St Edmundsbury and Ipswich
Diocesan Multi Academy Trust

MAT Risk Management Policy

Date Approved and Minuted	MAT Board	10th July 2025
Date of Next Review	MAT Board	9th July 2028

MAT Risk Management Policy

1. Introduction

The Trust acknowledges that risk is inherent in delivering high-quality educational services. Effective risk management is essential to our governance and leadership, ensuring that potential threats to our objectives are identified, assessed, managed, and monitored systematically. This policy outlines our framework for managing risk, aligning with the guidance provided by the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA). It is a requirement of the Academies Trust Handbook that:

> - *"Academy trusts must manage risks to ensure their effective operation and they must maintain a risk register (part 2).*
> - *The trusts management of risks must include contingency and business continuity planning (part 2)."*

2. Objectives

- Integrate risk management into our culture, decision-making, and planning processes. Antipate and respond proactively to changing social, environmental, and legislative requirements.
- Minimise potential losses while maximising opportunities.
- Protect students, staff, assets, and reputation.

3. Risk Management Framework

Risk management generally follows the same structure, regardless of industry/sector:

Figure 1:Source: DfE Academy Trust Risk Management guidance

Our risk management framework follows a structured process:

3.1. Risk Appetite

The Trust defines its risk appetite as the level of risk it is willing to accept in pursuit of its objectives. This appetite guides our decision-making and risk management strategies. Risk appetite will be graded in the following categories:

Appetite	Acceptable risk score range	Description
Risk averse	1-5	Avoidance of a risk exposure
Risk minimalist	6-11	Ultra-safe, leading to minimum risk exposure as far as practically possible – a negligibly low risk of the risk materialising after application of controls
Risk neutral	12-17	Preference for safe, though accept that there will be some risk exposure. Medium risk after application of controls
Risk tolerant	18-22	Willing to consider all potential options, subject to continued application of controls, recognising that there could be a high-risk exposure
Risk hungry	23-25	Eager to be innovative and take on a very high level of risk, but only in the right circumstances

The Trust's appetite for risk will differ in different areas of work. The aim of of the risk appetite is to allow the Trust to reach an informed conclusion as to whether the risk can be accepted and to what extent:

Area of work	Considerations	Agreed appetite
Safeguarding - Statutory	• KCSIE • Training • Recruitment	Risk averse
Safeguarding – student welfare	• Child protection matters • New safeguarding initiatives or technology • SEND needs	Risk Neutral
Health, Safety & Wellbeing	• Risk assessment outcomes • Incident report management	Risk averse
Statutory Compliance	• Asbestos management • Water hygiene • Fire safety	Risk averse

Area of work	Considerations	Agreed appetite
Reputation	• Ofsted outcomes • School incidents • Media engagement • Parental complaints	Risk neutral
People & Workforce	• CPD & training • Recruitment and retention strategies • Alternative teacher training routes	Risk neutral
Financial	• Reserves • Procurement • Monitoring • External funding	Risk neutral
Governance	• Recruitment of governors • Training	Risk netural
Educational Performance	• Tolerance for variation in outcomes • Monitoring	Risk minimalist
Growth & Expansion	• Adding new schools to the Trust • Investment in growth	Risk neutral
Technology & Innovation	• New technology • Cyber security • AI-driven solutions	Risk neutral

3.2. Risk Identification

Risks are identified through a collaborative approach involving trustees, senior leadership, and staff. We consider various categories, including:
• **Strategic Risks:** risks affecting the achievement of our long-term objectives.
• **Operational Risks:** risks arising from day-to-day operations.
• **Financial Risks:** risks impacting our financial health.
• **Compliance Risks:** risks related to legal and regulatory obligations.
• **Reputational Risks:** risks affecting our public image and stakeholder trust.

3.3. Risk Assessment

Identified risks are assessed based on:
• **Likelihood:** The probability the risk occurring (high, medium or low)
• **Impact:** The potential consequences if the risk materialises (high, medium or low).

We utilise a 5 x 5 risk matrix to evaluate risk score, enabling focused management on those with the highest significance. Following risk evaluation, risks will be ranked by score. Scores will be RAG-rated to assist.

