



**THE BAY
LEARNING TRUST**

Risk Management Policy

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Contents

Purpose	2
Scope	2
Key Principles	2
Risk Appetite.....	3
Risk Management Roles & Responsibilities	5
Risk Identification.....	7
Risk Control Strategy	8
Risk Mitigation.....	8
Residual Risk.....	9
Monitoring and Review.....	10
Conclusion	10
Review	10

Purpose

The purpose of this policy and procedure is to outline The Bay Learning Trust’s (the Trust) risk appetite and approach to managing risk.

“Risk” is used in this policy and procedure 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; or meeting the expectations of stakeholders.

“Critical Risks” are those risks which have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives, or could damage the reputation of the Trust.

Scope

This policy and procedure apply to the risk management strategy for the Trust as a whole.

Key Principles

The Trust believes that the risk management strategy is integral to its organisational practice, lies at the heart of effective management and good governance and is the responsibility of all within the organisation.

The Board of Directors has a responsibility under company and charity law to state in its annual accounts that the critical risks to which the Trust is exposed have been reviewed and systems have been established to mitigate those risks.

Overall risk management is aimed at:

- protecting pupils, students, staff and assets;
- managing risk in accordance with best practice and reducing the cost of risk;
- anticipating and responding to changing social, environmental and legislative requirements;
- raising awareness of the need for risk management;
- integrating risk management into the culture of the Trust and its academies;
- adopting legal compliance as a minimum standard.

Risk Appetite

The Trust's approach to risk is to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives.

It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The Trust's appetite for risk across its activities is provided in the following statements, and is illustrated diagrammatically below:

	Unacceptable to take risks ←————→ Higher willingness to take risks									
	1	2	3	4	5	6	7	8	9	10
Reputation	←————→									
Safeguarding	←→									
Compliance	←→									
Financial			←————→							
Education and Student Experience			←————→							
People and culture			←————→							
Major change activities			←————→							
Environmental and Social Responsibility			←————→							

Reputation

The Trust has low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by stakeholders.

Safeguarding

The Trust set out their expectations regarding safeguarding within the Governance Handbook, scheme of delegation, Trust safeguarding policy, and academy safeguarding policies. Directors expect the highest standards are maintained in selection and monitoring of staff and in the operation of safeguarding and child protection policies and procedures. The Trust works with the Local Safeguarding Board to ensure that regular training and audits are conducted. The Trust has no appetite for any deviation from standards in these areas.

Compliance

The Trust places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud.

Financial

The Trust aims to maintain its long-term financial viability and its overall financial strength. The Trust has considerable reliance on continued Government funding through the ESFA.

The Trust will aim to manage its financial risk by ensuring that all academies in the Trust will hold a prudent level of reserves. It is expected that the target level of reserves will be a between 5% - 10% of total income, however it is expected that each academy will be reviewed on an annual basis with reference to their funding needs and requirements. It is expected that the academies within the Trust will set a balanced budget for the year.

Any forecast in-year surplus will be reviewed by the Board of Directors, Chief Executive Officer and Chief Finance and Operating Officer for the Trust to ensure that existing pupils / students are not disadvantaged through the retention of excessive reserves. Any in-year deficit budget that is forecast for the following financial year must be accompanied by a deficit recovery plan to ensure the long- term financial stability of the academy. Academies are able to make a request for expenditure against reserves.

The Trust recognises that their financial approach should involve an increased degree of risk and is comfortable in accepting this risk subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

The above statements take priority over the statements of areas of risk appetite below.

Education and Pupil/Student Experience

The continuing success of the Trust is dependent on securing sustained improvement and strong educational outcomes in each of its academies and that no academy or the SCITT is Ofsted graded less than 'good' (until Sept 2025) or 'secure' (post Sept 2025) across all areas and that safeguarding requirements are met. The Trust recognises that development of educational approaches and teaching and learning strategies may involve a degree of risk. The Trust is comfortable in accepting this risk subject to always ensuring that potential benefits

and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

People and Culture

The success of the Trust is reliant upon the quality of its staff and so the Directors monitor and review the extent to which the Trust and individual academies ensure the continued training and development of staff whilst also seeking to ensure clear lines of succession planning. The Trust aims to value, support, develop and utilise the full potential of our staff to make the Trust a stimulating and safe place to work. It places importance on a culture of academic freedom, equality and diversity, dignity and respect, collegiality, annual reviews, the development of staff, and the health and safety of staff, students and visitors. It has low appetite for any deviation from its standards in these areas

