Creative
Education
Trust

Risk Management Policy June 2025

Policy Owner	Financial Controller
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Introduction

Risk management is inherent in everything Creative Education Trust (the “Trust”) does to deliver high quality education. Risk management is an essential part of governance and leadership and an integral part of business planning and decision-making processes.

Risk management involves the identification, measurement, management, monitoring and reporting of threats to the Trust’s strategic objectives.

Effective management of risk will inform the Trust’s business decisions, enable a more effective use of resources, enhance strategic and business planning and strengthen contingency planning.

The Trust’s risk management framework aims to ensure that the risks that may adversely affect its strategic aims, objectives and operations are proactively managed.

The Trust evaluates risk by assessing the likelihood of an event occurring and the potential impact of that event on the functioning of the Trust; “the risk evaluation matrix”. The approach to managing the risk is determined by the risk score.

The Trust’s Board of Directors have oversight of the strategic risk register and will consider the strategic risk register in a Board meeting at least annually. Significant emerging risks or significant changes to strategic risks will also be discussed during Board meetings as frequently as is required. In addition, consideration of the strategic risk register will also take place at each meeting of the Audit and Risk Committee.

Committees to the Board have oversight over their operational risk registers and an overview of the updates to operational risk registers will be shared with the Audit and Risk Committee at each meeting.

Aims

This policy defines the Trust's approach to risk management.

The aims of this policy are:

- To outline the framework the trust has adopted for risk management;
- To describe the Trust's appetite to risk;
- To describe the processes for identifying, categorising, measuring risks and its strategy for treating risks; and
- To set out the role and the responsibilities of those involved in the Trust's risk management framework.

Legislation and guidance

This policy is based on the requirements of the Academy Trust Handbook[1], which requires that academy trusts:

- Must manage risks to ensure their effective operation, including that they must maintain a risk register; and that
- Management of risks must include contingency and business continuity planning.

This policy also considers the guidance in the ESFA's good practice guide for Academy Trust Risk Management (last updated 16 December 2024), the ICAEW four lines of defence guidance, and the ESFA's good practice guide for Internal Scrutiny in Academy Trusts.

Definitions

Risk is the threat of an action or event adversely affecting the trust's ability to achieve its objectives and successfully execute its strategies.

Risk management is the process of identifying, evaluating and controlling risks and is a key element in the framework of academy governance.

Roles and responsibilities

Overarching responsibility for risk management resides with the Trust's Board of Directors. This includes oversight of the strategic risk register and specific review of the strategic risk register once a year.

The Board of Directors have delegated the following risk management responsibilities to the Audit and Risk Committee:

To provide an update to the Board regarding any significant revisions to the strategic risk register and highlighting any specific areas of significant risk that require the Board's attention;

To review the updated operational risk registers from each of the other committees and consider the impact on CET's strategic risk register;

[1] https://www.gov.uk/guidance/academy-trust-handbook

To review the operational risk registers for strategic risks that are allocated to the Audit and Risk Committee;

To ensure that risks are being addressed properly through internal scrutiny; and

To direct CET's programme of internal scrutiny;

To report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

Each of the Trust's committees are responsible for:

- Ensuring that review of the committee's operational risk registers is included on the agenda for each committee meeting and discussed a minimum of once per year (more regular review will take place where changes to the risk registers arise).

- Reporting updates to the operational risk register to the Audit and Risk Committee via the specified column in the register.

The Director of Finance is responsible for the Trust's risk management policy and for co-ordinating the requirements of this policy working in conjunction with the Board of Directors, the Board's committees and the Executive Directors.

The lead Executive Director for each committee is responsible for:

- Updating the committee's operational risk registers in advance of each committee meeting, to reflect where risks need to be added or removed from the risk register, or where the risk impact or likelihood needs to be regraded or controls revised;
- Circulating the operational risk register to the committee in advance of the meeting.
- Updating the committee's operational risk register for any matters arising in the committee meeting; and
- Saving the operational risk register into the designated SharePoint location following the committee meeting, in advance of the Audit and Risk Committee.

