

## **Risk Management Policy**

### **Policy Scope**

This policy covers all organisations of the Confederation of School Trusts (the Group).

The Group includes:

- Confederation of School Trusts (CST) (Company number 05303883)
- CST Professional Development Limited (Company number 10354936)
- National Teacher Accreditation Limited (NTA) (Company number 08650911)

This policy is on risk management, in accordance with Charity Commission Guidance (CC26).

Our statement of general policy is to:

- Identify the major risks that apply to the Group;
- Create a framework for decisions about how to respond to the risks we face; and
- Make an appropriate statement regarding risk management in our annual report.

### **Procedure for identifying, assessing, recording, managing, reviewing and reporting on risks**

#### **1. Identifying the risks**

The Charity Commission recommends that we review risks under the headings of governance, external, regulatory, financial and operational risks. The Group will adopt these headings as a framework, thinking about the risks in relation to each of our strategic objectives.

##### **1.1 Governance risks**

- a) Does the board have the right skills?
- b) Does our governing document let us do what we need to do to make the difference we want to make?

##### **1.2 External risks**

- a) Do we have the influence and reputation that we need? What are the risks to our reputation?
- b) What changes to government policy might affect our ability to achieve our objectives?

##### **1.3 Regulatory and compliance risks**

- a) Is there a risk of failing to comply with legislation or reporting, which might result in both reputational damage and financial damage?

##### **1.4 Financial risks**

- a) Are there risks to our finances that might stop us from achieving our objectives?

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### 1.5 Operational risks

- a) Is the Group set up and run in a way that enables success?
- b) Do we have the right staff with the right capabilities? Are they in the right roles?
- c) Do staff have the tools they need to be successful? Do they communicate in the right way and use effective processes?
- d) Do we have the right organisational culture?

## 2. Analysing and prioritising risks

Our risk register will record our assessment of both the likelihood of the risk happening and the impact of the risk on the Group if it happens. The likelihood and impact of each risk will be scored.

### 2.1 Likelihood of risk occurring

1. *Rare*: not likely to happen or will only happen in exceptional circumstances.
2. *Unlikely*: not expected to happen, but there is a remote possibility that it will occur.
3. *Possible*: may occur on some occasions, but not frequently.
4. *Likely*: is likely to occur or will happen on more occasions than not.
5. *Certain*: Likely to occur in the majority of cases.

### 2.2 Impact

1. *Insignificant* - no impact on member confidence or services and no impact on reputation. Complaint unlikely.
2. *Minor* - slight impact on member confidence and/or services and slight impact on reputation. Complaint possible.
3. *Moderate* - some impact on member confidence and/ or service disruption and potential for adverse publicity – avoidable with careful handling. Complaint probable.
4. *Significant* – impact on member confidence, services disrupted and adverse publicity not avoidable (trade press). Complaint probable. Possible notification to Charity Commission.
5. *Major* – widespread loss of member confidence, services interrupted for significant time and major adverse publicity not avoidable (national media). Notification to Charity Commission. Resignation of senior management and/or board.

The initial risk score will be calculated by multiplying the likelihood score by the impact score.

### 2.3 Initial risk score

1–8: Low risk. Accept risk. To be managed at the activity level.

9–16: Medium risk. Management action required to reduce risk level to low

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17–25: High risk. Significant - Board action/awareness required.

## **2.4 Prioritising risks**

It is not feasible to manage every risk, so the Group will use the risk rating score to prioritise the risks we wish to focus on at Board Committee level.

The cut-off level for reporting risks and their management to the Audit and Risk Committee is 9. Medium risk scoring between 9 and 16 will be owned by the executive team. The Audit and Risk Committee will own and focus primarily on high risks scoring 17-25.

## **3. Determining appetite for, and reducing and controlling risks**

We will assess each risk assessed as high (scoring 15-25) and determine our risk appetite for each and our target risk score. We will aim to get the residual risk (the risk that remains after we have controls in place) to a level in line with our risk appetite.

The level of each risk will be controlled to a level that the CST Board is happy with.

## **4. Assurance**

Once the key risks have been identified, assessed and are subject to controls, the CST Board and the relevant organisation's Boards will make sure that the controls are being performed as expected.

For CST and CST Professional Development Ltd, the Audit and Risk Committee (part of the CST Board) will identify and assess the risks to the organisations.

For medium risks, the Boards will expect the executive team to confirm quarterly that the controls are working as planned, and to give evidence to support this.

For high risks, the Boards will need to determine whether the controls in place are working and may seek the advice of the executive team.

The Group may also use the internal audit process (via the Audit and Risk Committee) to provide further assurance that the controls are working.

## **5. Monitoring and reviewing risks**

We will undertake a comprehensive annual risk assessment. A risk register will be prepared and kept under review. The risk register will be brought to the Audit and Risk Committee on a 6 monthly basis for their consideration. The Audit and Risk Committee will then present the risk register to the CST Board at their next meeting.

At each Audit and Risk Committee meeting where risks are reported, the Committee may decide to identify a particular risk and undertake an in-depth review of it. This will give the Committee a detailed understanding of the risks and controls, and may help assure both the Committee and ultimately the Board that risk is being managed effectively.

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