



# THE PATHWAY ACADEMY TRUST

Registered address: c/o Culverstone Green Primary School,  
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Registered Company N° 9782388

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# RISK MANAGEMENT STRATEGY

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<b>Approved by</b>	<b>Trust Board</b>
<b>Version</b>	<b>1.2</b>

## 1. Background

The Risk Management Strategy aims to ensure that The Pathway Academy Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Trust.

1.1. The requirements can be summarised as:

- the Directors acknowledge responsibility for the system of internal control
- an ongoing process is in place for identifying, evaluating and managing all significant risks
- an annual 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

1.2. 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

1.3. Risk Management best practice is encapsulated in the Risk Management Standard published jointly by the major risk management organisations in the UK – The Institute of Risk Management (IRM); The Association of Insurance and Risk Managers (AIRMIC); and ALARM, The National Forum for Risk Management in the Public Sector

## 2. Risk Management objectives

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 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

## 3. Risk Management strategy

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

### 3.1. Roles and responsibilities

The Board of Directors have overall responsibility for managing risk. The Accounting Officer has lead responsibility for risk management processes and the Trust-wide Risk Register. This responsibility includes:

- monitoring the performance of risk management processes
- ensuring that appropriate controls are in place to manage identified risks
- ensuring that periodic reports are presented to the Board of Directors

The Risk Register is formally reviewed each term by the Trust Business Manager. The Risk Register is a standing item on the Finance & Audit Committee's agenda and they will monitor the identification and mitigation of risk within the Trust on behalf of the Board of Directors.

### 3.2. Identification of risks

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.

Our approach to risk management is linked to five key areas:

- Organisational capacity and leadership
- Governance and Finance
- Health and Safety
- Educational Standards
- Business Continuity

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

### 3.3. Evaluation of risks

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

The Pathway Academy Trust uses a 5x5 matrix to assess impact and probability as Very high, High, Medium, Low or Very Low, as illustrated in the diagram below:

	5	10	15	20	25
Impact	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Probability				

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

#### Impact of risk occurring

Impact	Description
Very High	The financial impact will be considerable and may threaten the future viability of the Trust and/or its schools [in excess of one month's operational costs] Has a considerable impact on the Trust's strategy or on teaching and learning; Extremely high stakeholder concern; Can cause considerable reputational damage to the Trust
High	The financial impact will be significant [between £50,000 and one month's operational costs] Has a significant impact on the Trust's strategy or on teaching and learning; Performance not acceptable to stakeholders; Can cause significant reputational damage to the Trust
Medium	The financial impact will be moderate [between £25,000 and £49,999] Has no more than a moderate impact on strategy or on teaching and learning; Moderate stakeholder concern; Major performance change; Can cause moderate reputational damage to the Trust

Low	The financial impact is likely to be low [between £5,000 and £24,999] Has a low impact on strategy or on teaching and learning; Low stakeholder concern; Minor performance change; Is unlikely to cause any reputational damage to the Trust
Very Low	The financial impact is likely to be very low [less than £5,000] Barely noticeable performance change; Has negligible impact on the operation of the Trust and/or its schools.

### Probability of risk occurring

Probability	Description
Very High	more than 80% chance of occurrence
High	51-80% chance of occurrence
Medium	31-50% chance of occurrence
Low	11-30% chance of occurrence
Very Low	1-10% chance of occurrence

### 3.4. Risk appetite

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 shaded area (represented by scores of 5 and above) in the risk matrix in paragraph 3.3. Above this threshold, the Trust will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

### 3.5. Addressing risks

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.

The Academy will adopt one of the four 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 Trust 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.

## 4. Risk Reporting and Communication

The aim of reporting risk is to provide assurance to the Directors, Executive Leadership Team (ELT), and Auditors that the Trust is effectively managing its risks and has a robust system of internal controls.

### 4.1. Risk register

The reporting mechanism will be the Trust's Risk Register which will highlight the risks facing the Trust for each key area. The Risk Register will be monitored by the Board of Directors, through the Finance and Audit Committee, on a termly basis.

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 the ELT, Directors or raised by a constituent school will be evaluated and, if appropriate, recorded in the Risk Register.

#### **4.2 Communicating Risks**

The Trust Business Manager will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the Finance & Audit Committee, along with a summary of actions taken.

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

- all Directors have completed H&S training and are aware of their H&S responsibilities
- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to the ELT any perceived new risks or failure of existing control measures.

#### **5. Areas for improvement**

Any areas identified as being in need of improvement will be discussed and agreed each term by the Finance & Audit Committee.