



Risk Management Policy



Policy Details

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Policy Statement

We will adopt, wherever possible, recommended best practice in the identification, evaluation and cost-effective control of business risks, to ensure that they are eliminated or reduced to a level that is acceptable to the Trust.

Rationale

The Trust has a duty to develop appropriate measures for managing risk. This policy will be reviewed at least once per year, and updated as necessary to meet the changing demands within the situation.

Strategy

To achieve this we will:

- Integrate risk management into the culture of the Trust
- Manage risk in accordance with recommended best practice
- Establish legal compliance as a minimum standard
- Anticipate and respond to changing funding, social, environmental and legislative requirements
- Prevent injury and damage wherever possible and so reduce the cost of risk
- Continually raise awareness amongst all employees of the need for management of business risk.

We will meet these by:

- The continuous development of risk management strategies throughout the Trust, and implementation of Action Plans derived from the Risk Register.
- Developing appropriate procedures for control of risk, monitoring the Risk Registers and Management Action Plans, and keeping records.
- Maintaining effective communication with members of staff and providing risk management awareness training to key members.
- The preparation of contingency plans, including Business Continuity in areas where there is the potential for an occurrence having a significant negative effect on the Trust and its business activity.

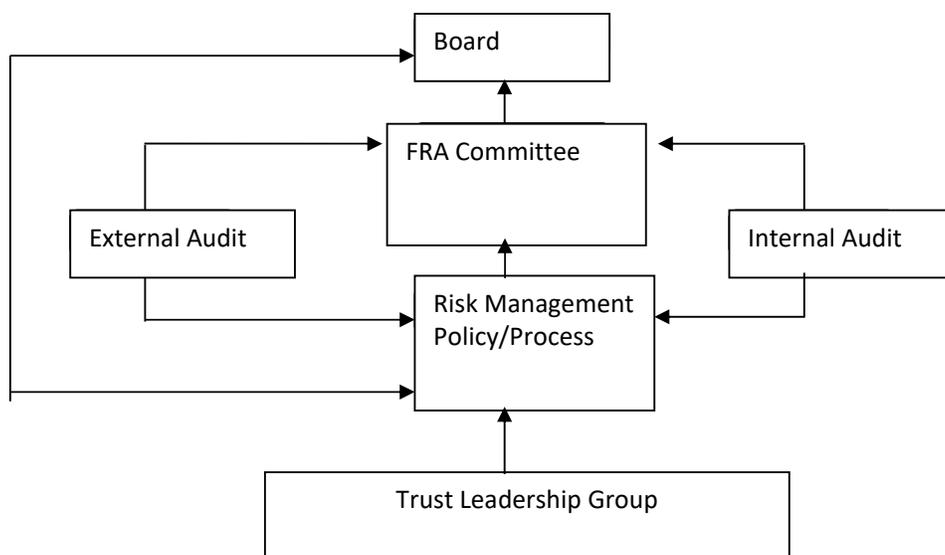
1. The Trust's Approach to Risk Management

- 1.1 Effective risk management requires a process which measures or assesses risk and develops strategies to manage it. It is a continuous and comprehensive process that must be embedded within the culture and activities of the organisation. It goes beyond the minimum requirements imposed by regulation or reporting.
- 1.2 Our approach will be to develop effective risk management practice over the medium term and ensure that it evolves to become progressively embedded within the culture and activities of the organisation.
- 1.3 Implementation will be approached in a structured way, which factors into or enhances existing processes such as strategic planning and self-assessment.
- 1.4 Key factors in this process will be:
 - The Board will have responsibility for overseeing risk management within the Trust as a whole
 - They will adopt an open and receptive approach to solving risk problems
 - The Chief Executive and the Trust Leadership Group (TLG) will support, and implement policies approved by the Board, and will have primary responsibility for managing the Trust's risk profile
 - The Trust will make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
 - Senior and middle managers will be responsible for assuring good risk management practice within their designated areas
 - Key risk indicators will be identified and closely monitored on a regular basis
 - There will be a direct link between the Trust Strategy and the Risk Management Plan

Other factors that will be incorporated into the Trust's risk management activities on a regular basis will be:

- The strategic planning processes
- The depth of existing 'risk acceptance culture', which will impact on timescales of implementation
- The organisational structure
- Meeting deadlines to fulfil external reporting requirements
- Committee and internal audit reporting cycles
- Risk management activities and processes

2. Risk Management Structures, Roles and Ownership



3. Role of the Trust Board

The Board's role in risk management at the Trust will be to:

- 3.1 Set the tone and influence the culture of risk management within the Trust, including:
 - determining whether the Trust is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
 - determining what types of risk are acceptable and which are not and setting the standards and expectations of staff with respect to conduct and integrity.
- 3.2 Approve major decisions affecting the Trust's risk profile or exposure.
- 3.3 Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- 3.4 Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- 3.5 Annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- 3.6 Where appropriate, the Board shall delegate this role to the Finance, Audit & Resources (FRA) Committee. However, the Board will review the High Level Risk Register half termly.

