Risk Management Policy & Guidelines

Document Control

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Review period – 2 years, or as required by legislative/policy change.

Updated	By	Approved By	Approved Date
Version 1.0	COO	Trust Board	29/3/23
Version 2	COO	Trust Board	12/2/25

Introduction

1. This Risk Management Policy and Guidelines document forms part of the Trust's internal control, scrutiny, and governance arrangements. It reflects the expectations of the Department for Education/Education and Skills Funding Agency as detailed in the Department for Education Governance Handbook and the Academies Trust Handbook.

2. This Policy sets a framework for the management of risks and identifies roles and responsibilities in the management of those risks at Trust level and within our schools. This Policy accompanies the Trust and school risk registers.

Risk Management Approach

3. Risk is inherent in everything academy trusts do to deliver high quality services. Risk management at Salterns Academy Trust is an essential part of governance and leadership and an integral part of business planning and decision-making processes. The Trust has adopted a four line of defence approach

   1st line of defence – management and staff who own and manage risk on a day-to-day basis.

   2nd line of defence – the board who oversee the effectiveness of the risk management framework.

   3rd line of defence - the internal scrutiny function who provide independent assurance on the overall effectiveness of risk management and controls.

   4th line of defence - assurance from external independent bodies such as the external auditors and other external bodies.

It is a requirement of the [Academies Trust Handbook](#) that:

4. Academy trusts must manage risks to ensure their effective operation, and they must maintain a risk register (part 2).

5. The trusts management of risks must include contingency and business continuity planning (part 2)

6. The Trust approach to risk management:
   - Identifies and evaluates risks which could prevent the Trust as a whole or any one School from achieving the Trust's strategic aims and objectives for the whole Trust or with respect to any one School, including the delivery of targets and KPIs set by the Board of Trustees, or makes the achievement of any of these substantially more difficult.
   - Assesses the likelihood of such risks occurring and the potential impact of such occurrences with reference to the areas of finance, reputation, and planning/operations.
   - Enables informed decisions to be taken on how much risk to accept, the actions/controls applied to avoid or mitigate the likelihood of such circumstances arising, to retain or transfer risk or insure against the consequences and assign responsibility for implementation.

7. This Policy and guidelines provide a risk management framework which:
   - Protects Trust students, staff, and assets.

- Anticipates and manages changing social, environmental, and legislative requirements.
- Mitigates risk and where possible reduces the costs arising from risk events.

Key principles

8. The Board of Trustees has responsibility for overseeing risk management within the Trust as a whole and for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives whilst safeguarding public funds and other funds and assets for which it is responsible.

9. The Board of Trustees approves and reviews a series of policies that underpin the internal control process including the Scheme of delegation, LGB and Trust Board committee terms of reference, the risk register, and related policies including Finance Policy and its Health and Safety Policy and Estates Strategy.

10. The Board considers risk and the management of risk when agreeing objectives, plans and resources by means of the budget and Trust Strategic Priorities (including as further detailed for each School in each School Improvement plan)

11. The Finance, Audit and Risk Committee monitors the risk register considering carefully the advice from the Trust Executive, and the internal and external auditors together with advice from other external consultants or inspectors.

12. The Trust Executive team reviews the Trust Risk Register at least three times a year, identifying and closely monitoring key risk indicators and updating the Risk Register accordingly, taking account of the movement of risk profiles, scores and mitigation as advised by each School Local Governing Body (LGB) to the Chief Operating Officer.

13. The Finance, Audit & Risk Committee reviews the whole Trust Risk register at each meeting, and significant risks are reported by exception to the Board. When reviewing the Risk Register the Trust Finance, Audit & Risk Committee will consider the following matters:
    - Whether the risk categories, items and mitigation continue to reflect risks to the achievement of the School's or Trust's strategic objectives, as defined initially by reference to the School Development Plan/Trust Development Plan
    - Whether the categories of risks as set out in the risk register continue to reflect the risks that the School or Trust are now exposed to
    - Changes in the nature and extent of significant risks
    - The Trust's risk appetite or level of exposure for the Trust as a whole as set out in the Risk Appetite Statement (see below)
    - Any matters relating to internal control reported by the internal auditors.
    - Incidents of any fundamental control failings/risk events or weaknesses identified during the year and the impact that they have had or could have had on financial results.
    - The effectiveness of the Trust's and School's reporting processes

14. The Finance, Audit & Risk Committee will further consider the following matters:
    - The Trust's ability to respond to changes in internal and external environment since the last review.
    - The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.
    - the extent and frequency of reports on internal control to the Finance Audit & Risk Committee and whether this is sufficient for the Board to build up a cumulative assessment of the state of control and effectiveness of risk management.

