Risk Management Policy

Reviewing Member of Staff: Louise Morgan, CFOO
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Contents

1. Purpose and Scope

The purpose of this policy is to establish a structured, consistent and proactive approach to identifying, assessing, managing and monitoring risk across The Balcarras Trust.

This policy applies to the Trust Board, Audit and Risk Assurance Committee, Local Governing Bodies, Executive and Senior Leaders, and all employees.

Risk management supports delivery of strategic objectives, protection of pupils and staff, compliance with statutory duties, financial sustainability, protection of public funds, and safeguarding of reputation.

2. Regulatory and Governance Framework

This policy operates within the Academy Trust Handbook (2025 edition), the Trust Funding Agreement, Articles of Association, Charity Commission guidance (CC3 and CC26), and ISO 31000 principles.

The Trust Board retains ultimate responsibility for ensuring a sound system of internal control, effective risk management processes, regular review of the risk register, and an appropriate programme of internal scrutiny. The Audit and Risk Assurance Committee (ARAC) provide regular oversight of risk on behalf of the Trust and is composed of members from Local Governing Bodies (LGB) to support a collaborative, cross-trust approach.

3. Roles and Responsibilities

Trust Board: Determines risk appetite, approves and reviews the risk register annually, ensures internal scrutiny, and reviews major strategic risks termly.

Audit Risk and Assurance Committee: Oversees risk management, reviews the register termly, scrutinises control effectiveness, directs internal scrutiny work, and reports assurance levels.

Executive Leaders: Own strategic risks, maintain the live register, implement controls, and escalate emerging risks.

Local Governing Bodies: Identify local operational risks and escalate material concerns.

Three Lines of Defence:
First Line – Operational management
Second Line – Oversight functions (finance, HR, estates, safeguarding, compliance)
Third Line – Independent assurance (internal scrutiny and external audit)

Responsibility of employees/trustees

We expect employees and trustees to report any risk which they identify as part of their work to their line manager. In the case of the trustees the most appropriate place to raise these is via the Trust's Finance, Audit Risk and Assurance Committee.

4. Risk Capacity

Risk capacity reflects financial reserves, leadership capability, governance oversight, and operational resilience.

The Trust will not undertake initiatives exceeding agreed reserve thresholds or leadership capacity.

Where risk approaches capacity, it must be escalated to the Board of Trustees.

5. Risk Identification

Risks are identified through strategic planning, budget setting, school improvement reviews, internal and external audit findings, incident reporting, safeguarding reviews, and regulatory updates.

Risks are categorised as Strategic, Financial, Safeguarding, Operational, Compliance/Regulatory, Estates & Health & Safety, IT & Cyber Security, Reputational, and Project/Growth.

6. Risk Appetite Statement

The Trust's appetite varies:

Safeguarding – Very Low
Legal & Regulatory Compliance – Very Low
Financial Stewardship – Low
Fraud – Very Low
Reputation – Low

7. Risk Assessment and Scoring

Each risk is assessed using a 5x5 matrix: Likelihood (1–5) × Impact (1–5) = Risk Score

Scores are categorised:

Green – Low

Amber – Moderate

Red – High

Both inherent and residual scores are recorded.

Catastrophic safeguarding risks are escalated regardless of score.

8. Risk Management Framework

The Trust adopts a structured framework:

1. Identify risks
2. Analyse and assess
3. Evaluate and prioritise
4. Determine treatment response
5. Implement controls
6. Monitor and review
7. Report and assure

Risk management is continuous and embedded within planning cycles.

In addition to the risk register the Trust's management of risks will include contingency and business continuity planning. To do this the Trust will have:

- An Emergency Response Procedure in place which is updated annually for each of the Trust's schools
- A business continuity plan for the Trust which is reviewed annually
- A Reserves Policy which is reviewed annually

9. Risk Treatment

The Trust applies the 4Ts framework:

Tolerate – Accept low-level risk
Treat – Reduce likelihood or impact
Transfer – Insurance or outsourcing
Terminate – Cease the activity

Treatment decisions are documented within the risk register.

