



**Transforming  
Futures**  
TRUST

## Risk Management Policy

Policy Information	
Policy Owner	Chief Executive Officer
Issue Version	2
Approving Committee	Finance & Audit Committee
Adopted Date	16.11.22
Review Cycle	Bi-Annual
Last Review Date	November 2022
Next Review Date	November 2024

### Adoption of the Policy

This Policy has been adopted and reviewed by the Trustees of Transforming Futures Trust

Signed  
(Chair of Trust)

Date: 16/11/22



## Version Control Amendments

Version No	Date	Summary of Changes

## 1. Introduction

Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Risk Management is an essential part of planning and decision-making to meet the Trust objectives, deliver school improvement and achieve value for money.

As a Trust, the complexity and ambiguity of the operating environment has increased, as have demands for greater transparency and accountability, increasing the need for a Risk Management Framework to be in place and to be operating effectively.

## 2. Definition

The Institute of Internal Auditor's International standards define a risk as 'the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.'

## 3. Legal Framework

It is a requirement:

- a. in section 2.38 of the Academies Trust (Financial) Handbook 2022<sup>1</sup> states that the Trust must manage risks to ensure its effective operation and must maintain a risk register;
- b. to follow guidance as set out in the Charities and Risk Management (CC26) document<sup>2</sup>;
- c. to include a section in the Trust's annual report on principal risks and uncertainties, which are derived from the Trust's Risk Register.

## 4. Risk Management Framework

The Trust's Risk Management Framework consists of the following stages:

- a. Identification of risks that could affect the achievement of the Trust objectives;
- b. Measurement of the risks through assessment, evaluation and ranking;
- c. Management of the risks through controls, mitigation and contingency plans;
- d. Monitoring the risks through the development of a Trust Risk Register;
- e. Reporting of risks to Trustees as an integral part of the governance model.

## 5. Identifying Risks

At the risk identification stage, all potential events that could adversely influence the achievement of the Trust objectives are identified, defined and categorised.

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<sup>1</sup> [Academy Trust Handbook - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/academies-trust-handbook-2022)

<sup>2</sup> <https://www.gov.uk/government/publications/charities-and-risk-management-cc26/charities-and-risk-management-cc26>

## 6. Measuring Risks

The Trust assesses, evaluates and ranks each risk to enable the understanding of each specific instance and how it could affect meeting the Trust objectives.

The Trust measures risks following a 1-5 scoring matrix calculating the following:

- a. the likelihood (or probability) of it occurring, and
- b. the impact (or severity) if it did occur

The calculation of Likelihood multiplied by Impact provides a single risk score reflecting the overall level of threat to the Trust. A 'Rag' rating is derived from the risk scoring matrix to provide a representation of the risk.

## 7. Managing Risks

The 4 Ts risk management strategy is utilised to determine the plans of how the risks are managed, which can include, preventative controls, mitigation processes and contingency plans in the event that risks materialise. The 4 Ts are:

- a. **Tolerate** - 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.
- b. **Treat** - 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.
- c. **Transfer** - risk may involve the use of insurance or payment to third parties willing to take on the risk themselves (for instance, through outsourcing).
- d. **Terminate** - risk is ranked highly and the other potential control measures are too expensive or otherwise impractical, the decision may well be that the process or service should stop being undertaken.

## 8. Monitoring

A risk register is the tool used to capture risks that have been identified, measured and managed under the following elements:

- a. Ref
- b. Category
- c. Description
- d. Date Entered
- e. Risk Owner
- f. Mitigating Controls/Procedures
- g. Likelihood the risk will occur
- h. Impact if it materialised
- i. Risk Ranking
- j. Treatment
- k. Further Action Required/Underway
- l. Action by Date
- m. Lead for Action

The following risk registers are formulated by the Trust as part of their monitoring regime:

- a. **Trust Risk Register** – capturing the risks that affect the overall Trust;
- b. **Academy Risk Register** – capturing risks that affect the individual school;
- c. **Major Project Risk Register** – capturing risks for a specific major project;

## 9. Reporting

The risk registers are reported in the following way:

- a. **Trust Risk Register** – is reviewed at the Executive Team meetings and reported to the Finance and Audit Committee meeting, whereby they probe the Executive Team as to whether the various scores, rankings and control measures remain appropriate. The internal audit function is requested to ‘stress test’ the supposed controls and mitigations to ensure they do not exist on paper only as part of their annual audit programme. The Trust Board review a summary at each Board meeting, as a standing item.
- b. **Academy Risk Register** – is reviewed at each Community Participation Group Meeting whereby they probe the Headteacher as to whether the various scores, rankings and control measures remain appropriate. A summary report of the ‘High’ risks is reported to the Executive Team meeting as appropriate to provide an overview.
- c. **Major Project Risk Register** – is reviewed by the Project Team as part of the project management process and is reported to the Finance and Audit Committee.

## 10. Role of the Executive Team

The Executive Team is responsible for:

- a. identifying the risks that could affect the achievement of the Trust’s objectives;
- b. managing the Trust Risk Register, ensuring it is regularly reviewed and updated;
- c. managing the Major Project Risk Register(s) where appropriate as part of the project management process;
- d. ensuring risk owners reassess and update their risks at appropriate intervals.
- e. ensuring controls, mitigation measures and contingency plans are effectively managed;
- f. ensuring the risks are reported to the Finance and Audit Committee at appropriate intervals;
- g. ensuring the summary of the risks are reported to the Board of Trustees at appropriate intervals;
- h. Drafting the section within the annual report regarding risk management;
- i. Undertaking an annual review, or at any other suitable point, of the Risk Management Framework and referring any changes or improvements to the Audit Committee for approval.

## 11. Role of the Academy Senior Leadership Team

The Academy Senior Leadership Team is responsible for:

- a. identifying the risks that could affect the achievement of the Trust’s objectives;
- b. managing the Academy Risk Register, ensuring it is regularly reviewed and updated;
- c. ensuring risk owners reassess and update their risks at appropriate intervals;

- d. ensuring controls, mitigation measures and contingency plans are effectively managed;
- e. ensuring high risks are discussed with the Trust Executive Team at appropriate intervals.

## 12. Role of the Community Participation Group

The Community Participation Group is responsible for:

- a. reviewing the Academy risk register at each meeting;
- b. reviewing and challenging the risks, ensuring the mitigation, controls and contingency plans are being operated effectively;
- c. ensuring any high risks are reported to the Trust Audit Committee for review.

## 13. Role of the Trust Finance and Audit Committee

The Trust Finance and Audit Committee is responsible for:

- a. reviewing the Trust Risk Register at each meeting;
- b. requesting to see major project risk registers if needed;
- c. providing strategic leadership, review and challenge on ensuring the mitigation, controls and contingency plans are being operated effectively;
- d. reviewing and approving the completion of the section regarding risk management within the annual report;
- e. reviewing and approving the annual review of the Trust Risk Management Framework.

## 14. Role of the Board of Trustees

The Trust Board of Trustees is responsible for:

- a. setting the tone and influencing the culture of risk across the Trust
- b. reviewing the summary of risks at each meeting;
- c. ensuring the Trust Risk Management Framework is operating effectively;