



Heartlands Community Trust Risk Management Strategy

Date of Last Review	2011	Author	
Date of next Review	November 2021	Owner	Leslie Boodram
Type of Policy	<input checked="" type="checkbox"/> Trust Policy <input type="checkbox"/> Tailored by School	Approval	<input type="checkbox"/> SLT <input type="checkbox"/> LGB <input checked="" type="checkbox"/> Board

1. Review and approval

- 1.1 Heartlands Community Trust (the “Trust”) is a multi-academy trust (MAT), and Directors have overall responsibility for the policy.
- 1.2 The Board of Directors have overall responsibility for the policy, and the Chief Executive Officer (CEO) is responsible for the operation of the policy within the Trust, as well as for the maintenance of a record of concerns raised in accordance with this policy and the outcomes.
- 1.3 This policy is reviewed every three (3) years by the School Leadership Team (SLT), and is then ratified by the Trust.

2. Background

- 2.1 The Risk Management Strategy aims to ensure that the Trust” complies with risk management best practice and sets out processes and responsibilities within the Trust schools.
- 2.2 The requirements can be summarised as:
 - The Board of Directors acknowledge responsibility for the system of internal control
 - An ongoing process is in place for identifying, evaluating and managing all significant risks
 - An ongoing process is in place for reviewing the effectiveness of the system of internal control
 - There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts
- 2.3 In assessing what constitutes a sound system of internal control, consideration should be given to:
 - The nature and extent of the risks facing the organisation
 - The extent and categories of risk which it regards as acceptable
 - The likelihood of the risks concerned materialising
 - The organisation’s ability to reduce the incidence and impact of the risks that do materialise
- 2.4 Risk Management best practice is encapsulated in the Risk Management Standard (The Institute of Risk Management (2002) and Managing Public Money (HM Treasury, 2018).

3. Risk Management objectives

- 3.1 The objectives for managing risk across the Trust are:
 - To comply with risk management best practice
 - To ensure risks facing the Trust are identified and appropriately documented
 - To provide assurance to the Directors and Governors that risks are being adequately controlled, or identify areas for improvement

- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks

4. Risk Management strategy

4.1 This strategy aims to:

- Outline the roles and responsibilities for risk management
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the Trust

Roles and responsibilities

4.2 The Executive, consisting of the Chief Executive Officer (CEO), Chief Finance Officer (CFO), Head of School (HoS) and the Senior Leadership Team (SLT) has overall responsibility for managing risk. The CFO has lead responsibility for risk management processes and the Trust Risk Register.

This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Finance & Resources Committee

4.3 The Risk Register is formally reviewed twice a year. The Trust has adopted a layered approach in providing assurances, designed to meet the requirements of the Board and Local Governing Bodies (LGB).

Local School

- Local risk registers reviewed by either CEO/CFO with Head of School/SLT. This will cover specifically operational risks with particular focus on educational standards and staffing (others areas may arise from time to time)
- School risks presented to LGB via shortened operational risk register/report by CFO
- Above undertaken twice yearly (September/Easter)

Finance & Resources Committee/Board

- Strategic risk register reviewed by CEO/CFO and HoS (as required)
- Strategic risks will be referred to in every CEO Report to the Board
- Report presented to the Finance and Resources Committee (and Board as required) twice yearly by CFO (September/Easter) and:
 - will cover Strategic Risk Register/Report
 - will include any new risks, changes to risk at School/Trust level risk register where net risk is high
 - the Easter report will also be presented to the Board and form the basis of the annual Risk report
 - in addition to the written report, the Committee may receive a presentation on risk by Faculty/Department level

4.4 The Finance & Resources Committee and LGB reviews of the Risk Register forms part of the report to the Trust Board.

Identification of risks

4.5 The Risk Management Standard states that risk identification should be approached in a methodical way to ensure that all significant activities have been identified and all the risks flowing from these activities have been defined.