4. Role of the Trust Leadership Group

The Board looks to the Trust Leadership Group to effectively manage all of the risks faced by the Trust. Day to day accountability for the effective operations of the Trust's risk management policies and processes is with the Principal.

Key roles of the Trust Leadership Group are to:

- 4.1 Take overall responsibility for the effective administration and implementation of the risk management process.
- 4.2 Identify and evaluate the significant risks faced by the Trust for consideration by the Board.
- 4.3 Provide adequate information in a timely manner to the Board and its committees on the status of risks and controls.
- 4.4 Report to the Board on the High Level Risks termly.

5. Risk Management as Part of the System of Internal Control

The Trust's system of internal control will incorporate risk management. This system will encompass a number of elements that together facilitate an effective and efficient operation, enabling the Trust to effectively manage a variety of operational, commercial and financial risks. These elements include:

5.1 *Policies and Procedures*

Attached to significant risks are a series of *policies and procedures* that underpin the internal control process. The policies are approved by the Trust and implemented and communicated by senior management to staff. Written procedures and codes of practice support the policies and procedures.

5.2 *Reporting*

Comprehensive reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Corporate Leadership Group, and the Board, if appropriate. TLG

members monitor their risks on a termly basis with their direct reports.

5.3 *Business Planning*

The business planning process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

5.4 *High Level Risk Management 'Action Plan'*

The risk management 'Action Plan' is reviewed by the Senior Leadership Group and helps to facilitate the identification, assessment, and ongoing monitoring of risks significant to the Trust. Emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

5.5 *FRA Committee*

The FRA Committee reports to the Board on internal controls and alerts them to any emerging issues. As part of this responsibility the committee oversees internal audit, external audit and management, as required, in its review of internal controls. The committee is therefore well-placed to provide advice to the Board on the effectiveness of the internal control system, including the Trust's system for the management of risk.

5.6 *Internal Audit Programme*

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.

5.7 *External Audit*

External audit provides feedback to the FRA Committee on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements.

5.8 *Third Party Reports*

The Trust will employ external consultants where it is considered necessary, in order to provide skills on such matters as risk management and benchmarking which are not available within the situation.

6. The Trust's Risk Management Process

6.1 Trust Roles and Responsibilities

A summary of the roles and responsibilities of each body are set out below:

Body	Role in Risk Management	Formal Responsibilities
Board	<ul style="list-style-type: none"> • Sets the tone and influences the culture of risk management throughout the Trust • Approves all major decisions affecting the Trust's risk profile or exposure • Frequently monitors the management of significant risks to reduce the likelihood of unwelcome surprises • Satisfies itself that the less significant risks are being actively managed, with appropriate controls in place and working effectively • Annually reviews the Trust's approach to risk management and approves changes or improvements to key elements of its processes and procedures. This will include an examination of the framework and its rigour 	<p>The Board is ultimately responsible for the Trust's system of internal control and for reviewing its effectiveness.</p> <p>The Board needs to form an opinion on whether the Trust has complied with all the provisions of the Combined Code throughout the year. This will include:</p> <ul style="list-style-type: none"> • Reviewing the key risks together with the controls which have been implemented to minimise or mitigate those risks • Confirming whether or not there has been a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the 12 months to 31 July each year, and up to the accounts approval date • Ensuring that there is a regular review of the risk management process and its outcomes. The Director of Finance should ensure that a copy of the High Level Risk Register goes to the Board termly.
FRA Committee	<p>The FRA Committee oversees internal audit, external audit, and management as required in its review of internal controls. It is therefore well placed to provide advice to the Board on the effectiveness of the internal control system, including the institution's system for management of risk, as part of its annual report.</p>	<p>The FRA Committee reports to the Board on internal controls and alerts them to any emerging issues. The Committee meets on at least a termly basis and provides a forum for reporting by the Trust's internal and external auditors, who have access to the Committee for independent discussion.</p> <p>The Committee also receives and considers reports from the DfE as they affect the Trust's business.</p>

