



LYDIATE  
LEARNING  
TRUST

# Risk Appetite Statement



LYDIATE  
LEARNING  
TRUST

ENGAGE, ENABLE,  
EMPOWER

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## Introduction

The Trust has taken the decision to review and refresh its approach to risk management and as part of this, to also review the risk appetite statement. This has been done in consultation with our local AGCs and the wider Trust.

## Using the risk appetite statement

The risk appetite statement is a key part of the Trust's decision-making processes . It is intended to be used when significant proposals and initiatives are being considered for implementation by the Trust.

## Risk appetite statement

NB: Please note the list below is in no particular order.

- **Student offer / learning experience** 9
- **People and Culture** 8
- **Local Engagement / Communities** 7
- **Positive Outcomes** 4
- **Financial** 6
- **Compliance** 1
- **Reputation** 3
- **Growth** 7
- **Environment** 1
- **Technology/Innovation** 6
- **Sustainability** 1

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	Avoid		Averse		Cautious		Moderate		Open		Hungry	
	0	1	2	3	4	5	6	7	8	9	10	
Student offer / learning experience												
People and Culture												
Local Engagement / Communities												
Positive Outcomes												
Financial												
Compliance												
Reputation												
Growth												
Environment												
Technology/Innovation												
Sustainability												

**NB: External risks are outside of the control of the Trust. However, external risks will be considered in the overall context of their impact on the other risk categories in the decision-making process.**

## **Student offer / Learning Experience**

The Trust overall position for **STUDENT OFFER/LEARNING EXPERIENCE** is **HUNGRY**. This is because the Trust is keen to offer the very best opportunities to all of the students/pupils in our care.

The Trust overall position for **PEOPLE and CULTURE** is **OPEN**. The Trust believes strongly in the importance of positive staff engagement and maintaining a values-led culture. In delivering strategic and operational change the Trust will ensure actions are aligned with its values and that staff are supported to manage change. Wellbeing is also at the centre of risk management and measuring staff engagement is a key performance indicator.

The Trust overall position for **LOCAL ENGAGEMENT/COMMUNITIES** is **OPEN**. The Trust is committed to the social, economic, environmental and cultural life of our local communities, consistent with our values we are willing to be open in our approach to support the community. The Trust is prepared to consider innovative decisions in order to obtain productive outcomes that support our strategic aims.

The Trust is only willing to accept some **CAUTIOUS** risks in relation to **POSITIVE OUTCOMES**. The belief is that safe decision-making in relation to student outcomes is paramount and all innovation is managed carefully in relation to outcomes and benefits.

The Trust overall position for **FINANCE** is **MODERATE**. This means the Trust wish to be exposed to only moderate levels of risk in order to achieve acceptable financial outcomes. The Trust ensures that financial risk is appropriately managed by ensuring it has sound systems and processes for financial planning, budgeting, reporting and controls. The Trust recognises,

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however, that there is a degree of financial risk involved in the pursuit of ambitious strategic goals.

The Trust overall position for **COMPLIANCE** is **AVERSE**. The Trust is only prepared to accept the very lowest level of risk with the preference being for very safe decision-making and strategy implementation.

The Trust overall position in relation to **REPUTATION** is **CAUTIOUS**. The Trust accepts that it has a reputation for effective delivery and a commitment to excellence. It also continues to build positive relationships and an excellent reputation as it moves forward. However, the Trust wants to carefully manage risks throughout any change activities in order to preserve and enhance its reputation.

The Trust overall position in relation to **GROWTH** is **OPEN**. The Trust are prepared to consider growth in line with their strategic plan. However, they will also conduct due diligence on schools or referred schools even where there are elevated levels of associated risk.

The Trust overall position in relation to **ENVIRONMENT** is **AVERSE**. The Trust are prepared to accept only the very lowest level of risk with the preference being for a safe, clean, healthy and attractive environment.

The Trust overall position in relation to **TECHNOLOGY/INNOVATION** is **MODERATE**. The Trust is committed to advancement whilst maintaining a cautious approach to Technology and innovation that may have a negative effect on the institution.

