Risk Management Policy

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Community Inclusive Trust - **Risk Management Policy**

1. Guiding principles

The Trust recognises that risk management is an essential element of its Governance Framework and fundamental to the sustainable operation of its academies and to its organisational growth.

The Trust's risk framework is developed in the context of the delivery of its mission and vision.

The management of risks within the CIT is undertaken within a framework comprising:

- Scheme of Delegation
- Assurance Framework
- Trust Board and Committee Terms of Reference
- Risk appetite statement
- Risk Register
- Policies and controls
- Internal and external audits

2. Risk appetite

The risk appetite statement specifies the amount of risk the Trust is willing to seek or accept in the pursuit of its long-term strategy. It indicates the parameters within which the Trust would want to conduct its activities.

The Trust recognises the following advantages of defining its risk appetite:

- More conscious and consistent decision-making about taking (or avoiding) risks
- Improved strategic planning by identifying which risks to take and which to avoid
- Decision makers are empowered to take decisions consistent with the defined risk appetite
- The fostering of a more risk aware culture
- Enhanced corporate governance, which helps to ensure stakeholders are satisfied

3. Statement of risk appetite

The Trust Board has agreed its risk appetite in relation to each of the 15 identified risk categories. The risk appetite determinations linked to each risk category is set out in Appendix 1. These determinations are subject to review by the full Trust Board on recommendation of the Audit and Risk Committee.

Risk appetite is an agenda item for each Trust Board Committee meeting. Each Committee is required to review the current risk appetite determinations for the categories has been assigned to (as indicated in Appendix 1). Any proposed changes due to changes in context/circumstances, etc are then recommended to the Audit and Risk Committee.

The risk appetite determinations are: Tolerant, Neutral, Minimalist, Averse. They provide a steer to the Executive regarding:

- Levels of risk mitigation that are required in each area of the Trust's work. Risk mitigations to be identified in the Trust's Risk Register.
- The likely response of the Board to specific proposals that are presented for Board consideration/sign-off.

All proposals presented to the Board for resolution will include (as a part of the resolution

cover sheet) a risk appetite evaluation made by the Executive.

The evaluation will be in the following form:

- Risk of adopting the proposal: high, medium, low
- Risk of <u>not</u> adopting the proposal: high, medium, low

Brief narrative comments supporting the evaluations.

The Trust's approach is to minimise its exposure to safeguarding, compliance, reputational and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic priorities.

The Trust recognises that its appetite for risk varies according to the activity, and that its acceptance of risk is subject to ensuring that potential benefits and risks are fully explored, and fully understood, before developments are authorised and that measures to mitigate risks are established and agreed.

When considering potential expansion of the Trust, a risk appetite grid has been developed which sets out a spectrum of risk across a number of core dimensions (see Appendix1). In the first instance the aim of the risk appetite grid is to support Trust Board discussion around its preferred risk appetite when considering whether to give the CEO the go ahead to pursue a potential opportunity for the Trust to acquire an additional school.

4. Risk framework, risk management procedures and Risk Registers

The Trust recognises that finite resources must be intelligently and responsibly allocated across completing priorities. To this end the Trust uses a methodology which identifies and evaluates risks and ensures measures are in place to reduce all risks to an acceptable level.

Project Risks - each significant project will have its own Risk Register linked to the successful achievement of the project's agreed outcomes.

Operational Risks – the day-to-day risks that have to be managed by staff are not identified on Risk Registers.

Strategic Risks
The Trust has a framework of 15 risk categories against which Executive ownership and Trustee scrutiny are assigned.

The 15 risk categories are:

Operational risks	Security risks
Property risks	Safeguarding risks
Legal risks	Information risks
Financial risks	Reputational risks
Commercial risks	Health & Safety risks
People risks	Over/under-trading risks

Technology risks	Education risks
Key risks to the achievement of the current strategic priorities of the Trust	

Each of the categories has their own section in the Trust's Risk Register and each area is assigned to an Executive risk owner.

