



RISK MANAGEMENT POLICY

Reviewed and Approved by:	Finance, Audit and Risk Committee
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Date:	9 th October 2026
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Next Review:	October 2027
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1. Introduction

The Epsilon Star Trust (the Trust) is committed to providing a safe environment for all staff, visitors and pupils.

Risk is an inherent aspect of all academic, administrative and commercial business activities so sound risk management principles must become part of routine management activity.

The key objective of this policy is to ensure the Trust has a consistent basis for measuring, controlling, monitoring and reporting risk across the organisation at all levels. This policy explains the Trust's underlying approach to risk management, documents the roles and responsibilities of the Board, committee and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

The Trust considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Trust's strategic aims and objectives. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department of Education (DfE) and is in line with the risk management principles outlined in the [Academy Trust Handbook](#). This policy expands on that and provides detailed information of the Trust's risk framework.

2. Purpose

This Risk Management Policy and Framework forms part of the Trust's internal control and governance arrangements. It is designed to provide assurance that the Trust has adopted best practice and set out the arrangements in place.

Risk is defined as, "any event happening that may have an impact on the achievement of business objectives".

"Risk" is used in this policy to describe the uncertainty surrounding events and their outcomes that might have a significant effect, either enhancing or inhibiting:

- operational performance
- achievement of aims and objectives
- meeting the expectations of stakeholders.

"Major risks" are those risks which have a high likelihood of occurring and if they did occur, would have a severe impact on operational performance, achievement of aims and objectives, or could cause damage to the reputation of the Trust and/or its academies.

This Policy outlines the Trust's risk management strategy to ensure that the Trust maintains and develops a robust approach to risk and risk management in terms of process and procedures.

The Trust sets out strategic aims and objectives and risk management is the discipline by which risks that threaten the achievement of those objectives are identified and managed

3. Key Principles

The Trust believes that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and good governance.

The following key principles outline the Trust's approach to risk management and internal control:

- The Trust has responsibility for overseeing risk management for the MAT as a whole
- The Trust carries out this responsibility through its Board of Trustees
- Key risk indicators (scores) are identified and closely monitored on a regular basis at Trustee Board and individual academy levels
- Risk registers and action plans are updated on a termly basis
- The Trust, through its senior leaders, is responsible for the operational management of this policy and in giving assurance to the Board on its compliance
- Resources are assigned to the management of risks in such a way to optimise value for money
- The Trust use a scoring system for all identified risk and details sources of assurances over controls in place
- The Trust aims to ensure that its risk management policy, strategy and procedures are fully embedded across the Trust

4. Roles and Responsibilities

Board of Trustees

The Board of Trustees have responsibility for the total risk exposure of the Trust and will be responsible for:

- Approving major decisions affecting the Trust's risk profile or exposure
- Deciding on the Trust's appetite for risk
- Determining what types of risk are acceptable/not acceptable and monitoring significant risks and control improvements to mitigate risks
- Annually reviewing the Trust's approach to risk management and approving changes or improvements to key elements of the process and procedures

Finance, Audit & Risk Committee (FAR)

- The role of the FAR Committee is to support the Trustees in ensuring that a framework is established and maintained for the identification and management of risk and to monitor internal and external audit matters across the Trust.
- The risk register will be a standing agenda item at each FAR Committee meeting.

Trust Senior Leadership Team (SLT)

The Trust Senior Leadership Team has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the Trust. The team will support Headteachers in developing their risk registers.

The risk register will be reviewed termly as a minimum. Risk updates will be reported to the FAR Committee accompanied by a risk management overview paper that will provide Trustees with an overview of amendments to the risk register, including any new or removed risks, any risk changes, and any considerations in relation to horizon scanning.

Headteacher and School Senior Leaders

The Headteacher and their senior leadership team have responsibility for:

- Maintaining a school level risk register
- Identifying and assessing risks within their respective schools.
- Implementing risk management strategies at a school level.
- Ensuring staff are aware of risk management practices and responsibilities.
- Reporting any significant risks to the CFOO and CEO of the Trust.

Risk Owners

To ensure oversight and ownership of each risk, suitable risk owners should be identified. Risk owners have the responsibility for making sure the risk is monitored and appropriately mitigated, and reporting to the CFOO and CEO as such.

Training and Awareness

The Trust will ensure that all staff and trustees receive appropriate training on risk management. This will include:

- Induction training for new trustees.
- Ongoing training for senior leadership and staff on identifying and managing risks.
- Awareness-raising activities to promote a risk-conscious culture across the Trust.

5. Setting a Risk Appetite

Risk appetite is the amount of risk the Trust is willing to take to optimise the chances of attaining its objectives.

Risk appetite does not have to be universal across all risks faced by the Trust. Risks should be scored within their respective risk appetite category to be deemed appropriately mitigated. If scoring above this category, further monitoring and mitigating controls are required and if scoring below the category, consideration should be given to removing the risk from the register.

