RISK MANAGEMENT POLICY

Last reviewed: Spring 2025
Next review due: Spring 2026

VISION

Our Vision is to develop literate, numerate, global citizens who ASPIRE, i.e., they are: Ambitious, Self-confident, Physically literate, Independent, Resilient, Emotionally literate.

AIMS

The Academy aims to:
- Set out the framework our trust has adopted for risk management
- Identify, measure, manage, monitor and report threats to the trust's business objectives
- Embed risk management processes in both day-to-day operations and governance.

LEGISLATION

This policy is based on the following statutory and non-statutory guidance of the Academy Trust Handbook and Academy Trust Risk Management as issued by the Department for Education.

ROLES AND RESPONSIBILITIES

Governing Body
The governing body will:
- Take overall responsibility for risk management, including contingency and continuity planning
- Have oversight of the risk register
- Appoint an audit and risk committee in accordance with the Academy Trust Handbook (Finance, Audit & Risk Committee).

Finance, Audit and Risk Committee (FAR)
The FAR will:
- Direct the trust's programme of internal scrutiny
- Ensure that risks are being addressed appropriately through internal scrutiny
- Report to the trust board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

Governing Body sub-committees
Governing body sub-committees will:
- Review risks reported to them from the Leadership Team
- Review risks associated with their area on the risk register regularly throughout the year.

Leadership Team

The Leadership Team will:

- Carry out day-to-day risk management
- Assess operational risks
- Identify and report risks to the relevant governing body sub-committee

RISK IDENTIFICATION

At the risk identification stage, all potential events that are a threat to the achievement of business objectives (including not capitalising on opportunities) are identified, defined and categorised.

Risks will be considered under the following categories:

Internal risks

These are risks over which the trust has some control, by managing them through internal controls or additional mitigating actions. For example, health and safety risks or data security risks.

External risks

These are significant external events or perils, such as a pandemic or extreme weather.

Strategic risks

These are risks to the achievement of the trust's core objectives. For example, the risk of high staff turnover.

Project risks

These are risks associated with any critical projects the trust may be involved in. For example, slippage on the delivery timescale for a new building.

RISK MEASUREMENT

Risk measurement consists of assessment, evaluation and ranking. This ensures all identified risks are rated and compared according to a consistent standard.

Assessment

The aim of assessment is to better understand each specific instance of risk, and how it could affect business objectives. The trust will estimate:

- The likelihood (or probability) of it occurring, and
- The impact (or severity) if it did occur

Both of the above risk factors are assessed using a simple 4-point scale for each area, with 1 being Insignificant/remote and 4 being extreme/highly probable.

Evaluation

The risk score for each risk's likelihood and impact respectively are multiplied together to derive an overall risk score reflecting its overall level of threat. Residual risk is a function of inherent risk and the controls in place to manage that risk. An assessment of the controls and mitigation is made to establish the residual risk.

Ranking

Once the scores for likelihood and impact have been combined into a residual risk score, they will be plotted on a risk matrix (below) to determine a RAG rating for the risk. This rating determines the level of priority for risk mitigation.

The Academy will prioritise risks that are very low likelihood and very high impact over risks with very high likelihood and very low impact, as the former could be catastrophic for the trust.

CALCULATING RESIDUAL RISK

Impact Severity		Likelihood			
Insignificant / Minor	1	1	2	3	4
Moderate	2	2	4	6	8
Major	3	3	6	9	12
Extreme	4	4	8	12	16
		1 Remote / Unlikey	2 Possible	3 Probably	4 Highly Probably

Likelihood

RISK TOLERANCE AND CONTROL

Risk appetite

This is the amount of risk the Academy is willing to accept in the pursuit of its objectives. In general, those risks with a green RAG rating are considered acceptable and risks with orange and red ratings are considered on a case by case basis to decide whether further action is required.

Risk capacity

This is the resources (financial, human, etc.) which the Academy is able to put in place to manage risk. The resources required to further mitigate a risk will inform a decision in what risk treatment to take.

Risk control

The trust board will consider the '4 Ts' when deciding the appropriate risk treatment option(s), balancing the potential benefits from the achievement of objectives against the costs, efforts, or disadvantages of proposed actions.

- **Tolerating** risk where the risk is at an acceptable level and no further action is required. This may be because the cost of instituting controls is not cost-effective, or the risk or impact is so low that it is considered acceptable

- **Treating** risk involves controlling it with further actions to minimise the likelihood of occurrence or impact. There may also be contingency measures to reduce impact if it does occur
- **Transferring** risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing)
- **Terminating** risk can be done by altering an inherently risky process to remove the risk. If this can be done without materially affecting operations, then removal will be considered, rather than attempting to treat, tolerate or transfer. Alternatively, if a risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the rational decision may well be that this is a process the academy trust will not be performing at all.

MONITORING OF RISK

Risks are monitored on an ongoing basis, as this supports the Academy's understanding of whether and how the risk profile is changing. Monitoring also provides assurance on the extent to which the mitigating actions and controls are operating as intended and whether risks are being managed to an acceptable level.

The key risk register is central to risk monitoring. As risks are identified, they will be logged on the register and the associated control measures documented.

The leadership team and governor committees will review the key risk register at least termly and update the risks ratings and control measures, along with the residual risk score and risk control as required.

REPORTING AND SCRUTINY

The FAR committee will consider the whole risk register and report to the full governing body any further recommendations as required.

The full governing body will review the risk register at least annually, as required by the Academy Trust Handbook.

The full governing body will keep the trust's risk appetite under review and consider the ongoing appropriateness of the risk management policy. In the event of unforeseen circumstances, the board will consider the extent to which the risk was identified and measured and whether the selected control measure was appropriate.

The risk register will facilitate a rational risk-based approach for the internal scrutiny function's work programme. The FAR committee is responsible for directing the Academy's programme of internal scrutiny, which will focus on:

- Evaluating the suitability of, and level of compliance with, financial and non-financial controls
- Offering advice and insight to the board on how to address weaknesses in financial and non-financial controls
- Ensuring all categories of risk are being adequately identified, reported and managed.

MONITORING AND REVIEW

The governing body will review this policy annually.

LINKS TO OTHER POLICIES

- Risk register
- Business Continuity Policy and Plan