



Confederation of School Trusts

Risk Management Policy

This is policy of the Confederation of School Trusts (hereafter, CST) on risk management, in accordance with Charity Commission Guidance (CC26).

Our statement of general policy is to:

- Identify the major risks that apply to CST;
- 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. CST 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?

1.5 Operational risks

- a) Is CST 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?



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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 CST 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

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



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2.4 Prioritising risks

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

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

3. Determining appetite for, and reducing and controlling risks

In the short to medium term, while we reshape the Association, we will need to tolerate higher risk related to financial and reputational 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 will make sure that the controls are being performed as expected.

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

CST may also use the internal audit process (via an elected Treasurer) to provide further assurance that the controls are working.

5. Monitoring and reviewing risks

We will undertake a comprehensive annual risk assessment using the framework set out below. A risk register will be prepared and kept under review. The risk register will be reported quarterly to the CST Board.

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



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Authorised signatory

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