Major Change Activities

These may be required periodically to develop the Trust, and to adapt to changes in the regulatory and technological environment and in the nature and conduct of the Trust's activities. The Trust expects such changes to be managed according to best practice in project and change management. The Trust is comfortable in accepting this risk subject to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

Environment and Social Responsibility

The Trust aims to make a sustainable, and socially responsible contribution to society through its education provision and operational activities. It recognises that this may involve an increased degree of risk and is comfortable in accepting this risk subject to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.

Risk Management Roles & Responsibilities

The Trust's policy is to adopt best practice in the identification, mitigation and effective control of risks to ensure they are managed to an acceptable level.

It is acknowledged that some risks will always exist and will never be eliminated.

The Trust notes that whilst all employees are responsible for risk management, there are some specific responsibilities as identified below.

The Trust Board

The Trustees are responsible for:

- setting and regularly reviewing the MAT's approach to risk management and communicating this approach (and any changes) and setting standards of conduct expected of staff;
- approving the framework for risk management including identifying the key categories of risk (see risk management framework below);
- reviewing the post-control scores for risks, as part of setting the MAT's 'risk appetite' for key categories of risk;
- receiving assurance on the robustness of the process of risk identification, management and mitigation within the MAT;
- receiving assurance that a culture of risk management is embedded in the MAT; ensuring risk management is included in development of organisational plans, budgets and when considering strategic decisions, for example when deciding whether a new school should join the MAT or implementing a new system;
- approving major decisions affecting the MAT's risk profile or exposure;
- receiving reports from the Finance, Audit & Risk Committee, external consultants, any other relevant parties, and to make recommendations as required.

Role of the Audit & Risk Committee

The Audit & Risk Committee is a Committee of the Trust Board. It takes responsibility for detailed review of the effectiveness of risk management activity and programme of internal scrutiny within the MAT. In doing so it supports the Trust Board through oversight of financial and non-financial controls, escalating key risks to the Trust Board for further review as required. In particular, the Committee takes responsibility for:

- Agreeing the annual programme of work to deliver internal scrutiny;
- Reviewing the risk register to inform the programme of work;
- Agreeing who will perform the work;
- Considering reports at each meeting from those carrying out work;
- Considering progress in addressing recommendations; and
- Considering outputs from other assurance activities by third parties.

Role of the CEO and Executive Team

The CEO, Executive team, Central team, Headteachers and senior colleagues are responsible for risk oversight and full details are included in the MAT's Risk Registers.

Each term or as risks arise, Headteachers are responsible for updating school-based risk register and identifying score risks each term. Share updated risk registers with the Local Governing Body and CFOO, confirming the continued effective operation of the controls cited as mitigating each risk.

Each term or as risks arise, CEO/CFOO are responsible for updating the Trust risk register and identifying score risks using school-based risk registers. Share updated summaries of risk registers with the Audit and Risk committee termly, confirming the continued effective operation of the controls cited as mitigating each risk.

Role of Local Governing Bodies (LGBs)

The LGBs of the individual MAT schools are delegated responsibility for challenge and support in relation to individual schools' Risk Registers. This is an important role and enables the LGBs to understand emerging risks in individual schools. The LGB may also wish to request reports on individual risks in the Risk Register, in order to consider them in more detail. The LGB will ensure that any high-level risks are escalated to the central Trust, in order to facilitate effective internal communication of risks.

Role of risk owners

Individual risk owners will be identified and will be responsible for:

- Supporting the process of identification, mitigation and reporting of risks in line with agreed systems and timelines;
- Escalation of risks to line managers in line with organisational processes.

Risk Identification

As part of the risk management cycle, consideration will be given to the following factors:

- the vision, beliefs, values and strategic goals of Trust.
- 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, and the Trust's reputation with its key stakeholders.
- the Trust's operating structure.

Each identified Risk will be addressed and populated in the defined area of the Risk Register.

Inherent Risk Definitions - the following definitions will be used to identify risk:

- **Likelihood of Occurrence** – what is the chance of this risk occurring?