<p>The Trust Leadership Group</p>	<p>In relation to Risk Management the TLG:</p> <ul style="list-style-type: none"> • Implement policies on risk management and internal control • Identify and evaluate the significant risks faced by the Trust (including subsidiary companies) for consideration by the Board • Provide adequate information in a timely manner to the Board and its committees on the status of risks and controls 	<p>Its responsibility is to support the Board and associated committees in discharging their duties.</p> <p>It will hold regular meetings to ensure the effective implementation of the Action Plan</p>
<p>Internal Audit</p>	<p>Internal audit is an important element in the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation.</p> <p>Internal audit will take account of the corporate risks and the resultant risk management action plan in determining its strategic and annual plan of work.</p> <p>Internal audit will review and test the systems of control over the risk management process to provide assurance to the FRA Committee that the process is well controlled. It will also be expected to confirm whether the risk management processes are being carried out in accordance and in a timely manner.</p> <p>Their strategic plan will include an annual review of the risk management processes.</p>	<p>The Trust's internal auditors monitor the systems of internal control in accordance with an agreed plan of input, and report their findings to management and the FRA Committee.</p> <p>Management are responsible for the implementation of agreed recommendations and internal audit will undertake periodic reviews to ensure such recommendations have been implemented.</p> <p>At least annually, the head of internal audit will provide the Board, via the FRA Committee, with a report on internal audit activity in the Trust.</p> <p>This report will include an independent opinion on the adequacy and effectiveness of the Trust's system of internal control, including internal financial control.</p>
<p>External Audit</p>	<p>External audit will ensure that the annual risk management process has been undertaken, and that statements of corporate governance reflect the Trust's implementation of the Combined Code.</p> <p>It is not the role of external auditors to ascertain the robustness or accuracy of the risks identified, or of the internal controls over their operation. The auditors do not form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.</p>	<p>External auditors will express an independent opinion on whether the financial statements give a true and fair view that monies expended out of funds have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation. Also, that monies expended out of DfE funding have been applied in accordance with Financial Memorandum between the DfE and the Trust Board.</p> <p>The external audit opinion will also clearly set out the scope of their responsibilities and work in respect of confirming compliance with the Combined Code.</p>

6.2 The Trust Leadership Group

This Group will have overall responsibility for risk management at senior level, and will ensure that specific programmes and procedures for establishing and maintaining effective risk management activities are developed.

6.3 Sub-Groups

The TLG will, as necessary, nominate themselves, other individual members of staff, or small groups of staff to form sub-groups to consider specific matters which arise. One such sub-group might be a Business Continuity Group, to specifically review arrangements for Disaster Management and Recovery Planning.

6.6 Meetings

Risk Management will be reviewed at least termly at TLG meetings.

6.7 Escalation

Staff members should escalate any concern regarding risks either directly to their line manager, who should then escalate the matter to their TLG representative, or alternatively escalation can be made in the termly departmental review of their respective risk register.

7. The Risk Register

7.1 Definitions of key terms

Risk = the possibility of an event occurring that will have an impact on the achievement of objectives.

Controls = systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans.

Assurances = an outcome, such as an internal audit report, which verifies the operating effectiveness of a control.

Residual risk = the level of risk remaining after the inherent risk has been mitigated by the internal controls and assurances of an organisation.

7.2 Defining Areas and Activities for Review, and Risk Identification

The risks associated with each area will inevitably change over time. As a minimum, the Trust risks will be categorised as follows: -

- Health & Safety
- Quality of Education
- Reputational
- Financial Sustainability
- Cyber Security
- Safeguarding
- National & Local Policy Change
- Staffing
- MAT Growth
- Fraud

Additionally, a risk register will be compiled for any specific projects as required. To avoid duplication, the special project risk registers will be prepared separately and appended to the Trust risk register for review. As they are prepared within the project, there may be a different scoring method used, however the low, medium and high

level risks will still be identified.

In determining the risks which might arise, consideration should also be given to 'early warning signs' which indicate that there will be an issue to be addressed in the future. These may take the form of foreseeable risks (e.g. projected growth in student numbers in an area with workshop-based activity is likely to result in more space needs for the curriculum area concerned) or more sudden events, such as the inability to produce evidence to support funding claims at audit.

7.3 Risk Scoring or Prioritising

It is important that the Trust has a clear and simple methodology for scoring or prioritising the risks it has identified. Once this is done, the risks will be incorporated into the Risk Register, which sets out, by area/activity, the identified risks and their risk 'score' or priority.

The methodology to be adopted will incorporate two factors:

- Impact (materiality)
- Likelihood

7.3.1 Impact

Impact, or materiality, is an assessment of the consequences on the organisation of the risk being left unchecked. When assessing the impact the risk should be assessed for the following.

- Impact on the safety of students, staff or public
- Quality / complaints / audit
- Human resources / organisational development / staffing / competence
- Statutory duty / inspections
- Adverse publicity / reputation
- Business objectives / projects
- Finance including claims
- Service / business interruption Environmental impact

Risks are banded, and scored on a scale of:

- 1 = Low Insignificant/minor
- 2 = Medium Moderate/significant
- 3 = High highly significant / catastrophic
- 4 = Catastrophic

When assessing severity of impact reference should be made to the severity score and examples of descriptors in Appendix 1

7.3.2 Likelihood

Likelihood is 'how likely the risk is to happen'. This is in the range of high (score = 5) to low (score = 1), and should be scored accordingly.

