

# Strategic Risk Management Policy

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## STRATEGIC RISK POLICY

<b>Presented to Local Finance Committees:</b>	<b>September 2020</b>
<b>Presented to OLOG Audit &amp; Risk Committee</b>	<b>07/10/20</b>
<b>Presented and Approved by OLOG Board of Trustees</b>	<b>07/10/20</b>
<b>Signature of Chair of Board of Trustees:</b>	
<b>Name of Chair of Board</b>	<b>Michael Coleman</b>
<b>Date</b>	<b>07/10/20</b>
<b>Version</b>	<b>5</b>
<b>Next review date</b>	<b>October 2021</b>

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## Introduction

Our Lady of Grace Catholic Academy Trust is responsible for a range of diverse activities; all activities are subject to a certain degree of risk, some more than others.

Our Lady of Grace Catholic Academy Trust has established systems for all areas of its work to ensure that standards and quality are maintained. Risk assessment and risk management form a critical part of these systems; they are about the *management* of risk, not the *avoidance* of risk. Risk is a critical element of some of our activities which should be encouraged but also understood.

This policy addresses strategic or major risk management within Our Lady of Grace Catholic Academy Trust, as defined below. Operational risk management is wholly the responsibility of the Senior Leadership Teams of each academy except where the evaluation of such risks means consideration is escalated to the Finance, Audit and Risk Committee or Trustees/Directors.

## Aims

The aims of introducing strategic risk management into Our Lady of Grace Catholic Academy Trust are to discharge management and Trustees' responsibilities to manage risks, as well as to implement good practice with due regard to effective corporate governance and the Turnbull report.

## What is the regulatory requirement for risk management?

The Charity Commission expects every charity to consider risk management and to make disclosures in the Trustees Annual Report. The Charities Statement of Recommended Practice (SORP) 2005 states:

"A statement should be provided confirming that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks"

## What is major risk?

Major risks are considered to be the strategic risks faced by Our Lady of Grace Catholic Academy Trust. Generally, major risk can be identified in a management context as an obstacle to the achievement of the organisation's objectives. Key risks will be those that impinge on the key objectives of the organisation. A high-level risk assessment will go through the strategic plan for the organisation and identify key risks from the organisational objectives and strategic goals.

For Our Lady of Grace Catholic Academy Trust, risks could be anything that pose a threat to the achievement of our strategic objectives, major projects or significant activities or it could be anything that could substantially damage our reputation or undermine the public's confidence in the Trust or any academies within the Trust.

It is essential that we have effective mechanisms in place both to identify and manage major risks, as well as planning for the future to ensure that risks are minimised. This is achieved through the establishment of a comprehensive Strategic Risk Policy and by identification of all relevant major risks in a Strategic Risk Register.

## Key Features of Risk Management

Risk management will be fully integrated with Our Lady of Grace Catholic Academy Trust's business planning process using the following steps:

1. **Clarify Strategic Objectives** – Formulating a clear mission statement, aims, objectives and plans for delivery of objectives. Objectives must be communicated throughout the Academy Trust.

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2. **Identification of major risks** – Recognising and identifying the key risks for which the Academy Trust is responsible and those risks which are most likely to impact on our performance and delivery of services.
3. **Assessment of risks** – **analyse** and **evaluate** risks to provide an overall assessment of the potential impact of identified risks and the timescale over which risks need to be managed. **Analysis** – determine existing controls and their reliability in terms of minimising the risks maturing and if the risks do mature, minimising the consequences. **Evaluation** – enables risks to be ranked to set management priorities.
4. **Response to Risk** – determining the level and type of risk that is acceptable, the resources needed to manage risks and prioritising and allocating responsibility for them.
5. **Monitoring and Review** – risk management is a continuous process and should be monitored on a regular basis.

## Risk management process

The business planning process will be used as the primary means of identifying, prioritising and managing risk.

- All staff identify the operational risks associated with their projects as part of the business planning process.
- The operational project risks are prioritised by managers who will take individual ownership of them and propose means of best managing them.
- Senior Leadership Teams will consider operational and strategic risks, assign ownership and propose means of best managing them.
- Risks will be reviewed quarterly by senior management to monitor changes and check progress of mitigation measures.
- A risk assessment will be organised annually as part of the strategic planning process undertaken both by trustees and senior management.

## Risk Appetite/ tolerance

The organisational appetite for risk depends upon the risk itself and will be considered on a case-by-case basis. Consideration of whether an activity should take place (and the associated risks of undertaking that activity) will be taken at a strategic planning stage.