Category	Definition	%
Almost Certain	Expected to occur	>95%
Likely	Probably will occur (no surprise)	66% - 95%
Possible	May occur at some stage	26% - 65%
Unlikely	Would be surprising if it occurred	6% - 25%
Rare	May never occur	<5%

- **Severity of Occurrence (Impact)** – what would be the impact if this risk occurred and what velocity might the impact occur?

Category	Definition
Negligible	Very limited impact
Minor	Some small disruption to the organisation, but normal operations can continue.
Moderate	Medium interruption to the running of the organisation
Major	The smooth running of the organisation is affected.
Severe	The organisation cannot operate in its normal capacity and/or is affected for a considerable period of time.

Risk Control Strategy

The Trust will review the Risk Register on an annual basis at the first Audit & Risk Committee of the academic year to ascertain the current Risk Control Strategy based on its Risk Appetite and Risk Capacity.

Risk Appetite is the amount of risk the Trust is willing to accept in the pursuit of its objectives.

Risk Capacity is the resources (financial, human etc) which the Trust is able to put in place in managing risk.

The Trust will agree the control mechanisms in place for each identified risk based on the following definitions:

Tolerate - No action taken. You may choose this if the cost of the control is higher than the cost of the risk, or if the impact of the risk is so low that it's an acceptable risk to have happen

Treat - Take steps to minimise the likelihood and/or impact of the risk

Transfer - Move the risk on, usually by way of insurance or other payment to a third party to take on the risk

Terminate - Take steps to avert the risk entirely by making significant changes to the process that could bring it about, or abandon that process entirely

Take Advantage - in recognition that the uncertainty attaching to risk sometimes offers opportunities as well as threats. It may be logical to maximise the likelihood of the risk and to “mitigate” the consequences.

Risk Mitigation

When Directors have identified risks that should be controlled such as “treat” or “take advantage” for each risk, the mitigating factors in place to control the risk will be identified. These are actions that will reduce the likelihood or impact of the inherent risk.

Residual Risk

At each review point, progress against all mitigating action is reviewed.

The review will then make a judgement on progress made since the last review to see what impact it makes on either the likelihood or impact of the inherent risk.

The default position is none.

The residual risk is calculated using the following:

Likelihood (Inherent Likelihood minus effect of the mitigations on the likelihood)	X	Severity (Inherent Severity minus effect of the mitigations on the severity)
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The review process will take place on a termly basis, so that risks are reviewed and recorded at least three times a year.

Additional risks can be added to the risk register as agreed with the CEO/CFOO, which will then be reported to the Board of Directors at the next appropriate meeting, for review and approval of the control strategy to be adopted.

Residual Risk Position Reporting

	Likelihood of Occurrence	1	2	3	4	5
Severity of Occurrence		Rare	Unlikely	Possible	Likely	Almost certain
1	Negligible	1	2	3	4	5
2	Minor	2	4	6	8	10
3	Moderate	3	6	9	12	15
4	Major	4	8	12	16	20
5	Severe	5	10	15	20	25

Outcomes	No significant risk	Medium risk	Critical risk
Actions	Monitor and review annually at Audit & Risk Committee	Monitor and report to Directors three times a year at Audit & Risk Committee	Monitor and report to Directors three times a year at Board of Directors

Monitoring and Review

The Risk Register ensures a framework for Directors to ensure that monitoring and review dates are set up for each area of Risk.

Risk Register is a standard agenda item with the Audit & Risk Committee which meets three times per academic year. A full review of all of their risks at the predefined review points will take place prior to these meetings.

Directors also review key critical risks at each of the Full Board meetings, as part of the CEO's report, and can access the Risk Register at any time through the electronic portal at any time.

Changes to significant risks are fed into the Risk Register outside of the existing review cycle where applicable ensuring that risk appetite, identification, control strategy and appropriate mitigation are at the heart of the Trust's operational procedures and strategic priorities.

Conclusion

The Trust will endeavour to uphold the aims of this policy and apply all procedural elements to ensure risks are managed effectively to limit any possible negative impact or detriment of the Trust.

Review

The Trust will review this policy every two years and at any such other time should changes to any relevant legislation or procedural process dictate necessary changes.