15. The Trust has put in place procedures for whistleblowing to protect those who report individuals or groups of individuals they believe are doing something wrong or illegal. Staff, visitors, volunteers, and contractors should know what protection is available to them if they raise a concern, what areas of malpractice or wrongdoing are covered in the Trust's whistleblowing procedure, and who they can approach to report a concern. The Trust ensures all concerns raised with them by whistle-blowers are responded to properly and fairly.

Risk Appetite

16. The Risk Appetite statement specifies the amount of risk the Trust is willing to seek or accept in the pursuit of its long-term strategy. It indicates the parameters within which the Trust would want to conduct its activities.

Prioritisation of Risks

17. The need to minimise risks relating to safeguarding, quality of education, compliance, financial prudence, and maintenance of reputation will take priority over other factors. For example, it will not be acceptable to undertake activities that create a medium or high residual level of risk in certain areas such as quality of teaching and learning.

18. For the avoidance of doubt, the Trust is open to innovation in education and student experience, if this supports and enhances the curriculum and student outcomes and does not expose it to undue finance or compliance risks.

Balancing Risks

19. A balanced assessment must be taken of the risks and impacts of any activity or not doing an activity. In many cases there are risks attached to both doing something and doing nothing. The Statement below is a guide indicating the areas to be innovative; areas to be conservative and compliant, and the boundaries which should not be crossed.

Statement of Risk Appetite

20. **The Trust's approach is to minimise its exposure to safeguarding, compliance, reputational, health and safety and financial risk wherever possible, whilst accepting and encouraging a higher degree of risk in pursuit of its strategic priorities. It recognises that its appetite for risk varies according to the nature of the proposed activity, and that its acceptance of risk is subject to ensuring that potential benefits and risks are fully understood before developments are authorised and that proportionate measures to monitor and mitigate risk are established.**

    In having regard for its risk appetite, the Trust recognises that risk is ever present and cannot be avoided entirely. The Trust will ensure that risk and the management of risk is given due consideration in all of its decision making

Risk Management Guidelines

21. All staff responsible for Risk Management

- All staff recognise that effective risk management protects and adds value to their School and therefore the Trust as a whole through supporting the Trust and each School's objectives by:
  - o Improving decision making, business planning and prioritisation by comprehensive and structured understanding of the wider business environment
  - o Supporting more efficient allocation and use of resources within the School or Trust
  - o Enhancing communication between schools and services
  - o Protecting and enhancing School and Trust estate, assets, reputation, and image
  - o Developing and supporting staff and the School's and Trust's knowledge base
  - o Helping to focus the internal control & scrutiny and audit plan.

The Structure and Administration of Risk Management

22. The Trust Board, as advised by the Executive team and where appropriate through its Finance Audit & Risk Committee:
    - Sets the tone and influence the culture of risk management within the Trust through the Risk Management Policy and by keeping the Trust risk register under review.
    - Though the Trustees' Annual Report, reports annually on the effectiveness of the risk management process in the Trust in ensuring that the Trust is able to achieve its strategic objectives and approves changes or improvements to key elements of its processes and procedures.
    - Determines the appropriate risk appetite or level of exposure for the Trust and each School in its Risk Appetite Statement as set out in the Risk Management Policy
    - Approves major decisions affecting the Trust's risk profile or exposure or that of any one School.
    - Recommends the Risk Management policy, including the Trust risk appetite statement to the Board for approval.
    - Monitors the impact and management of significant risks to reduce the likelihood of unwelcome surprises or impacts.
    - Satisfies itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively, including through the planning of internal audit.

23. Local Governing Bodies:
    - Monitor school-based risk and provide feedback to the Trust Finance Audit & Risk committee
    - Support and influence the development of awareness of all staff that risk management is part of the school's culture in all its activities

- Support and monitor the implementation of policies approved by the Trust recognising that the management of risk is inherent in each policy (examples include Data Protection, Health and Safety, Safeguarding, Acceptable Use, Behaviour) as well as through the specific Risk Management Policy
- Support the Headteacher and Senior Leadership Team in raising the level of all staff awareness and accountability for the risks that arise in each School.
- Satisfy itself that less significant risks are being actively managed in the school with appropriate controls in place.
- Advise the Trust Board through the Chief Operating Officer of any significant matters.

24. Trust Executive:
- Ensure the effective communication of vital information.
- Provide guidance, interpretation and understanding of appropriate mitigation of the risk.
- Ensure that review of the risk register, and risk management is at least a termly meeting item to allow consideration of exposure and to prioritise work in the light of effective risk analysis.

