

Risk Management

Approved by: Trust Board

Last reviewed: July 2026

Next review due: July 2027

RISK MANAGEMENT POLICY

Scope

This policy is written and approved at board level, but applies to all employees of schools, settings, and services, hereafter the 'organisations,' within The Claxton Trust.

This policy outlines how strategic and operational risks will be managed in an effective and formal way by:

- Identifying risks and controls
- Assessing risk
- Evaluating what action needs to be taken
- Periodically monitoring and assessment

This policy statement has been developed in accordance with best practice guidance from The Audit Commission (Worth the Risk, 2001), The Charities Commission (Charities and Risk Management, 2010) and Herts for Learning.

1. Definition

Risk is the threat that an event or action will adversely affect the trust's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated, and controlled.

2. The constituents of good risk management

Risk management is an integral part of good governance and is the process whereby:

- There is a shared awareness and understanding within the trust of the nature and extent of the risks it faces
- There is capability to reduce the incidence and / or impact of risks that do materialise
- There is a regular and ongoing monitoring and reporting of risk including early warning mechanisms
- An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk
- The trust conducts a review of the effectiveness of the systems of internal control in place at least annually
- The chair of the finance and audit committee reports to trustees on the results of the review and explains the action being taken to address any significant concerns it has identified.

Risk management should be embedded in the culture of the trust. It is not about eliminating risk but about understanding risk and managing it more effectively.

3. Risk management and internal control

The trust's system of internal control is a key part of its risk management process and contributes to the safeguarding of public funds and the academy's assets.

Internal control aids the effectiveness and efficiency of operations by helping to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. The trust recognises the importance of maintaining a sound system of internal control and that the principle aim of any internal control system is to manage the risks that are significant to the achievement of the academy's objectives.

In assessing what constitutes a sound system of internal control, consideration should be given to:

- The nature and extent of the risks facing the organisation
- The extent and categories of risk which it regards as acceptable

- The likelihood of the risks concerned materialising
- The trust's ability to reduce the incidence and impact of the risks that do materialise.

4. Responsibilities

4.1 Trustees

The trustees have overall responsibility for managing risk. They are responsible for making a statement on risk management in the annual accounts. To be able to make the required statement with reasonable confidence they should:

- Ensure that the identification, assessment, and mitigation of risk is linked to the achievement of the trust's vision and strategic goals as set out in the development plan
- Ensure that the process covers all areas of strategic and operational risk, including governance, operational, financial, external risks and compliance with law and regulation, and is focused primarily on major risks
- Ensure that an annual process is in place to review the effectiveness of internal controls
- Ensure that the process produces a risk exposure profile that reflects the trustees' views as to levels of acceptable risk
- Review and consider the principal results of risk identification, evaluation, and management
- Ensure that the risk management is ongoing and embedded in management and operational procedure.

4.2 Finance and audit committee

The finance and audit committee are responsible for:

- Monitoring the adequacy and effectiveness of the trust's systems of internal control (including review of the statement of internal control) and its arrangements for risk management, control, and governance processes and for securing economy, efficiency, and effectiveness (value for money)
- Monitoring the trust's risk management plan and advising the board on its adequacy and effectiveness
- Producing an annual report for the board and accounting officer which should include the committee's advice on the effectiveness of the trust's risk management, control and governance processes and any significant matters arising from the work of the internal audit service.

4.3 Chief executive officer (CEO)

The CEO has lead responsibility for risk management processes and the trust risk register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Reports to the board as part of the termly CEO report.

The CEO formally reviews the risk register each term. The risk register is a standing item on the finance and audit agenda, and they will monitor the identification and mitigation of risk.

The CEO will endeavour to raise awareness that risk management is a part of the trust's culture and seek to ensure that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to headteachers any perceived new risks or failure of existing control measures.

4.4 Local organisation leads

Local organisation leads (e.g. headteacher or centre manager) have responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across their organisation. They are responsible for championing risk management and for reinforcing risk-aware attitudes and responses.

4.5 Governors

The local governing body's role is to provide assurance that:

- Risks are correctly evaluated at organisational level
- Key organisational risks are being managed appropriately including the effectiveness of the controls and other responses to them
- The risk management framework and internal control framework is operating effectively at organisation level.

5. Identification of risks

Risks are identified against the trust's key aims:

- Inspiring and empowering through collaboration and innovation
- Building a safe, nurturing, and supportive community that empowers all young people, families, and staff to succeed
- Ensuring that all pupils experience high quality teaching and learning in an inclusive environment
- Embracing a reflective culture of continual improvement which grows and develops an outstanding trust community
- Working efficiently across the trust to ensure value for money and organisational resilience

The structure and organisation of the trust's risk register seeks to ensure that all significant objectives and activities have been identified as well as the risks associated with each area.