10. Oversight of Risk and the Risk Register

The ARAC will consider risk carefully and will regularly review the Risk Register:

- Overall responsibility for risk management, including ultimate oversight of the risk register, will be retained by the Chief Financial Operating Offer (CFOO) drawing on advice provided to it by the ARAC
- The ARAC will review the risk register at each meeting focussing on the top two risks for each school and centrally within the Trust
- Risks management covers the full operations and activities of The Trust, not only financial risks

In reviewing the risk register regularly the ARAC will:

- Identify the major risks that apply to the Balcarras Trust, including:
    - operational risks (employment issues, health and safety, fraud, service quality and development etc.)
    - financial risks (accuracy of financial information, cash flow, reserves, over-reliance on funding sources etc.)
    - external risks (changes in government policy, economic factors, demographic changes, adverse publicity etc.) and
    - regulatory risks (compliance with legislation, changes in policies of the regulators etc.)

- Assign named individuals to manage each area of risk
- Make assessing risk a key part of the work of the Finance, Audit Risk and Assurance Committee
- Make decisions (based where appropriate on advice from professional advisors) as to how to respond to those risks

11. Internal Scrutiny and Assurance

The internal scrutiny programme is risk-based and approved annually by the Audit Risk and Assurance Committee.
It covers financial and non-financial controls, including safeguarding, cyber security and compliance.
Findings are tracked until resolved.

12. Business Continuity and Crisis Management

The Trust maintains Business Continuity Plans, Critical Incident Plans, and IT Disaster Recovery arrangements.
Major incidents are logged, investigated, reported to the Board, and reviewed for lessons learned.

13. Escalation Protocol

Risks must be escalated immediately where safeguarding concerns arise, regulatory breaches occur, financial irregularity is suspected, cyber breaches are detected, or significant media exposure is likely.
The CFOO must inform the Chair of Trustees where a material risk emerges.

14. Risk Culture

The Trust promotes transparency, early reporting, constructive challenge, no-blame learning, and whistleblowing protections.
Risk management is embedded in performance management, strategic planning, budgeting, and project management.

15. Insurance

The Trustees will ensure that the Trust has adequate insurance cover in compliance with its legal obligations or be a member of the academies risk protection arrangement (RPA). The Balcarras Trust's position is that we are currently content to be member of the RPA although we keep this under annual review. Not all risks are covered in the RPA. The Finance, Audit Risk and Assurance Committee will consider whether additional insurance is required on an annual basis.

16. Financial Procedures

One of the key risks relates to fraud. The Trust has a Financial Procedures Policy and an Anti-Fraud and Corruption Policy which sets out policies and procedures in this area.

17. The Trustees Annual Report

In addition to regularly reviewing the risk register the Balcarras Trust will also report on its management of risk during the Annual Trustees Report. The Trustees' report will include a description of the principal risks and uncertainties facing the Academy Trust and its subsidiary undertakings, as identified by the Trustees. The report will also include a summary of the Trustees plans and strategies for managing these risks. The Trustees must identify specific risks and describe ways to combat each one, rather than making general statements regarding risk management.

18. Training

Trustees receive governance and risk oversight training.

Audit Risk and Assurance Committee members receive additional scrutiny training.

Leaders are trained in risk assessment and control design.

Staff receive safeguarding, health & safety, data protection and cyber awareness training.

Training is reviewed annually.

19. Policy Monitoring and Review

This policy will be reviewed annually by the Audit Risk and Assurance Committee and approved by the Trust Board. It will be updated in response to regulatory change.

Policy Owner	Chief Financial Operating Officer
Recommended By	CFOO
Approved By	Audit and Risk Assurance Committee
Applicable To	All Trust Schools & Central Functions
Review Frequency	Annual
Version	1.0

Date	June 2026
Next Review Date	June 2027

Linked Documents

- Trust Risk Register
- Scheme of Delegation
- Business Continuity Plan
- Internal Scrutiny Programme
- Financial Regulations Manual
- Safeguarding Policy
- Whistleblowing Policy