4.6 The Trust’s approach to risk management is linked to seven key aims:

- Ethos, Learning, Partnerships
- Outstanding staff, leadership and management
- Outstanding infrastructure
- Financial strength
- Inspiring and supportive culture
- Strong community and partnerships
- Cyber/Digital

4.7 The structure and organisation of the Trust’s risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

Evaluation of risks

4.8 The Risk Management Standard states that risks should be evaluated against agreed criteria to make decisions about the significance of risks to the organisation.

4.9 The Trust uses a 3x3 matrix to assess impact and probability as high, medium or low, as illustrated in the diagram below:

Impact	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
		Probability		

4.10 The **descriptors** for high, medium and low impact and probability can be expanded as follows:

Impact of risk occurring

Impact	Description
High	The financial impact will be significant [in excess of £100,000] Has a significant impact on the Trust’s strategy or on teaching and learning Has significant stakeholder concern
Medium	The financial impact will be moderate [between £25,000 and £100,000]

	Has no more than a moderate impact on strategy or on teaching and learning Moderate stakeholder concern
Low	The financial impact is likely to be low [below £25,000] Has a low impact on strategy or on teaching and learning Low stakeholder concern

Probability of risk occurring

Probability	Description	Indicator
High	Likely to occur each year, or more than 25% chance of occurrence within the next 12 months	Potential of it occurring several times within a 4 year period. Has occurred recently
Medium	Likely to occur within a 4 year time period or less than 25% chance of occurring within the next 12 months	Could occur more than once within a 4 year period. Some history of occurrence
Low	Not likely to occur within a 4 year time period or less than 5% chance of occurrence	Has not occurred Is not likely to occur

Risk appetite

4.11 The term risk appetite describes the Trust's readiness to accept risks and those risks it would seek to reduce. The Trust's risk threshold is the boundary delineated by the pink shaded area (represented by scores of 6 and above) in the risk matrix in paragraph 4.9. Above this threshold, the Trust will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

Addressing risks

4.12 When responding to risks, the Trust will seek to ensure that it is managed and does not develop into an issue where the potential threat materialises.

4.13 The Trust will adopt one of the 4 risk responses outlined below:

Avoid	Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business
Transfer	The risk is transferred to a third party, for example through an insurance policy.
Mitigate	The response actions either reduce the likelihood of a risk developing, or limit the impact on the Academy to acceptable levels.
Accept	We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote probability of the event occurring.

5. Risk Reporting and Communication

5.1 The aim of reporting risk is to provide assurance to the Board of Directors, Local Governors, Senior Management and Auditors that the Trust is effectively managing its risks and has a robust system of internal controls.

Risk register

5.2 The reporting mechanism will be the Trust's Risk Register. This will highlight the key risks facing the Trust, as well as a breakdown for each key strategic aim. The Risk Register will be monitored by the Finance & Resource Committee twice yearly.

5.3 Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk will be recorded on the risk register as it occurs. Any new or increased risks identified by SLT, Governors or raised by a member of staff will be evaluated and, if appropriate, recorded in the Risk Register.

Communicating Risks

5.4 The Finance and Resources Committee monitors the risk register. The CFO will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the Finance & Resources Committee, along with a summary of actions taken.

5.5 The CFO will raise awareness that risk management is a part of the Trust's culture and seek to ensure that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to senior management any perceived new risks or failure of existing control measures.

Annual risk review and assessment

5.6 The Responsible Officer review provides a termly assessment of the effectiveness of the Trust's management of risk.

5.7 The CFO will prepare an annual review of risk for the Finance & Resources Committee annually in the autumn term. This will enable the Finance & Resources Committee to report to the Trust Board on:

- The significant risks facing the Trust
- The effectiveness of the risk management processes
- That the Trust has published a risk management strategy covering risk management philosophy and responsibilities

6. Areas for improvement

6.1 Any areas identified as being in need of improvement will be discussed and agreed at the Finance & Resources Committee meeting.