In these sections, more specific details of risks are articulated and evaluated using a scoring system which takes account of:

- the hypothetical probability of the risk materialising
- the potential impact it would have
- the risk-mitigating measures and controls currently in place across the Trust

This then gives a 'net residual risk' score which is deemed either acceptable or not acceptable. If not acceptable, then details of further risk-mitigating measures are included in the Risk Register, including when they will be implemented.

The Risk Register also includes the contingency actions that will be taken if the identified risk manifests and the triggers which will activate the contingency action.

The Risk Register is a 'living document' and is updated by each risk owner as and when required (at least twice per year) and reviewed cyclically by the Executive. Scores may be adjusted and risks added or removed.

Each academy and its Local School Board is expected to be aware of the Trust's Risk Register and to draw to the attention of a Director of Education any local matters that may increase risk in each risk category. The Directors of Education are required to keep each risk owner aware of any matters drawn to their attention.

5. Compliance risk and policy management

The development of clear well-communicated policies, along with appropriate levels of awareness-raising and training, are fundamental elements of the risk management process.

The Trust has developed a complete set of Trust-wide policies which are published both on the Trust website and on each academy website. The Head Teacher at each academy acts as the designated person who is the single point of contact with the Central CIT Governance team to ensure that policies and other statutory information are consistently updated and published.

Staff awareness of policies is managed in a number of ways, including:

- Induction
- Staff training
- Staff briefings

Each Trust-wide statutory policy has an Executive-level owner and a primary editor. A schedule is maintained for review and Trustee approval of these policies at an appropriate frequency. This schedule also summarises the measures in place to ensure staff understanding and compliance in practice.

Whilst each academy Head Teacher is ultimately responsible for policy compliance within their academies, the CIT School Support service function employs specialist dedicated Trust-wide resources to support academies meet their compliance obligations in specific

areas such as safeguarding, Health and Safety, offsite trips and visits, SEND, and careers and employability skills, as well as more generally in HR and Finance.

Each academy has a Local School Board which is remitted to provide the Trust Board with assurances regarding policy compliance.

6. Trustee oversight and assurance

The Risk Register identified for each of the 15 risk categories which Trust Board committee, or the Trust Board itself, has the responsibility for assurance scrutiny linked to the identified risk controls/mitigations. The Trust Board's risk assurance work is undertaken in association with the risk assurance reporting that the members of the Executive Team provide on a regular basis. A record of Committee and whole Trust Board-based risk assurance work is kept by the Trust's Clerk. The record keeps track of which risk mitigations are scrutinised by Trustees and when. This allows for any unscrutinised risk mitigation to be identified and then built into meeting agendas for consideration. Risk mitigation assurance work undertaken by committees is reported to the Audit and Risk Commitee.

Internal audit resources are directed towards the assurance of a selection of key risk mitigations. These are chosen by the Board annually.

Review of the effectiveness of the Risk Register itself (i.e. quality assurance of risk management processes rather than Risk Register content) is the responsibility of the Audit and Risk Committee.

Appendix 1

Risk Appetite determination

What is Risk Appetite?

Risk appetite is a statement set by those responsible for risk management (the Board of Trustees) to determine the level of risk the Trust is willing to take in pursuit of objectives it deems have value. Risk appetite does not have to be the same for all areas across the Trust.

For the purpose of this report the ELT have reviewed the Risk Register and listed proposed a "Risk Appetite" against each area within the Register.