3.4. Risk Management Strategies

For each significant risk, we determine an apropriate response (known as the **4 Ts**):
- **Tolerate:** accept the risk when it aligns with our risk appetite.
- **Treat:** implement controls to mitigate the risk.
- **Transfer:** shift the risk to a third party (e.g. through insurance).
- **Terminate:** cease activities that give rise to the risk.

The decision over a response must consider both our Trust appetite, and our Trust capacity to manage the risk. Inevitably this will lead to differences of opinion and this debate is to be encouraged.

3.5. Risk monitoring and Reporting

The Trust maintains a risk register that is reviewed termly by the Premises & Risk Management Committee. All risk owners will be asked for an update ahead of this. The Premises & Risk Committee oversees the effectiveness of the risk management framework and provides reports (at least annually) to the Board of Trustees. The format of the register will always include the following:

- **Risk category** – risk should be categorised under the arrangements in 3.2. Categorisation helps tease out other likely risks as well as potential duplication.
- **Risk sub-category** – see 3.2.
- **Risk description** – a brief description of the potential risk, namely the event itself, for example "a cyber-attack on the Trust's IT systems" and its consequences "students cannot access their saved work".
- **Risk ID** – a unique number used to identify and track the risk.
- **Business objective threatened** – a description of the relevant business objective that the risk would affect if it materialised.
- **The estimated likelihood that the risk will occur** - scored H/M/L (as above) or using another method.
- **The estimated impact of the risk if it materialised** - scored as above.
- **The gross risk score** - this is the combined score of the estimated likelihood and impact, without control measures being implemented. It is also known as the inherent risk.
- **Control measures** – which of the risk treatment option(s) (the T's) have been opted for and the rationale for the decision. Also what the proposed actions are, including timescales for implementation and resources required.
- **The net risk score** – the risk that remains after control measures have been put in place. This is essentially a re-assessment of likelihood and impact assuming that control measures are in place. It is also known as the residual risk.
- **Risk ranking** – this is the overall level of the residual risk, it reflects its position on the risk matrix and, if appropriate, its "traffic light" rating. A series of arrows will be used to indicate the direction of travel of the risk ranking after each review i.e. up, down or static.

- **Risk trigger** – what is the event that would trigger implementation of contingency plans?
- **Contingency plan** – an action plan to address the risk if it does materialise and what plans are in place to mitigate the risk. It is a requirement of the Academies Financial Handbook (part 2) that the Trust's management of risks must include contingency and business continuity planning.
- **Risk owner** – the person responsible for deciding whether the risk trigger needs to be activated and managing the control measures and contingency plans. This should always be in identifiable individual who will ensure effective communication where necessary.
- **Date of last review** – this is an indication of when the Premises & Risk Management Committee or the board last reviewed the risk. It may be that the risk climate has changed, and the risk level is of a sufficient level that it can be retired from the register. A date supports regular monitoring of risk.
- **Current status of risk** – this should include any comments that will support the review of the risk at the appropriate time.
- **Risk retired date and rationale for retiring risk** – this is an important element as it is an audit of any risks that have been considered by Trustees and later retired with the rationale. These can be hidden from any live document, but should still be recorded.

Although the Premises & Risk Management Committee is responsible for oversight of all organisational risks, it will focus the majority of its attention on the top 10 risks.

4. Roles and Responsibilities

The Institute of Chartered Accountants in England and Wales (ICAEW) conceptualises risk management in the following terms:

- **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.

Within our Trust, roles and responsibilities are defined as follows:

- **Board of Trustees**: holds ultimate responsibility for risk management, determines and monitors risk appetite and ensures the framework is effective.
- **Premises & Risk Management Committee:** directs the internal scrutiny program, ensuring risks are appropriely addressed, and reports to the Board on the adequacy of internal controls and risk management.
- **Finance & Audit Committee:** sets the annual internal scrutiny programme, considering recommendations from Premises & Risk Management for selection of areas for review, for full Trust board approval, receives reports and shares these with the Premises & Risk Management Committee and full Trust board as appropriate.