Identifying and categorising risk

Strategic risk: The Trust Board in conjunction with Executives will identify the key strategic risks to the Trust's strategic aims and objectives and will review the strategic risk register in full at least annually, in addition to discussing matters raised by the Chair of the Audit and Risk Committee throughout the year. Strategic risks will be included on the strategic risk register and will be allocated to one of the Trust committees who will review the associated operational risks.

Operational risk: The Lead Executive for each Committee will maintain an operational risk register setting out the key risks that contribute to each strategic risk.

When identifying strategic and operational risks, the Trust will have regard to the potential to miss opportunities as well as the risk of an adverse event.

Identified risks will generally fall within one of the following categories:

- Internal risks - those risks over which the Trust has at least an element of control;
- External risks - outside of Trust control e.g., pandemic/ extreme weather; and
- Project risks – risks associated with critical projects e.g., new buildings/ systems etc.

The list of areas below are provided to give an indication of the type of risks that may be identified and recorded in the Trust's risk registers, however the list is not exhaustive.

- Political risk
- Economic risk
- Social risk
- Technology risk
- Environmental risk
- Legislative risk
- Governance risk
- Operational process risk
- Legal risks
- Property risk
- Financial risk
- Commercial risk
- People risk
- Information risk
- Security risk
- Reputational risk
- Regulatory risk

Assessing risk

The Trust evaluates risk by assessing the likelihood of an event occurring and the potential impact of that event on the functioning of the Trust.

The **"likelihood"** of risk is the probability of an event occurring

The **"impact"** of risk is the result or effect if it did occur.

Each risk identified in the strategic and operational risk register will be assessed and graded against the Risk Evaluation Matrix below.

Creative Education Trust Risk Evaluation Matrix

Impact (I)						
	Major	**4**	4	8	12	16
	Significant	**3**	3	6	9	12
	Minor	**2**	2	4	6	8
	Minimal	**1**	1	2	3	4
			1	**2**	**3**	**4**
			Unlikely	**Possible**	**Likely**	**Highly likely**
			Likelihood (L)			

The risk score (or risk rating) is calculated as Likelihood x Impact (L x I).

The assessment of risk likelihood and impact will be at the discretion of the Lead Executive/ Committee to ensure their experience and understanding of the context can inform the decision. The tables below provide a guide for assessment of risk.

Guidance for rating of Likelihood:

The frequency for likelihood will vary depending on the area of risk. The table below provides the four categories:

Likelihood
Highly likely - 4
Likely - 3
Possible - 2
Unlikely - 1

Guidance for rating of Impact:

Impact	Description
Major - 4	Has a major/ trust wide impact on achievement of strategy Has a major/ trust wide impact on academic performance Results in major/ trust wide safeguarding risk Results in a risk of death or serious injury Major financial impact [in excess of £1,000,000] Major stakeholder concern and/ or regulatory interest Major adverse reputational impact or media interest
Significant - 3	Has a significant/ school wide impact on achievement of strategy Has a significant impact/ school wide impact on academic performance Results in a significant/ school wide safeguarding risk Results in a significant risk of injury Significant financial impact [in excess of £250,000] Significant stakeholder concern and/ or regulatory interest Significant adverse reputational impact or media interest
Minor - 2	Has a minor impact on achievement of strategy Has a minor impact on academic performance Results in a minor/ isolated safeguarding risk Results in possible risk of injury Minor financial impact [between £50,000 and £250,000] Minor stakeholder concern and/ or regulatory interest Minor adverse reputational impact or media interest
Minimal - 1	Has a minimal impact on achievement of strategy Has a minimal impact on academic performance Safeguarding procedures and processes identified as fit for purpose No or low risk of injury Low or Nil financial impact [below £50,000] Low stakeholder concern and/ or regulatory interest Not expected to affect reputation or to generate media interest

Uncontrolled and controlled risk

Each identified risk will be graded in terms of the uncontrolled (inherent) risk and the controlled (residual) risk.

Uncontrolled (inherent) risk is the level of risk that exists before the Trust implements any risk management processes or controls.

Controlled (residual) risk is the level of risk that remains after the existing risk management processes or controls have been implemented.