## Evaluation of Risks

An impact evaluation of all risks will be undertaken and the probability of each risk occurring should be estimated. Currently the probabilities of impact are assessed as Very High, High, Moderate, Low or Very Low.

## Definitions

Likelihood:

1. Very Low = highly unlikely - will not occur in next three years
2. Low = Remote - unlikely to occur in next three years
3. Medium = Possible - may occur in next three years
4. High = Probably in next 12 months
5. Very high = Certain in next 12 months

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Impact: (It is noted that financial measures are not the only way to define impact)

1. Very Low = Minor impairment in operational targets - rectifiable by teachers/middle managers (typically < £5,000)
2. Low = Achievement of objective in strategic plans partly impaired - rectifiable by year group manager (typically < £10,000)
3. Medium = Failure to achieve objective in operational plan- for consideration by Headteachers (typically <£50,000)
4. High = Critical impairment in achieving strategic plan- for consideration by governor committees (typically > £100,000)
5. Very High = Failure to achieve organisation's overall objects - for consideration by trustees/directors (typically >£250,000)

## **Response to Risk**

Where possible the organisation will seek to manage all significant risks above risk tolerance levels by one of three options - avoiding, sharing/transferring, and mitigating risks. Where none are appropriate it may be necessary for the risk to be accepted as an aspect of the organisation's activities.

Gross risk represents the risk diagnosed through a combination of assessment of impact and likelihood. Retained (Net) risk represents the severity of the risk after the effects of risk management have been considered. Risk assessment, mapping the actions plans will be documented annually in a risk register.

Effectiveness of strategic risk management will be considered throughout the year by trustees/ audit committee as set out in the risk action assessment. An evaluation of risk will be present in the risk register and the response to each risk will be discussed with relevant personnel. As a result the risks can be accepted, treated via the application of mitigation strategies or terminated.

## **Assurance**

Regular quarterly reports will be reviewed by the Senior Leadership Team to provide assurance on how risk management is being effected. A review of risk management will be undertaken on a regular basis by Internal Audit and the Finance, Risk and Audit Committee.

## **Embed and Review**

The establishment of effective risk management procedures should not be a one-off event. Risk management will become an integral part of the Academy Trust's management processes considered in association with regular reviews of strategy and objectives.

## **Roles and Responsibilities**

All Trust staff and Trustees will be involved and have an important part to play in the identification and management of risk. Staff will be informed of the importance of risk identification through workshops or through interviews with management. The risk action assessment requires that Trustees take ownership for monitoring gross risks identified with a risk score of 12 or above and to be satisfied that appropriate risk mitigation actions are taking place. The risk owners of those risks scored less than 12 are respectively the Head teachers, Senior Leadership Teams or middle management. Specific responsibilities have been allocated as follows:

### ***Senior Leadership Team sand Headteachers***

- Collectively responsible for the management of risks at their respective academy school;.
- Identification of strategic risks;
- Ensuring that the Trust has a strategic risk management policy and processes and that these are communicated to and understood by all staff.

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## ***Chief Accounting Officer***

- Responsible for developing the risk management policy and processes, specifically the co-ordination of the risk review and the categorisation and evaluation of risks identified.
- Ensuring strategic risks are regularly reviewed by the Headteachers/Senior Leadership Team.

## ***Finance, Risk and Audit Committee***

Monitor the effectiveness of the Academy Trust's risk management procedures via the ongoing review of the system of internal control.

## ***Trustees***

- Trustees should be aware of the risk to the reputation of the Academy Trust from activities that they may undertake elsewhere.
- Trustees should seek assurance from the Finance, Audit and Risk Committee that appropriate strategic risk management procedures are in place.
- Annual review of approach to evaluation and mitigation of major risks

## ***Staff***

- All staff should be aware of the importance of risk management, there should be formal channels of communication both up and down to identify and manage risks.

## **Links with other policies**

Data Protection	Health & Safety	Fire Risk Assessment / Evacuation
Staff Handbook	Equalities	Whistle Blowing Policy
Financial Regulations	Conflict of Interest Policy	Anti-theft and Fraud
Confidentiality	Data Protection	Generic Risk Assessments
Grievance Discipline & Capability Procedures		Staff Handbook
Procurement Policy	Risk Management Procedures	Strategic Risk Map
Safeguarding, Early Help, Child Protection Policy		Safer Recruitment Policy
Dealing with Allegations against staff		