



# Academy Trust Risk Management Policy

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## Statement of intent

The ONE Trust and its schools recognises the importance of trust progression; however, it is important that we recognise change and development does not come without its risks. The trust's top priority is offering its pupils the best possible education to maximise their potential. To do this, it is necessary to progress, make changes and ultimately create risk; therefore, the trust will always take a proactive approach towards risk management.

The capitulation of a risk could result in the trust being negatively impacted in a way which may jeopardise the achievement of objectives and the maintenance of priorities, such as:

- Safeguarding
- Health and safety
- Finances
- Reputation
- Data protection
- Quality of teaching
- Staff retention
- New projects

The trust is committed to minimising risk through effectively identifying, categorising, measuring, managing, monitoring and reporting risk. This means managing the likelihood of an unwanted event happening, assessing the consequences of this, and ultimately assessing the benefits and threats to focus mitigating and preventing harm in all areas of the trust's operations.

## 1. Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- Academies Act 2010
- Companies Act 2006
- The UK General Data Protection Regulation (GDPR)
- Data Protection Act 2018
- Health and Safety at Work etc. Act 1974
- ESFA (2023) 'Academy trust handbook 2023'
- ESFA (2023) 'Academy trust risk management'

This policy operates in conjunction with the following school policies:

- Health and Safety Policy
- Data Protection Policy
- Child Protection and Safeguarding Policy
- Academy Trust Finance Policy
- Academies Tendering and Procurement Policy
- Records Management Policy
- Freedom of Information Policy
- Conflicts of Interest Policy
- Risk Register

## 2. Definitions

A **“risk”** in this context is the identification of anything which may be likely to negatively impact the trust’s aims and objectives. Risks can arise from within the trust as a result of decision making, which are generally easier to control, or they can come from outside the trust and tend to be harder to control. The [Identifying and categorising risks](#) section of this policy provides more information on identifying and categorising risks.

The word **“capitulation”** is used throughout this policy to differentiate between the presence of risk and what the consequences of this risk will be. In the context of this policy, ‘capitulate’ means the risk fails to resist and the consequences materialise.

A **“risk appetite”** is the level of risk the trust is willing to accept in the pursuit of achieving its goals. Minimising safeguarding, compliance, reputational and financial risk is important; however, it is often necessary to take other risks to achieve strategic goals. A risk appetite gives an idea of whether the risk is worthwhile and justifiable.

**“Sinking funds”** are used as internal insurance; they are financial deposits used in the event of an unexpected emergency. Sinking funds would usually only be used for external risks which arise as a result of influences beyond the trust’s control, e.g. damage to assets as a result of extreme weather.

### **3. Roles and responsibilities**

The board of trustees will be responsible for:

- The overall approach to risk management in the trust, including ultimate oversight of the trust's Risk Register.
- Drawing on advice provided to it by the audit and risk committee.
- Reviewing the Risk Register annually.
- Ensuring risks are identified, managed, measured and reported appropriately by the correct people.
- Appointing an audit and risk committee.
- Delegating responsibility to manage areas of risk, where applicable.

The finance, audit and risk committee will be responsible for:

- Carrying out functions in relation to risk management as delegated by the board of trustees.

The CFO will be responsible for:

- Overseeing the effective use of the trust's resources and assessing where investment might be required.
- Arranging for mitigation or prevention measures to be put in place where financial investment creates a risk.
- Approving and creating budgets.

The headteacher will be responsible for:

- Ensuring the effective and consistent implementation of the trust's approach to risk management in their academy.
- Reporting to the board of trustees and audit and risk committee, as required.
- Acknowledging, mitigating and preventing risks which endanger the safety of pupils, staff and visitors.
- Ensuring risk-taking does not conflict with the trust's Health and Safety Policy.
- Communicating with the site manager to ensure the site is safe to attend in the event of adverse weather.

The DPO will be responsible for:

- Ensuring the trust's data is secure and protected from external risks.
- Putting mitigation measures in place for the transfer of data.
- Ensuring risk-taking does not conflict with the trust's Data Protection Policy.

### **4. Risk appetite statement**

The trust will not take unnecessary risks unless they are justifiable. If taking a risk indicates that the trust's reputation and operation could be jeopardised, the trust will always consider the likelihood of this happening and how the risk will be controlled.

The trust accepts that risk is inevitable and is part of improvement, development and implementation; however, risk taking will be subject to the satisfactory completion of assessment and due diligence.

Where the cost or consequence of the risk and its likelihood of capitulating is deemed too high, and the methods involved which create the risk cannot be amended or removed to decrease the probability of severe consequence, the action will not take place as long as the trust can control this.

The risk appetite will be informed by an understanding of the trust's capacity, such as finances and staff availability, to mitigate the risk and secure positive outcomes.

## **5. Identifying and categorising risk**

It is the responsibility of the board of trustees, audit and risk committee and staff members in the trust to identify and categorise the risks involved in decision making, operations and changes which come about as a result of an internal, external, strategic or project variable. For all risk categories, the trust will refer to mitigation or contingency plans which will help to minimise the impact of risks.