Where controlled (residual) risk remains amber or red (a risk score of 8 or above), new controls will need to be considered. Once those controls are implemented the controlled risk will be reassessed and the risk register updated.

Prioritisation and management of risks

The approach taken to risks once identified and assessed should be informed by risk rating, however the individual risk circumstances should also be considered. The below table provides a guide.

Risk score	Outcome	Timescale and remit of review
12-16	Activity should cease or additional support should be put in place until the risk is addresed.	Proposed course of action to be discussed with Chief Executive as soon as practicable and following that discussion, members of the Board should be informed of the outcome.
8-11	Prompt consideration/ review required	To be discussed by relevant Sub-Committee following either a) identification of the risk or b) upgrade of risk score to this rating. The possibility of introducing additional controls to reduce the risk score should be explored.
4-7	Consideration/ review ongoing via inclusion on risk register	Risk to remain on the risk register for oversight. Mitigating controls may be introduced.
1-3	Keep risk under review	Simple risk response may be taken but is not a requirement.

The risk response taken to each risk will fall into one of the below categories:

Terminate	Measures are put in place to avoid or eliminate a threat occurring
Transfer	Contract out or insure
Treat	Take actions to control or reduce the risk likelihood or impact to an acceptable level
Tolerate	Accept risk e.g., due to low rating, or because cost of action would outweigh any potential benefit

Policy review

This policy will be reviewed every three years.

Appendix One - Guidance for population of Operational risk register template

(1) Area of operational risk

Each strategic risk will consist of several operational risks.

For example, for the overall strategic risk of “Safeguarding children” included on the strategic risk register, there will be several areas of operational risk listed such as “Single Central Record”, “Safeguarding procedures” etc. The “area of operational risk” will be a subcategory and not a full description.

(2) Description of the risk

A description of the risk arising in the area stipulated in column (1).

In the example above, the description of the risk for the area of “Single Central Record” would be “Failure to keep an up-to-date single central record”.

(3) Uncontrolled (inherent) risk score

The level of risk attached to the relevant area before any controls are put in place. See ‘Assessing Risk’ section of the risk management policy.

The likelihood, impact and risk score boxes should be coloured in accordance with the traffic light colours attached to each score.

(4) Controls and processes already in place

This column should detail the controls/ processes that are already in place to reduce the risk described at (2) from the uncontrolled level measured at (3).

Controls and processes will either:

a) Terminate the risk
b) Transfer the risk
c) Treat the risk

(5) Who is responsible for oversight of these controls?

In many cases this may be the same person as the Lead Executive for the strategic risk. However, for some operational risk areas the person responsible will be another member of the Executive team, Principal/ Head teacher etc.

(6) What is the mechanism for monitoring these controls?

This column should state how we ensure that the controls outlined in (4) are operating effectively? Examples may include monitoring of the controls by a committee, a member of the Executive or an external review.

(7) Controlled (residual) risk score

The level of risk after the controls at (4) are in place. See section 7.1 - 7.7 of the risk management policy.

The likelihood, impact and risk score boxes should be coloured in accordance with the traffic light colours attached to each score.

(8) Further action required/ controls to be introduced

Where controlled (residual) risk remains amber or red (a risk score of 8 or above), new controls will need to be considered.

Further controls are optional for a medium/ low score of 7 and below, however the cost of introducing controls should be assessed against the benefit that will be received.

Once the new actions or control processes are implemented, they will be moved from column (8) into column (4) and the controlled risk will be recalculated. If the controlled risk has now been reduced to an acceptable level (a risk score of 7 or below), then further actions/ controls become optional.

Where there are no further actions/ controls to be introduced this section should be populated as “Not applicable”.

(9) Deadline and person responsible for new action/ controls

The deadline and person responsible for new controls should be specified and then monitored by the committee.

Where there are no further actions/ controls to be introduced this section should be populated as “Not applicable”.

(10) Summary of changes since last review

This column is included so that progress/ changes since the last meeting can be clearly communicated to the committee.

Changes may include, but are not limited to:

- Increased controlled or uncontrolled risk score;
- New further action required/ controls to be introduced;
- New risk added to register; and
- Proposal to remove risk from register.