25. Headteachers:
- Have primary responsibility for managing risk on a day-to-day basis in their School.
- Have responsibility for promoting risk awareness within the school's activities.
- Ensure that risk management is incorporated at the conceptual stage of activities or projects as well as throughout a project.
- As part of the regular review of risk, review key performance indicators, progress towards objectives, and report early warning indicators to the Trust Chief Executive Officer
- Report systematically and promptly to the Trust Executive any perceived new risks or failures of existing control measures
- Staff Training: e.g. Training on risk identification and management- not just for SLT or site staff
- Student Education: e.g. Age-appropriate lessons on personal safety, internet safety, and emergency response.
- Parent Engagement: e.g. Keep parents informed of risk management strategies and involve them in health and safety protocols.

26. All Staff:
- Understand their accountability for individual risks and how to assess risk related to specific activities.
- Understand that risk management and risk awareness are a key part of the Trust's culture.
- Understand how they can enable continuous improvement of risk management response.
- Report systematically and promptly to senior management any perceived new risks or failures of existing control measures.

Risk Identification

Risk is not only about adverse events, but also about missed opportunities. All areas of activity within the Trust and partnerships with third party organisations should be considered together with what would stop them being as successful as they should. The key risks that the Trust faces will be those that would stop it achieving its objectives in these areas.

Risks can be identified as:

- **Internal risks** - these are risks over which the academy trust has some control, by managing them through internal controls/ additional mitigating actions. Examples of such risks include health and safety risks, data security.
- **External risks** - this focuses on big external events/perils and then considers how to make the academy trust more resilient to such events. Examples of such risks include a pandemic and extreme weather.
- **Strategic risks** – these are risks to the achievement of the academy trust's core objectives. For example, the risk of high staff turnover.
- **Project risks** – risks associated with any critical projects the academy trust may be involved in. For example, slippage on the delivery timescale for a new building.

Risk Estimation (Assessing Likelihood and Impact)

27. Having identified the risks that the Trust or school is facing, they need to be prioritised into a manageable order so that action can be focused on the significant risks. Risk prioritisation will enable necessary action to be taken at the relevant level of management in the Trust.
28. Each risk should be assessed in terms of the likelihood of its occurrence, and its impact on the Trust, should it occur.
29. Not all risks will affect the Trust with the same impact, and some are far more likely to occur within the Trust than others. There is perhaps a low likelihood of fire but there would be a significant disruption if the buildings were burnt down. There may be a greater likelihood of petty theft, but the impact of this is far less.
30. The impact of a risk and the likelihood of it occurring should be scored as follows:

    For each of the risks listed assess the **likelihood** of their occurrence on the following scale:
    1. extremely unlikely; rare occurrence
    2. moderately unlikely
    3. very likely, regular occurrence
    4. highly likely, frequent occurrence

    Also assess their **impact** on the following scale:
    1. minor impact in limited areas
    2. minor impact in many areas
    3. significant impact that would not affect continued operations in short-term but might in long-term. Financial impact likely to be moderate, likely to result in noncompliance with duties/obligations.
    4. significant impact in medium term that relates to substantial operational areas.

Financial impact likely to be significant.

31. Once risks have been identified and prioritised, it is necessary to need to decide how the Trust is going to address them.

32. As the first step it is necessary to assess the 'cost' of accepting the risk. This may be a financial cost or a lost opportunity. It may be decided that accepting a particular risk is appropriate and not take any further action.

33. If it is decided further action is needed, then there are five main options:

34. **Transfer**
It may be possible to transfer the risk e.g. through taking out an insurance policy, but insurance is not available for everything. Sometimes while it is possible to transfer the activity to a third party, we may still retain the liability if things go wrong.

35. **Terminate**
Sometimes a risk is so far outside our risk appetite or is assessed as having such a severe impact on the school that we have stop (i.e. terminate) the activity causing it.

36. **Tolerate**
Sometimes it is okay to do nothing. If the likelihood and impact of the risk is low, we may decide to simply retain the risk because it is acceptable without further actions. Log and monitor the risk because retaining a risk should always be an informed decision. We should never retain a risk by default.

37. **Treat**
We will almost certainly decide to take action on the most severe risks. You may act to reduce the likelihood of the risk occurring, or the severity of the consequences if it does.

38. **Take Advantage**, in recognition that the uncertainty attached to risk sometimes offers opportunities as well as threats. For example, an academy trust may take advantage of working with a local university's media faculty on a campaign to publicise the academy trust, this may run the risk of taking up staff time but could lead to the opportunity to increase pupil numbers and funding.

39. Mitigations should be recorded against each risk that has been listed in the risk register with appropriate milestones.