**Internal risks** – These risks will be, to some extent, under the control and responsibility of the trust and are a consequence of the decisions which it makes and events arising from within the trust. The trust will take the following actions to manage internal risks:

- The trust will conduct risk assessments for all activities related to internal risks, e.g. managing health and safety in line with the trust's Health and Safety Policy and data protection in line with the Data Protection Policy
- The trust will maintain full control and responsibility for internal risks and assessing the risks associated with these
- Communication with decision makers and stakeholders will be prioritised when identifying internal risks
- Everyone who is impacted by the capitulation of an identified risk will be fully informed and made aware of what could happen

**External risks** – The trust will prepare for external events, e.g. a pandemic or extreme weather, and considers how to make the trust more resilient to such events. The trust will take the following actions to manage external risks:

- The trust will take all necessary action to avoid negative impacts associated with the capitulation of external risks, including the implementation of contingency planning for unpredictable events
- As part of contingency planning, sinking funds will be made available to aid the recovery from unexpected events which negatively impact the trust's finances
- Policies and procedures will be under constant review to ensure they are compliant with changes in statutory requirements for academy trusts
- The site will be made safe to attend and the trust will take the appropriate action if extreme weather threatens the safety of any pupils, staff or visitors
- To protect the trust's staff, pupils and assets, security measures will be in place and unauthorised visitors will not be permitted on the school site

**Strategic risks** – Risks involved in the achievement of the trust’s core objectives will be considered and identified. The trust will take the following actions to manage strategic risks:

- The trust will take steps to communicate and listen to all staff members to limit staff turnover and ensure quality of provision
- The trust’s decision making, planning and prioritisation will be continually monitored by maintaining a structured understanding of the wider environment
- Efficient allocation and use of resources within the trust will be supported
- The trust will constantly review sector guidance and ensure its strategy is always compliant and in line with this
- Core decisions will be made by the board of trustees and action will only take place where there is the required level of agreement
- The trust will seek to find positive solutions for all stakeholders

**Project risks** – The trust’s involvement in critical projects, e.g. new buildings, will be subject to an assessment of how the project will be completed, what the benefits will be and whether the risk involved will benefit the trust to a satisfactory standard. The trust will take the following actions to manage project risks:

- To avoid harm to individuals or damage to assets, risk assessments will always be carried out before any building work takes place
- The trust will ensure all projects are affordable, beneficial, and within the limits of financial constraints and budgets

## **6. Measuring risk**

Having identified any risks, e.g. via risk assessments, the trust will measure and rank them to help assess whether the risk is worthwhile and if the risk is likely to be detrimental to the trust’s aims and objectives.

The trust will assess all instances of risk by estimating the probability and severity of the risk and how it could negatively impact the trust’s objectives. The trust will identify whether risks have minimal, minor, significant or major impact on its aims and objectives, and will take all the necessary steps to mitigate consequences.

The trust’s risk appetite and risk tolerance grid will always be adhered to and, where the likelihood of a risk capitulating and the impact of this is very high, the trust will not tolerate the risk and will prioritise risks which are less likely to have a negative impact on the trust’s objectives. Where the risk tolerance grid indicates that an activity is too perilous, actions will be taken to reduce the risk score in an attempt to mitigate this risk and minimise the impact or likelihood of capitulation. Risks which are deemed low level may be accepted, while medium level risks will be monitored with mitigation plans in place should the impact and likelihood of capitulation increase for any reason.

The below table outlines what level of risk will be tolerated. This table will be utilised whenever making operational decisions. The columns are numbered from one (low risk) to three (very high risk) to indicate when risks cause intolerable detriment towards the trust’s objectives, reputation and operations.

**Figure A – Risk tolerance grid**

Risk tolerance grid						
Likelihood	Impact					
		Very low	Low	Medium	High	Very high
	Very high	2	2	3	3	3
	High	1	2	2	3	3
	Medium	1	2	2	3	3
	Low	1	1	2	2	3
	Very low	1	1	1	1	2

**3 (Red)** – Unless uncontrollable, e.g. external risk, or absolutely necessary, the trust will not carry out risks which are considered to have a high negative impact, especially if the likelihood of the risk capitulating is high.

**2 (Amber)** – The trust will generally proceed with caution where the impact is high, but the likelihood is low, or if the impact is considered to be of a medium level for concern.

**1 (Green)** – Where the impact and likelihood are low, the trust will proceed to take risks with minimal additional precautions in place, as controlling the risk does not raise any significant concerns.

## 7. Managing risk

After assessing, evaluating and ranking the risks, the trust will implement preventative controls, such as contingency planning and strictly adhering to the trust’s risk appetite and risk capacity. The trust’s risk appetite and capacity to take risks will inform how risks will be managed, mitigated or prevented. The trust will discuss and challenge the effectiveness of these controls and determine if they are appropriate.

The trust will hold discussions to ensure stakeholders are comfortable with the control measures in place to minimise risks having a negative impact.

