- 9.2. The Trust Board has adopted a standard (generic) risk register template across the Trust, highlighted in **Appendix 3 (3.1 to 3.10) attached**.
- 9.3. The risk register will be updated as follows:
 - Risks will be identified and prioritised at both Trust and Academy level;
 - Risks will be reviewed in accordance with the agreed timetable for review of the vision, together with the Trust Board / Individual Academy development plan and budget;
 - Significant new opportunities and unforeseen risks will be assessed as and when they arise; and
 - Emergency/ Urgent risks may be documented separately for more regular review.
- 9.4. The register will be circulated to all senior members of Trust so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

10. References

- 10.1. Charity Commission guidance on Charities and Risk Management
<http://www.charity-commission.gov.uk/investigations/charrisk.asp>
- 10.2. Education Finance Authority
<http://www.education.gov.uk/aboutdfe/executiveagencies/efa/efafundingfinance>

11. Linkages with Trust Members

- 11.1. The Trust's Members Committee has an additional responsibility outside of this core policy to:
 - Receive and challenge assurance from Coop Board members that the Coop key risks (relating to the Trust) are under sufficient control (this will be a formal annual process, within Coop, utilising existing material and reports); and
 - Receive escalations from the Trust where Coop may not be discharging its responsibilities to the Trust.

The Co-operative Academies Trust	
Generic Risks – Multi Academy Trust	
Trust Risk Register	Examples of Sub-risk Categories
<p>Trust Level</p> <p>Corporate and Strategic Risks (Main Categories)</p> <ol style="list-style-type: none"> 1. Academy Risk (if any?) 2. Brand and Reputational 3. Strategic and Business 4. Finance and Treasury 5. Regulation and Compliance 	<ul style="list-style-type: none"> • Brand • Ethics • Objectives • Change and Change Management • Governance • Business Continuity • Technology • People • Crime and Security • GDPR • Contracts and third party management • Information Management and Security (Inc cyber) • Health and Safety • Financial Control and Reporting • Fraud • Asset Management • Treasury Management (Inc Liquidity) • Performance Management • Financial Planning/ Forecasting • Legal • Regulator - DfE • Regulator - ESFA



Academy - Operational Level Operational Risks 1. Academy Operational 2. Brand and Reputational 3. Strategic and Business 4. Finance and Treasury 5. Educational/ Outcomes 5. Regulation and Compliance	<ul style="list-style-type: none">● Educational Outcomes● People● Student Welfare and Safety● Health and Safety <ul style="list-style-type: none">● Brand● Ethics <ul style="list-style-type: none">● Objectives● Change and Change Management● Governance● Business Continuity● Technology● People● Crime and Security● GDPR● Contracts and third party management● Information Management and Security (Inc cyber)● Health and Safety <ul style="list-style-type: none">● Financial Control and Reporting● Fraud● Asset Management● Treasury Management (Inc Liquidity)● Performance Management● Financial Planning/ Forecasting <ul style="list-style-type: none">● Legal● Regulator - DfE● Regulator - ESFA



The Co-operative Academies Trust Guidance on Likelihood and Impact Definitions and Risk Score	
Category	Definition and Risk Rating / Scores
1 Occurrence Likelihood	<ul style="list-style-type: none"> ● Imminent - Rating E (Score 5) About to happen (>75% in year) ● Probable - Rating D (Score 4) May occur within year (51-75% in year) ● Possible - Rating C (Score 3) May occur within 3 years (31-50% in year) ● Unlikely - Rating B (Score 2) May occur with next 5 years (10-30% in year) ● Very unlikely - Rating A (Score 1) May occur within next 10 years (<10% in year)
2 Occurrence Impact	<ul style="list-style-type: none"> ● Score 5 Critical Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long term consequences; extensive coverage in press; major financial loss then threatens existence. Impact ≥ £1.0m ● Score 4 Severe Loss of operations for up to a week; severe injuries; severe financial loss with impact on operations; damage to reputation, local press coverage. Impact ≥ £0.65m and < £1m ● Score 3 Major Some disruption to operations for 48-72 hours; short term illness/injuries; some damage to reputation; financial loss than can be managed within overall Trust budget. Impact > £0.35m and < £0.65m ● Score 2 Moderate Limited short-term disruption to operations; minor injuries/illness; small financial loss. Impact ≥ £0.1m and < £0.35m



	<ul style="list-style-type: none">• Score 1 Minor Not a noticeable effect on the school; no injuries; no damage to reputation Impact < £0.1m
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Appendix 3

RISK REGISTER TEMPLATE