



**ASCENSION**  
CATHOLIC ACADEMY TRUST

## Ascension Catholic Academy Trust (ACAT)

### Risk Management Policy

Approved by ACAT Board: March 2023

#### Policy Overview

ACAT is committed to effectively identifying and assessing risks, evaluating the actions we need to take to manage those risks and ensuring there is periodic monitoring and assessment.

Our aim is to ensure that:

- Significant strategic and operational risks in the current context are known and monitored, enabling informed decisions and timely actions to be taken;
- Risks are identified and assessed at a formative stage as risks and future opportunities arise;
- Our vision, strategic priorities and operational plans are achieved.

#### Roles and responsibilities

**ACAT Board:** The Board will review this policy and monitor its effectiveness to ensure risk is managed appropriately. The Board will decide the desired risk profile, approve major decisions which affect that profile and ensure the organisation learns from its response to risk. The Board has overall responsibility for risk management including at least annual oversight of the ACAT Risk Register.

**ACAT Audit and Risk Committee:** The Audit and Risk committee oversees internal controls, internal assurance and external audit across the company. It will monitor the implementation of this policy, ensure that risks are being addressed appropriately through internal scrutiny and report to the board on the adequacy of the company's internal control framework, including financial and non-financial controls and management of risks.

**Accounting Officer:** The company's Accounting Officer, who is the Chief Executive Officer (CEO), is accountable to the board for the management of opportunities and risks on behalf of the company, and ensuring agreed actions are implemented.

**Headteachers and Local Governing Boards (LGBs):** ACAT Headteachers and LGCs will be involved in identifying, assessing and managing risks relevant to their individual school.

**Chief Financial Officer (CFO):** ACAT's CFO has overall responsibility, supported by Business and Finance Managers in each ACAT school for the organisation and implementation of the risk management process, providing advice and support to non-executive directors, governors and colleagues and ensuring the process is disseminated and embedded throughout the company.

**Risk owners:** Individuals who have responsibility for ensuring any actions identified to manage the risk are effectively implemented.

### Identifying risks

ACAT identifies risks across a number of categories including:

- Governance, e.g. direction, strategy, forward planning, reporting;
- Performance and school improvement e.g. pupil outcomes, inspection, performance and data trends;
- Operational, e.g. contracts, suppliers, employment, health and safety, IT, business continuity;
- Personnel risk, e.g. recruitment and retention, staff wellbeing;
- Financial, e.g. budgetary control, reserves, cashflow, investment, procurement, fraud;
- Environmental or external e.g. public perception, relationship with stakeholders, government policy;
- Legal and regulatory, e.g. statutory reporting, compliance.

### Assessing risk

Identified risks are considered in terms of the potential significance of their **impact** and the **likelihood** that they will happen. This helps to prioritise risks and decide whether any further action is required to manage them.

The **impact** of risk is judged according to the following scale:

Descriptor	Rating	Impact indicators - Examples
Very low	1	<ul style="list-style-type: none"> <li>● No impact on service</li> <li>● No impact on reputation</li> <li>● Complaint unlikely</li> <li>● Litigation risk (if underlying incident occurs) - remote</li> </ul>
Low	2	<ul style="list-style-type: none"> <li>● Slight impact on service</li> <li>● Slight impact on reputation</li> <li>● Complaint possible</li> <li>● Litigation risk (if underlying incident occurs) - possible</li> </ul>
Medium	3	<ul style="list-style-type: none"> <li>● Some service disruption</li> <li>● Potential for adverse publicity, avoidable with careful handling</li> <li>● Complaint probable</li> <li>● Litigation risk (if underlying incident occurs) - probable</li> </ul>
High	4	<ul style="list-style-type: none"> <li>● Service disrupted</li> <li>● Adverse publicity not avoidable (local media)</li> <li>● Complaint probable</li> <li>● Litigation risk (if underlying incident occurs) - probable</li> </ul>
Very High	5	<ul style="list-style-type: none"> <li>● Service interrupted for significant time</li> </ul>

	<ul style="list-style-type: none"> <li>• Major adverse publicity not avoidable (national media)</li> <li>• Major litigation expected if underlying incident occurs</li> <li>• Resignation of senior management and board</li> <li>• Loss of DfE/ESFA or Ofsted confidence</li> </ul>
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The **likelihood** of risk is judged according to the following scale:

Descriptor	Rating	Impact indicators
Very low	1	May only occur in exceptional circumstances
Low	2	Expected to occur in a few circumstances
Medium	3	Expected to occur in some circumstances
High	4	Expected to occur in many circumstances
Very High	5	Expected to occur frequently and in most circumstances

An evidence-based approach is applied which considers risks with a very high impact but very low likelihood of occurrence are of greater priority than risks with a very high likelihood of occurrence and an insignificant impact. Therefore risk priority is assessed by increasing the weighting of the impact factor as follows:

likelihood score **multiplied by** impact score **plus** impact score

Risk priority is interpreted as follows:

Score of 15 or more:	High priority risk (red)
Score of 8-14:	Priority risk (yellow)
Score of 7 or less:	Low priority risk (green)

I M P A C T	5 Very High	10	15	20	25	30
	4 High	8	12	16	20	24
	3 Medium	6	9	12	15	18
	2 Low	4	6	8	10	12
	1 Very Low	2	3	4	5	6

		<b>1</b> <b>Very Low</b>	<b>2</b> <b>Low</b>	<b>3</b> <b>Medium</b>	<b>4</b> <b>High</b>	<b>5</b> <b>Very High</b>
<b>LIKELIHOOD</b>						

However, it is also accepted that the cumulative effect of a number of low impact risks increases their significance therefore a degree of judgement is required, particularly where evidence from past events or patterns is available.

### Managing risks

Once each risk has been assessed, a plan is drawn up for any steps that need to be taken to address or mitigate significant or major risks.

A range of broad strategies is applied to manage identified risks by reducing their impact and / or their likelihood, for example:

- the risk may be avoided by ending the activity;
- the risk could be transferred to a third party (e.g. outsourcing or other contractual arrangements with third parties);
- the risk could be shared with others;
- exposure to the risk can be limited (e.g. establishment of reserves against loss of income, phased commitment to projects);
- the risk can be reduced or eliminated by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, HR policies);
- the risk may be insured against (e.g. employers' liability, third party liability, theft, fire, professional indemnity).

The risk is reassessed to take into account the strategies that have been applied. This should include a judgement about how robust any strategy implemented to manage the risk is.

The risk priority score before strategies have been implemented is known as the **inherent risk**. The risk priority score after strategies have been implemented is known as the **residual risk**.

### Monitoring risks

ACAT maintains risk registers to record the above identification, assessment and management processes and includes risks at different levels:

- ACAT level risk;
- Individual school level;
- Operational level (e.g. ongoing risk assessment for events, trips and activities).

ACAT schools currently use their own templates for these risk assessments but it is expected that new templates and guidance will be developed to ensure that there is consistency across the company.

The ACAT Audit and Risk Committee will ensure appropriate action is being taken to manage identified risks and to identify any additional actions to be taken. The ACAT Risk Register will be reported to the Board at least annually.

The Board will form a view as to the acceptability of the residual risk that remains after risk management strategies have been implemented. In assessing additional action to be taken, the costs of management or control will be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.