Risk Category (Trust Board Committee)	Risk Appetite (Averse, Cautious, Moderate, Open/Seeking)
Operations (F and E)	Cautious
Legal Risk (F and E)	Cautious
Property Risk (F and E)	Cautious
Financial Risk (F and E)	Cautious
Commercial (F and E)	Open/Seeking
People Risk (People)	Moderate
Technology Risk (F and E)	Moderate
Cyber Risk (F and E)	Averse
Information Risk (F and E)	Moderate
GDPR Risk (F and E)	Cautious
Safeguarding Risk (Ed and SG)	Averse
Reputational Risk (A and R)	Cautious
Health and Safety Risk (F and E)	Averse
Growth (A and R)	Open/Seeking
Education Risks (Ed and SG)	Averse

Appendix 2

Expansion of the Trust:
Risk appetite grid

This document sets out a spectrum of risk across core dimensions relevant to CIT when considering potential expansion of the Trust. In the first instance the aim is to support a Trust Board discussion around its preferred risk appetite when considering whether to give the CEO the go ahead to pursue a potential opportunity for the Trust to acquire an additional school. Such decisions will always need to be considered in their wider context both internally (e.g. particular challenges that might have arisen within one or more our schools, or the wider Trust) and externally (e.g. Ofsted outcomes).

Consistent with the Scheme of Delegation, these decisions need to be considered at the following 'stage' gates:

1. CEO in contact with Regional Director to discuss potential new school and begin initial preparatory work

2. Trust Board approval to progress to:

   a) Due diligence on proposed sponsorship/voluntary conversion of school/SAT/MAT; or

   b) Continue conversation/provide further background information with enquiring school/SAT/MAT; or

   c) Begin application process for Free School.

3. Trust Board approval to complete Sponsored Academisation or Voluntary Conversion

By implication, any early soundings can progress without Trust Board consultation, i.e. where no resources are being committed beyond informal discussions.

The Trust Board may determine it is appropriate to tighten the articulated risk appetite as a project moves through the 'stage' gates, e.g. to be more relaxed about the criteria to be met in the initial preparatory stage when there is less information/certainty compared to later in the process when greater resources will need to be committed.

	Averse	Cautious	Moderate	Open	Seeking
	Avoidance of risk and uncertainty	Preference for safe options that have a low degree of inherent risk	Preference for moderate risk options that have some degree of inherent risk	Willing to consider all potential options	Eager to be innovative and to choose options that have greater inherent risk
Strategic alignment *Qualitative/ quantitative evidence against each of the 5*	Clearly aligned with our Core Initiatives of Safeguarding, Education, People and Finance. There are clear material benefits to children that can be realised with no discernible execution risk to the Trust/other schools	Clearly aligned with our Core Initiatives of Safeguarding, Education, People and Finance. There are clear benefits to children that can be realised with minimal execution risk to the Trust/ other schools in the Trust,	Clearly aligned with our Core Initiatives of Safeguarding, Education, People and Finance. There are some benefits to	Clearly aligned with our Core Initiatives of Safeguarding, Education, People and Finance. There are some benefits to	Clearly aligned with our Core Initiatives of Safeguarding, Education, People and Finance. There are some benefits to children that can be realised with moderate