The trust understands that good methods for risk prevention and mitigation will give greater control of the risk and consider the capacity of the trust’s resources to deal with mitigating or preventing the risk. To manage risks, the trust will:

- Tolerate risk and take no action to control the risks if control measures are deemed unnecessary for the level of risk or impact.
- Treat the risk through contingency planning and preparation to minimise the likelihood of occurrence and impact.



- Transfer risk by taking out insurance or carrying out strategic risks through third parties and mitigate any negative impact risk occurrence would have on the trust.
- Terminate risk by altering and removing potential risks, making rational decisions, and deciding when the risk is too high to perform an action.

The trust will take this approach in order to ensure that taking risks is an opportunity rather than a rudimentary threat to aims and objectives.

## 8. Monitoring risk

The trust will monitor its risk profile continuously and recognise the changing landscape of this.

The trust will cooperate with risk management auditors and risk managers and implement reasonable risk management audit recommendations made to them.

A Risk Register will be maintained to identify and document risks and control measures. This will include the following elements:

- **Risk category** – Identified risks will be categorised under the appropriate categorisation – this makes it clear which department and who would be impacted as the result of a risk capitulating, and who is responsible for managing the mitigation and prevention controls.
- **Risk description** – A short description will follow the risk category in order to provide more clarity as to what the risk is, who needs to take action and what the consequences are.
- **Risk ID** – Each risk will be given a unique number to reference and track the risk.
- **Business objective threatened** – This will be used to briefly outline which objective, e.g. safeguarding, budgeting, or staff retention, will be impacted by an identified risk to establish which area of operation might need to be mitigated.
- **The gross risk score** – This will be the estimated likelihood that the risk will occur and the level of impact this will have. These two elements refer back to the risk tolerance grid above. Once the risk has been identified and measured, the appropriate risk level will be stated with reference to how high the likelihood and impact is.
- **Control measures** – This section will be informed by the gross risk score, meaning that, having measured the risk, the trust will know whether the risk will be tolerated, treated, transferred or terminated.
- **The net risk score** – After putting control measures in place, the trust will reassess the level of risk and give an honest reflection of how effective the mitigation processes are. The net risk score is a revised version of the gross risk score.
- **Risk ranking** – This section will indicate which risks are deemed to be of a high priority and require further interventions.
- **Risk trigger** – This will state what caused the need for mitigation or a contingency plan to be implemented.
- **Contingency plan** – This will be completed where it has been deemed necessary to implement one. This will outline the action required to reduce or eliminate the detriment that a risk's capitulation would have otherwise caused, and what would happen without contingency plans in place.

- **Risk owner** – An identifiable individual will be established who decides if control measures are needed.
- **Date of last review** – Risks will be clearly dated on the register whenever they are reviewed or added. There may be risks which are reoccurring or ongoing, meaning that they will be reviewed regularly to ensure mitigation implementation is suitable.
- **Current status of risk** – The person filling out the register will be able to establish how the risk progresses and whether more or fewer mitigation methods need to be implemented.
- **Risk retired date and rationale for retiring risk** – This element will only be used where the monitoring of a risk is no longer needed as the risk is no longer present or plans to take a risk have been retired.

The Risk Register will be reviewed by the board of trustees on an annual basis and by other relevant committees, such as the audit and risk committee, as appropriate.

## 9. Reporting risk

The board of trustees and the audit and risk committee will set out when and what information regarding risks should be received. This information will be clear and offer important information on the trust's risks. The information reported to the board of trustees and the audit and risk committee will help decide whether risks are being performed within the trust's risk appetite and being thoroughly mitigated. The number of risks reported and assessed will be a manageable number in order to ensure the trust's quality control and understanding of risks is not diminished.

Early warning signs that a risk carries will be reported to senior management so that action can be taken promptly. All staff will report new risks or failing control measures as soon as possible.

The appropriate person responsible for the objective which is subject to risk will be aware of the risk and how to manage it. For example, the DSL is responsible for upholding the trust's Child Protection and Safeguarding Policy and will manage any issues related to safeguarding, whereas the CFO will be aware of and plan for mitigating risks which impact the trust financially.

The trust will report to stakeholders regarding the effectiveness of its risk management processes on an **annual** basis. Stakeholders will be made aware of whether the trust's risk management policies are effective in achieving its objectives.

The board of trustees ensures that the trust does not report too many overlapping risks and that the trust makes attempts to ensure risks are only being reported where they are significant. The trust will ensure communication is clear on all levels and the organisational politics allow for transparency so that all risks can be easily reported by all stakeholders.

## 10. Insurance

The trust is a member of the risk protection arrangement (RPA). The trust will cooperate with risk management auditors and risk managers and will implement reasonable risk management audit recommendations that are made.

The trust will consider whether it needs commercial insurance in addition to RPA cover.

## **11. Monitoring and review**


This policy will be reviewed by the board of trustees on an **annual** basis.

Changes to this policy will be communicated with the relevant stakeholders.

The next scheduled review for this policy is **October 2025**.

Version Number	Purpose / Change	Author	Date
0.1	Created for MAT set up	Julie Stuart	October 2023
1.0	Annual review	Julie Stuart	October 2024
Review update			October 2025

**Signed by:**

<b>Chair of Trustee Board</b>	Helen Richardson	
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