6. Categories of risk

Risks will be classified as follows:

Risk category	Examples
Strategic Risk	
Governance (G)	• Inappropriate organisational structure • Board of trustees lacks relevant skills or commitment • Conflicts of interest
Operational (O)	• Poor staff recruitment and training • Insufficient safeguarding procedures • Doubt about security of assets
Financial (F)	• Inaccurate and / or insufficient financial information • Inadequate reserves and cash flow • Inadequate investment management policies • Insufficient insurance cover • Changes to funding
External (E)	• Poor public perception and reputation • Demographic changes affect pupil numbers • Turbulent economic or political environment • Changes to government policy
Regulatory and legal (R)	• Acting in breach of trust • Poor knowledge of the legal responsibilities of being an employer • Poor knowledge of regulatory requirements of running a school

7. Evaluation of risks

Risks are evaluated against a five-by-five matrix, assessing the impact and likelihood as major, moderate, or minor, to make decisions about the significance of risks to the organisation.

The descriptors for impact and likelihood can be expanded as follows:

Impact of risk occurring

Descriptor	Score	Impact
Insignificant	1	• No impact on service • No impact on reputation • Complaint unlikely • Litigation risk remote
Minor	2	• Slight impact on service • Slight impact on reputation • Complaint possible • Litigation possible
Moderate	3	• Some service disruption • Potential for adverse publicity – avoidable with careful handling • Complaint probable • Litigation probable
Major	4	• Service disrupted • Adverse publicity not avoidable (local media) • Complaint highly probable • Litigation highly probable
Extreme / catastrophic	5	• Service disrupted for significant time • Major adverse publicity not avoidable (national media) • Major litigation expected • Loss of beneficiary confidence

Likelihood of risk occurring

Descriptor	Score	Example
Remote	1	May only occur in exceptional circumstances
Unlikely	2	Expected to occur a few times
Possible	3	Expected to occur in some circumstances
Probable	4	Expected to occur in many circumstances
Highly probable	5	Expected to occur frequently and in most circumstances

Scores are calculated using the formula $xy+y$ where x is likelihood and y is impact:

Impact	Extreme / catastrophic 5	10	15	20	25	30
	Major 4	8	12	16	20	24
	Moderate 3	6	9	12	15	18
	Minor 2	4	6	8	10	12
	Insignificant 1	2	3	4	5	6
		1 Remote	2 Unlikely	3 Possible	4 Probably	5 Highly Probable
		Likelihood				

8. Addressing risks

The trust will seek to ensure that risk is managed and does not develop into an issue where the potential threat materialises.

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

Avoid	Counter measures are put in place that will either stop a problem or threat occurring or prevent it from having an impact on the business
Transfer	The risk is transferred to a third party, for example through an insurance policy.
Mitigate	The response actions either reduce the likelihood of a risk developing or limit the impact on the trust to acceptable levels.
Accept	We accept the possibility that the event might occur, for example because the cost of the counter measures will outweigh the possible downside, or we believe there is only a remote likelihood of the event occurring.

9. Risk appetite

The term risk appetite describes the trust's readiness to accept risks and those risks it would seek to reduce. The trust will respond to risks as follows:

Level of risk	Score	Response
Major	18 and above	Actively seek to manage risks and will prioritise time and resources to reducing, avoiding, or mitigating these risks
Moderate	8 – 14	Review on a case-by-case basis to decide whether to avoid, transfer, mitigate or accept the risk
Minor	7 or less	Risks will generally be accepted and monitored

10. Risk reporting and communication

The aim of reporting risk is to provide assurance to the trustees, governors, and auditors that the trust is effectively managing its risks and has a robust system of internal controls.

10.1 Risk register

The reporting mechanism will be the trust's risk register. This will highlight the key risks facing the trust, as well as a breakdown for each key strategic aim. The risk register will be monitored by the trustees on a termly basis.

Any significant changes in risk impact or likelihood, or the occurrence of an event which raises the profile of a risk, will be recorded on the risk register as it occurs. Any new or increased risks identified by headteachers, trustees, governors or raised by a member of staff will be evaluated and, if appropriate, recorded in the risk register.

10.2 Communicating risks

The CEO monitors the risk register each term. They will ensure that any perceived new or increased risks or significant failure of risk management control measures are considered and reported to the board, along with a summary of actions taken.

10.3 Annual risk review and assessment

The chair of the finance and audit committee will prepare an annual review of risk for the board in the autumn term focusing on:

- The significant risks facing the trust
- The effectiveness of the risk management processes
- Confirming that the trust has published a risk management strategy covering risk management philosophy and responsibilities.

The board have overall responsibility for managing risk, including ultimate oversight of the risk register. The board must review the risk register at least annually, in addition to any reports from the finance and audit committee.