



ASPIRE
LEARNING
PARTNERSHIP

EXCELLENCE THROUGH COLLABORATION

RISK MANAGEMENT POLICY

APPROVED BY: Trust Board

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Contents

- 1. Purpose 3
- 2. Approach to risk management 3
 - 2a. Identifying risk..... 3
 - 2b. Measuring risk..... 3
 - 2c. Managing risk 4
 - 2d. Monitoring and reporting risk 4

1. Purpose

This policy sets out how the Trust manages risk in a balanced and objective way to allow appropriate control as well as the flexibility to allow intelligent opportunity-taking to further the objectives of the Trust.

2. Approach to risk management

Risks are all potential events that are a threat to the safety of individuals and/or the achievement of our objectives.

Risk management is defined by the Institute of Risk Management as “the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

The focus of good risk management is the effective identification and treatment of risks. Its objective is to add the maximum sustainable value to all our activities. It focuses on understanding the potential upside and downside of all those factors, which can affect our organisation. Employees at all levels throughout the Trust should include risk management and awareness of risk as a key element of their job description. This supports accountability, performance measurement and reward, thus promoting proactivity.

2a. Identifying risk

Risk identification cannot be centralised to a core team or function, it must be a fluid part of the day to-day operation of the organisation and across the estate. Risk identification is a core competency and must be developed through the performance management process.

The trust works to framework the DfE’s 5 pillars of quality for a Multi-Academy Trust to identify and classify risk to ensure consistency across its strategic objectives. These are categorised as follows:

- High-Quality and Inclusive Education
- School Improvement
- Workforce
- Finance and Operations
- Governance and Leadership

A list of risks will be identified using a variety of techniques including data analysis, options appraisals or incident investigation among others.

2b. Measuring risk

Risk is to be measured using the formula – Likelihood X Impact = Risk Score. Likelihood and impact are defined and scored as follows:

Likelihood – the probability of risk occurring

1. extremely unlikely; rare occurrence
2. unlikely

3. Likely
4. highly likely
5. extremely likely; frequent occurrence

Impact (financial/reputational) – the positive or negative ramifications of the risk coming to fruition

1. not critical to continued operations
2. minor impact in limited areas
3. impact; would not affect continued operations in short term but might in long term
4. significant impact; in medium term; relates to substantial operational areas
5. fundamental to continuing operations

The risk score is then RAG rated using the following system: 1-9 Low (Green), 10-14 Medium (Amber) and 15+ High (Red).

2c. Managing risk

The risk appetite of the Trustees determines the way in which the organisation will respond to a risk. The Trustees will consider the 4 T's when deciding the appropriate risk treatment; balancing the potential benefits from the achievement of objectives against the costs, efforts, or disadvantages of proposed actions.

- Transfer – May involve the use of insurance or payment to third parties willing to take on the risk themselves (eg. outsourcing)
- Tolerate – No action is taken. This may be because the cost of the instituting controls is not cost effective or the likelihood/impact is so low that it is considered acceptable.
- Treat – Involves controlling it with actions to minimise the likelihood of occurrence or impact. There may also be contingency measure to reduce impact if it does occur.
- Terminate - Do things differently thus removing the risk wherever it is feasible to do so

2d. Monitoring and reporting 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.

It is the responsibility of the Trust executive team to ensure this document is kept updated and presented to the Audit, Risk and Finance Committee. This process will involve others within the trust which can include school leads or function leaders. Risk owners may also include those involved in the creation process who are responsible to ensure successful implementation of mitigations and monitoring of the effectiveness or changes required.

Whilst the Academy Trust Handbook requires the board review the risk register annually, this is a minimum requirement and the ARF can decide how often it is appropriate.

The board 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 ARF 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.