Business Critical = 4	More likely than not it will occur (51% - 100%)
High = 3	Less likely than will, but more likely than throwing a "1" on a dice (21% - 50%)
Medium= 2	Generally unlikely that it will occur (6% - 20%)
Low = 1	Remote chance that it will occur (1% - 5%)

7.3.3 Gross Risk Scores

The overall gross risk score is calculated as the impact score x likelihood score, therefore giving a range of risk scores from a minimum of 1 to a maximum of 16. The actions to be taken will depend upon the overall level of gross risk score.

The risks are then categorised into four groups on the basis of the scores, as follows:

High Risks – (scored 12-16). These risks may have a high impact and a high probability of occurring and require immediate consideration of the controls to manage them

Medium Risks – (scored 8-11). These risks may have a high impact or likelihood of occurrence. Action will be required within a set timescale.

Low Risks – (scored < 7). These risks have low impact / likelihood. Monitoring only is likely to be required.

7.3.4 Residual Risk Scores

The Net or residual risk is the risk remaining after the operation of actual controls and other mitigating actions have taken effect. This is the risk which the Trust is prepared to accept. If it is not content with the Residual risk then further mitigating actions/controls will need to be developed. The Residual risk is something that must be assessed either formally or informally as an on-going part of the content of the risk report (does the Trust consider that the existing and proposed controls reduce the risk to an acceptable level?). This is considered at TLG at least termly.

7.4 Development of the Risk Response

This section considers in more detail the process by which significant risks will be analysed and broken down to identify and formulate key actions.

7.4.1 Casual Factors or Sub-Risks

The Risk Register identifies which events in the areas under review will cause the risk to become material. Factors considered will be:

- If something is not actioned or implemented on a timely basis
- If we do not comply with certain regulatory requirements
- Events beyond our immediate control
- If we have not been sufficiently pro-active in responding to new challenges, changes or opportunities
- If staff do not understand what is expected of them
- If existing controls are inadequate or fail

7.4.2 Existing Risk Controls/Mitigating Actions Already in Place

There are a number of controls and actions which are already in place. These include:

- Strategic and Operational Plans and assessments
- Cross-Trust Policies, Procedures and Guidance Notes
- Financial regulations , controls and reports
- Operational controls and actions
- Senior Management controls and actions
- Committee controls and actions

7.5 Assurance

The Risk register details the type of assurances that are in place to verify the operating effectiveness of the controls. These are categorised into:

- 1st Line = Organisation assurance. These are assurances from the department that performs the day to day activity

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- 2nd Line = Organisational oversight. These are assurances from other functions e.g. HR, IT, finance etc.
 - 3rd Line = Independent assurance. These are assurances from outside sources / independent of the Trust.

8 Risk Appetite

8.1 Definition and Purpose

Risk appetite is a critical component of our Trust's risk management framework, defining the level and nature of risks we are willing to accept in pursuit of our strategic objectives. The Board of Trustees is responsible for setting and regularly reviewing the Trust's risk appetite, which informs decision-making processes across all levels of the Trust.

Risk appetite is the amount of risk the Trust is prepared to accept, tolerate, or be exposed to at any point in time. It serves as a guide for:

- Informing strategic and operational decisions
- Setting boundaries for risk-taking activities
- Aligning risk management with our Trust's objectives and values

8.2 Risk Appetite Statement

Our Trust adopts a balanced approach to risk, recognising that controlled risk-taking is necessary for innovation and growth. We categorise our risk appetite into different areas of operation:

- Financial Management: Low appetite - We maintain a conservative approach to financial risks, ensuring strict controls and compliance with funding regulations.
- Educational Outcomes: Moderate appetite - We are willing to consider innovative approaches to improve student achievement, balancing potential benefits against risks.
- Operational Efficiency: Moderate appetite - We seek to optimise our processes and may accept some risks in pursuit of improved efficiency.
- Reputation: Low appetite - We place high importance on maintaining our reputation and will take a cautious approach to any activities that could negatively impact it.
- Compliance and Legal: Very low appetite - We have zero tolerance for non-compliance with legal and regulatory requirements.
- Health and Safety: Very low appetite - The safety of our students, staff, and visitors is paramount, and we take all necessary precautions to minimize risks in this area.

8.3 Implementation and Review

The risk appetite will be:

- Communicated clearly to all staff and stakeholders.
- Incorporated into our risk assessment and decision-making processes.
- Reviewed annually by the Board of Trustees to ensure it remains appropriate for our Trust's circumstances and strategic objectives.