

RISK MANAGEMENT POLICY

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1. AIMS

Our trust 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.

2. LEGISLATION

This policy is based on the following statutory and non-statutory guidance from the Department for Education (DfE):

- [Academy Trust Handbook](#)
- [Academy trust risk management](#)

This plan also complies with our funding agreement and articles of association.

3. ROLE AND RESPONSIBILITIES

3.1 Trust board

The trust board 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.

3.2 Audit and risk committee

The audit and risk committee 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.

3.3 Local governors

Local governors will:

- Work with the trust leadership team to identify risks and ensure plans are in place to minimise any impact on the academy trust and its pupils.

3.4 Heads of schools

Within their own schools, headteachers/heads of schools will:

- Carry out day-to-day risk management
- Assess operational risks
- Identify and report risks to the audit and risk committee.

4. 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:

4.1 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.

4.2 External risks

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

4.3 Strategic risks

These are risks to the achievement of the trust's core objectives.

4.4 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.

5. RISK MEASUREMENT

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

5.1 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 5-point scale: very high, high, medium, low, and very low.

5.2 Evaluation

The 'r score' for each risk's likelihood and impact respectively are combined to derive a single risk score reflecting its overall level of threat. For example, H/H, H/M, L/H.

5.3 Ranking

Once the scores for likelihood and impact have been combined into a single 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 trust 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.

Likelihood	Very High	A	Green	Yellow	Red	Red
	High	B	Green	Yellow	Red	Red
	Significant	C	Green	Yellow	Yellow	Red
	Low	D	Green	Green	Yellow	Yellow
	Very Low	E	Green	Green	Green	Yellow
	Almost Impossible	F	Green	Green	Green	Green
			1	2	3	4
			Negligible	Marginal	Critical	Catastrophic

6. 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 is where no action is taken. This may be because the cost of instituting controls is not cost-effective, or the risk or impact is so low that they are considered acceptable
- **Treating** risk involves controlling it with 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.

7. MONITORING OF RISK

Monitoring is ongoing and continuous, as this supports the trust'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 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 Executive Principal is responsible for ensuring the risk register is kept up-to-date and that trustees scrutinise and agree actions to mitigate the risks identified.

8. REPORTING AND SCRUTINY

The Trust will review the risk register annually, as required by the Academy Trust Handbook.

The Trust 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 audit and risk committee is responsible for directing the trust'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.

9. TRAINING ARRANGEMENTS

Those risks identified as requiring treating or tolerating internally by the Federation will be actioned as per the risk assessment with appropriate training given to the staff who are responsible for its management.

10. MONITORING AND REVIEW

The board will review this policy annually.

11. LINKS TO OTHER POLICIES AND DOCUMENTS

- Federation Risk Register
- Federation Business Continuity Plan
- Federation Stakeholder Emergency Closure Policy
- Federation Financial Management Policy
- Federation Stakeholder Health and Safety Policy