Risk appetite scorings to be used are as follows:

Risk Scoring	Risk Appetite
1 – 5	Risk Averse
6 – 11	Risk Minimalist
12 – 17	Risk Neutral
18 – 22	Risk Tolerant
23 - 25	Risk Seeking

The risk appetite has been agreed as the following for the risk categories defined on the register:

Risk Category	Risk Appetite
Governance and Leadership	Risk Neutral
Finance and Funding	Risk Minimalist
Human Resources	Risk Neutral

Reputation	Risk Minimalist
Health and Safety	Risk Averse

6. The Risk Management Process

Risk Identification

The process of risk identification will involve Trustees and Senior Leaders across the Trust. This is an ongoing process and is recognised that the identification and proactive management of risk in the early stages is far more cost effective than introducing retrospective interventions later.

At the risk identification stage, all potential events that are a threat to the achievement of business objectives (including not capitalising on opportunities) will be identified, defined, and categorised.

Risk identification will take place through:

- Regular meetings of the Trust Board, FAR Committee, and senior leadership teams within the Trust.
- Input from key stakeholders, including staff, trustees, and external advisors.
- Continuous monitoring of the operating environment.

When identifying risks, consideration will be given to the following factors:

- The vision, values and strategic ambitions and aims
- The nature and scale of the Trust's activities, both current and planned
- External factors that may affect the Trust such as legislation and regulation
- The Trust's reputation with its key stakeholders

Risks should be documented as concisely as possible on the register, and each risk entry should define the risk title (what is the threat to the Trust meeting its objectives) and the impact (what would happen if the risk were to occur).

Risks may arise and be linked to the following areas:

- Strategic and Reputational Risk
- Economic/Financial Risk
- Legal and Regulatory Risk
- Organisation/Management/Human Factors
- Governmental/Political Risk
- Environmental Risk
- Technical/MIS/ICT Risk
- Infrastructure/Site Risk

7. Measuring Risks (Risk Scoring)

Once a risk has been identified, the Trust will assess each risk in relation to the likelihood of it occurring, and possible impact to the Trust. A point scoring system (as detailed in the matrix below) is used to assess the likelihood vs. the impact of the identified risk.

Risks should be provided both a pre-mitigation score (the likelihood and impact of the risk occurring if no mitigating actions are applied) and post-mitigation score (the likelihood and impact of the risk occurring after the Trust has applied its mitigating actions). This will help the Trust to gauge how effective the risk management controls in place for that risk are, and what further actions can be taken.

LIKELIHOOD	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	18	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophe
	IMPACT					

[See Appendix 1 - Guidance on the Definition of Likelihood and Impact](#)

8. Addressing Risks

When responding to risks, the Trust will ensure that the risk is well-managed so that the potential threat does not materialise.

The Trust will adopt one of the four risk responses outlined below:

- **Terminate** – Counter measures are put in place to either stop a problem or threat occurring, or prevent it having an impact on the organisation.
- **Transfer** – The risk is transferred to a third party, for example, through an insurance policy.
- **Treat** – The response actions either reduce the likelihood of a risk developing, or limit the impact on the Trust to acceptable levels.
- **Tolerate** – The Trust accepts the possibility that the event may occur. This may be because the cost of the counter measures is too great and will outweigh the possible downside, or because the Trust believes there is only a remote possibility of the event occurring.

9. Implementing Risk Controls

- Once the Trust has identified how each risk has been addressed, it will identify the current and future mitigating actions in place to reduce the likelihood and impact of the risk occurring to the Trust.
- Mitigating actions should be reviewed at each register review point to ensure they remain effective and what future actions can be taken.

- This is a vital step in managing and monitoring risks, as it allows risk owners to assess how effective the current mitigating controls in place are, and to identify if additional resource needs to put into further risk mitigations.

10. Risk & Policy Monitoring & Review

The Trust Risk Register should be formally reviewed on an annual basis in line with this Risk Management Policy (and Academy Trust Handbook requirements) to ensure that risks are identified and that appropriate controls and responses are in place and to ensure that;

- New risks/escalating risks are identified
- Planned actions are carried out in line agreed timescales
- Updating of the risk register as risks change over time
- Early signs of developing risks are identified

Appendix 1 - Guidance on the Definition of Likelihood and Impact

LIKELIHOOD

5 – Almost Certain

There is little doubt that it will happen soon
Potential of it occurring several times within in a year
Has already happened

4 - Likely

Strong chance it will happen in the next year
Chance it could occur more than once
Some history of occurrence

3 – Possible

50/50 chance this will happen in the next year
Chance it could occur over the next 2-3 years

2 – Unlikely

Not expected to happen in the next year
Has not occurred in the past

1 – Rare

Almost impossible
Has not occurred in the past

IMPACT

5 – Catastrophe

Loss of operations for more than a week; severe injuries or loss of life; gross failure to meet national/professional standards; major long-term consequences; extensive coverage in press; major financial loss that threatens existence.

4 – Major

Loss of operations for up to a week; sever injuries; severe financial loss (requires use of reserves) with impact on operations; damage to reputation, local press coverage

3 – Moderate

Some disruption to operations (up to 48 hours); short-term illness/injuries; some damage to reputation; financial loss that can be managed within revenue budget.

2 – Minor

Limited short-term disruption to operations (within a business day); minor injuries/illness; small financial loss.

1 – Insignificant

Not a noticeable effect on the school/Trust; no injuries, no damage to reputation, financial impact is nil or negligible.