strategic pillars *Evidence of benefits to children* *Location of new school*	in the Trust, in terms of the 'value add' over and above the financial. The new school will not increase the Trust's overall strategic risk. The geographical location of the new school is in Leicestershire/ Nottinghamshire (SEN), or Lincolnshire/Leicestershire/ Nottinghamshire (mainstream primary).	in terms of the 'value add' over and above the financial. The new school will not materially increase the Trust's overall strategic risk. The geographical location of the new school is in Leicestershire/ Nottinghamshire (SEN), or Lincolnshire/Leicestershire/ Nottinghamshire (mainstream primary).	children that can be realised with minimal execution risk to the Trust/other schools in the Trust, in terms of the 'value add' over and above the financial. The new school may increase the Trust's overall strategic risk. The geographical location of the new school is in Lincolnshire/ Leicestershire/ Nottinghamshire (SEN and mainstream primary).	children that can be realised with moderate execution risk to the Trust/other schools in the Trust, in terms of the 'value add' over and above the financial. The new school may increase the Trust's overall strategic risk. The geographical location of the new school is in Lincolnshire/ Leicestershire/ Nottinghamshire (SEN and mainstream primary).	execution risk to the Trust/other schools in the Trust, in terms of the 'value add' over and above the financial. The new school may increase the Trust's overall strategic risk. The geographical location of the new school could be outside Lincolnshire, Leicestershire or Nottinghamshire (SEN and mainstream primary).
Reputation (including impact of not pursuing the opportunity) *Qualitative/ quantitative assessment of likely reputational risk*	We have a zero-risk appetite for potential damage to our reputation. We have no willingness to explore opportunities/ projects which through their controversial or thorny nature may have some impact on our reputation should we fail to succeed. We are prepared to stop activity or pursue an opportunity in the early stages to protect our reputation.	We have a low-risk appetite for potential damage to our reputation. We have very limited willingness to explore opportunities/ projects which through their controversial or thorny nature may have some impact on our reputation should we fail to succeed. We are prepared to stop activity or pursue an opportunity in the early stages to protect our reputation.	We have a moderate risk appetite for potential damage to our reputation. We have limited willingness to explore opportunities/ projects which through their controversial or thorny nature may have some impact on our reputation should we fail to succeed. We are prepared to stop activity or pursue an opportunity in the early stages to protect our reputation.	We have a moderate risk appetite for potential damage to our reputation. We have some willingness to explore opportunities/ projects which through their controversial or thorny nature may have some impact on our reputation should we fail to succeed. We are less likely to be prepared to stop activity or pursue an opportunity in the early stages to protect our reputation.	We have a moderate risk appetite for potential damage to our reputation. We are willing to explore opportunities/ projects which through their controversial or thorny nature may have some impact on our reputation should we fail to succeed. We are willing to continue an activity or not pursue an opportunity in the early stages even where there could be some negative impact to our reputation
Impact on existing schools *Views of key stakeholders*	The investment in progressing to the next stage of the potential acquisition process could have a positive impact (but	The investment in progressing to the next stage of the potential acquisition process will not have any negative impact	The investment in progressing to the next stage of the potential acquisition process could	The investment in progressing to the next stage of the potential acquisition process is likely	The investment in progressing to the next stage of the potential acquisition process could have some negative impact

including RSC, staff, parents and children *Qualitative/ quantitative assessment of the impact on the expected improvement journey of each existing school*	no negative impact) on the Trust's existing pupils. If the Trust is successful in the acquisition of the school, the support that the school needs to develop/ improve can be secured without any negative impact on its existing schools. All existing schools are expected to remain on at least their current school improvement journey (Repair, Improve, Sustain).	on the Trust's existing pupils. If the Trust is successful in the acquisition of the school, the support that the school needs to develop/ improve can be secured without any negative impact on its existing schools. All existing schools are expected to remain on at least their current school improvement journey (Repair, Improve, Sustain).	have an insignificant negative impact on the Trust's existing pupils. If the Trust is successful in the acquisition of the school, the support that the school needs to develop/ improve can be secured with insignificant negative impact on its existing schools. At least 90% of existing schools are expected to remain on at least their current school improvement journey (Repair, Improve, Sustain).	to have some negative impact across a minority of the Trust's existing pupils. If the Trust is successful in the acquisition of the school, the support that the school needs to develop/ improve can only be secured with some negative impact across a minority of its existing schools. At least 70% of existing schools are expected to remain on at least their current school improvement journey (Repair, Improve, Sustain).	across much of the Trust's existing pupils. If the Trust is successful in the acquisition of the school, the support that the school needs to develop/ improve can only be secured with some negative impact on its existing schools. At least 50% of existing schools are expected to remain on at least their current school improvement journey (Repair, Improve, Sustain).
Finance *Current reserve level of new school* *Output from the Strategic Financial Model/ sensitivity analysis* *Forecast Trust reserves*	The new school is likely to be a net contributor to Trust reserves in the first year. The acquisition of the school can be shown to be positively impactful on the Trust's Strategic Financial Model/sensitivity analysis. We are not willing to fall below our 3.5% minimum reserves.	The new school is likely to have a neutral impact on Trust reserves in the first year. The acquisition of the school is likely to have .some positive impact on the Trust's Strategic Financial Model/sensitivity analysis. We are not willing to fall below our 3.5% minimum reserves.	The new school is likely to have some negative impact on Trust reserves in the first year. The acquisition of the school is likely to have some positive impact on the Trust's Strategic Financial Model/ sensitivity analysis. We are not willing to fall below our 3.5% minimum reserves.	The new school is likely to have some negative impact on Trust reserves in the first year. The acquisition of the school can be shown to have no negative impact on the Trust's Strategic Financial Model/ sensitivity analysis. We are not willing to fall below our 3.5% minimum reserves.	The new school is likely to need short-term and medium-term funding from Trust reserves to develop/ improve the school. The acquisition of the school can be shown to have no negative impact on the Trust's Strategic Financial Model/sensitivity analysis. We are willing to fall below our 3.5% minimum reserves provided the ESFA 3% minimum reserves is likely to be maintained in the short and medium term.
Estates *Age/ state of repair of new school buildings*	The new school has no existing buildings, i.e. it will require entirely new buildings, which will be indemnified for 10 years.	The new school brings with it existing buildings that have >3 years of remaining indemnity to cover future defects.	The new school brings with it existing buildings with no indemnity to cover future defects, but	The new school brings with it existing buildings with no indemnity to cover future defects, but	We are willing to accept a new school with no indemnity to cover future defects and where there are likely to be material repairs needed.