- **Finance & Audit, Premises & Risk, and Standards Committees:** review the risks for which they have oversight.
- **CEO:** owns the risk register and is responsible for regular review of risks and updating actions appropriately.
- **Accounting Officer:** ensures the Trust operates with regularity, propriety, and value for money, and that risks are managed effectively.
- **Chief Financial Officer:** manages financial risks and ensures robust financial controls are in place. Lead officer for internal scrutiny programme.
- **Internal scrutiny:** independent audit service bought in by the Trust, at least annually, to:
  - evaluate the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are effective and efficient, and checking whether agreed controls and procedures have been followed
  - offer advice and insight to the board on how to address weaknesses in financial and non-financial controls. In this way they can act as a catalyst for improvement, but without diluting management's responsibility for the day to day running of the Trust
  - ensure all categories of risk are adequately identified, reported, and managed.
- **External independent bodies:** annual review and assessment of the effectiveness of the policy and adherence to it in practice, within the framework of statutory accounting and audit requirements.
- **Local Governing Body:** identify risks that are unique to the school context and report these to the Premises & Risk Management Committee. Where management responsibility is delegated to school-level, maintain oversight of risk management.
- **All Staff:** responsible for identifying and managing risks within their areas of responsibility and reporting them as appropriate.

5. Training and Awareness

The Trust is committed to providing training and resources to ensure that all staff and Trustees understand their roles in risk management and are equipped to identify and manage risks effectively. The level of training will be determined by the level of responsibility held.

6. Common pitfalls

It is helpful to note some of the common sources of difficulty in managing risks, as contained in the DfE's academy trust risk management guidance:

- **Reporting too many risks**: academy trusts can fall into the trap of tracking too many risks or ones that substantially overlap. The board should clarify the number of risks they are able to oversee, maybe prioritising their "top 10". Other "divisional" risks may be delegated and managed locally?
- **Ignoring known risks**: risks are sometimes ignored because of organisational politics or the preferences of a dominant personality. Are you ignoring the elephant in the room because of the tone at the top?

- **Overreliance on subjective judgement**: one person's risk is another person's opportunity and individual perceptions influence the way risks are assessed. Potential risks should be discussed with the aim of reaching a common understanding of what they are and how they should be dealt with.
- **No real buy-in at a senior level**: the person who administers the risk management framework may not have the seniority to have an impact or the capacity to fulfil the role effectively. As a result, risk management may not get the required attention and the process may decline into a tick-box exercise. Academy trusts should ensure that the person appointed is sufficiently senior to have adequate influence and has sufficient time to dedicate to the role, and/or designate one of the trustees as their "risk champion". The audit and risk committee role is to ensure the risk management framework in place is effective.
- **Risks not linked to strategic objectives or only captured bottom-up**: commonly risks are captured from the bottom up and this can leave them disassociated from strategic objectives. As a result it may be almost impossible to see what impact risks are going to have on the Academy Trust's goals at a higher level. Although ultimate responsibility for risk management lies with the board, everyone in the Academy Trust has a role to play in identifying risks to business goals.
- **Over-complexity**: endless discussions about methodology and terminology, which leave no time left to address the risks themselves, are symptomatic of an over-engineered approach
- **Not using the output**: it has been said that all management is risk management. Whether or not this is so, organisations that put the review of risks as the last item on meeting agendas run the risk of an unexpected event having a significant negative impact on a business-critical system. Furthermore, good risk management will inform a sound programme of internal scrutiny reviews, which should focus on areas of risk.

7. Review of Policy

This policy will be reviewed annually by the Premises & Risk Management Committee and approved by the Board of Trustees to ensure its continued relevance and effectiveness.

8. References

- Academy Trust Risk Management Guidance – GOV.UK
- Academy Trust Handbook – GOV.UK
- Internal Scrutiny in Academy Trusts – GOV.UK

By adhering to this policy, the Trust aims to manage risks proactively, ensuring the safety of our students and staff, the safeguarding of our assets, and the achievement of our educational objectives.

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