			they are in an adequate (or better) state of repair.	where there will be some repairs needed.	
People *Qualitative/ quantitative assessment of key person risk* *Assessment of likely people development opportunities* *ELT capacity assessment* *Qualitative and quantitative assessment of our reward package*	Our people are our most important asset and wellbeing is a key driver when considering new schools. We do not tolerate key person risk and recruit in advance to ensure eliminate key person risk. We have capacity within our existing ELT to manage several unforeseen events or challenges that might emerge. We reward in line with equivalent local authority levels and put in place rigorous controls, employment and recruitment policies to eliminate risk.	Our people are our most important asset and wellbeing is a key driver when considering new schools. We have a minimal appetite for key person risk and manage our activity and recruitment to minimise it. We have capacity within our existing ELT to manage several unforeseen events or challenges that might emerge. We reward in line with equivalent local authority levels and put in place rigorous controls, employment and recruitment policies to eliminate risk.	Our people are our most important asset -wellbeing and giving them more opportunities to develop are key drivers when considering new schools of our activity. We have some appetite for key person risk by recognising that our recruitment needs may change and flex. We manage our activity and recruitment to reduce key person risk. We have capacity within our existing ELT to manage one material unforeseen event or challenge that might emerge. We reward in line with equivalent local authority levels and are open to flexible arrangements to recruit the best staff. We have rigorous controls, employment and recruitment policies in place to minimise risk.	Our people are our most important asset -wellbeing and giving them more opportunities to develop are key drivers when considering new schools of our activity. We recognise that our recruitment needs may change and flex and are open to a degree of key person risk in specialist roles. We manage our activity and recruitment flexibly to ensure maximum impact. We have capacity within our existing ELT to manage one material unforeseen event or challenge that might emerge. We reward in line with equivalent local authority levels for the majority of roles but will tailor our offering for key roles. Our recruitment and employment policies are tailored to attract and retain staff.	Our people are our most important asset - wellbeing and giving them more opportunities to develop are key drivers when considering new schools of our activity. In order to achieve maximum impact, we are flexible in recruiting to our needs and are willing to take key person risk in having single individuals with expertise. We have limited capacity within our existing ELT to manage material unforeseen events or challenges that might emerge. We offer tailored reward to attract and retain the best talent at the best value for money. Our recruitment and employment policies are tailored to attract and retain staff.