The Trust overall position in relation to **SUSTAINABILITY** is **AVERSE**. Whilst the Trust has set challenging, strategic targets which will involve taking some risks in a managed way, the Trust is averse to risks which would threaten the long-term viability and sustainability of the institution.

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## Appendix 1: Risk Categories, subcategories and definitions

<b><u>Risk Category</u></b>	<b><u>Scale</u></b>	<b><u>Subcategories</u></b>	<b><u>Description</u></b>
<b>Student Offer / Learning Experience</b>	<b>9</b>	<ul style="list-style-type: none"> <li>• Quality of teaching and learning</li> <li>• Curriculum offer</li> <li>• Quality of extra-curricular</li> <li>• Quality of facilities</li> <li>• Student/Pupil safety and security</li> </ul>	Risks relating to the quality of learning and teaching and overall student/pupil experience
<b>People and Culture</b>	<b>8</b>	<ul style="list-style-type: none"> <li>• Staff engagement</li> <li>• Staff morale</li> <li>• Recruitment and retention</li> <li>• Succession Planning</li> <li>• Staff management</li> <li>• Staff values</li> <li>• Security</li> <li>• Safeguarding</li> </ul>	Risks relating to the Trust, recruiting, maintaining and developing a high-quality workforce in order to achieve Trust strategic aims
<b>Local Engagement - Communities</b>	<b>7</b>	<ul style="list-style-type: none"> <li>• Provision</li> <li>• Engagement</li> <li>• Reputational</li> <li>• Environmental standards</li> </ul>	Risks associated with the Trust strategic aim around developing stronger engagement with communities and wider social responsibility
<b>Positive Outcomes</b>	<b>4</b>	<ul style="list-style-type: none"> <li>• Exam performance</li> <li>• Destinations</li> <li>• Attendance</li> <li>• Provision</li> <li>• Ofsted grading</li> </ul>	Risks associated with ensuring positive outcomes are cautious
<b>Financial</b>	<b>6</b>	<ul style="list-style-type: none"> <li>• Student recruitment</li> <li>• Main income</li> <li>• Other Income</li> <li>• Budget management</li> <li>• ICFP</li> </ul>	Risks relating to the ability of the Trust to meet its income targets and manage its expenditure
<b>Compliance</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Safeguarding</li> <li>• Legal</li> <li>• Regulatory</li> <li>• Equality and Diversity</li> <li>• GDPR</li> <li>• Policies</li> <li>• Legislation</li> </ul>	Risks relating to the Trust's compliance with all relevant laws, legislative regulations, policies, funding requirements and health and safety

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<b><u>Risk Category</u></b>	<b><u>Scale</u></b>	<b><u>Subcategories</u></b>	<b><u>Description</u></b>
<b>Reputation</b>	<b>3</b>	<ul style="list-style-type: none"> <li>• Academic integrity</li> <li>• Relationships with the RD, DfE and ESFA</li> <li>• Relationship and perception with local, regional and national partners</li> <li>• Perception within communities and wider public</li> </ul>	The Trust is willing to accept some low risk, whilst maintaining an overall preference for safe decision making and strategy implementation
<b>Growth</b>	<b>7</b>	<ul style="list-style-type: none"> <li>• Government policy</li> <li>• Due diligence</li> <li>• Marketing</li> </ul>	Risks include working with schools with financial or academic challenges
<b>Environment</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Compliance</li> <li>• Cleanliness</li> <li>• Creativity</li> <li>• Policies</li> </ul>	Risk is associated with ensuring the environment is safe and creates the lowest level of risk
<b>Technology/Innovation</b>	<b>6</b>	<ul style="list-style-type: none"> <li>• ICT</li> <li>• AI</li> </ul>	Risk is associated with ensuring technology is safe and creates the lowest level of risk
<b>Sustainability</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• Sustainability of Income Streams</li> <li>• Infrastructure (Maintenance/investment)</li> <li>• Major investment</li> </ul>	Risks relating to the ability of the Trust to continue to remain financially sustainable in the long term

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## Appendix 2: Risk Appetite Scale

<b><u>Classification</u></b>	<b><u>Description</u></b>
<b>Avoid (0)</b>	The Trust is not prepared to accept any risks
<b>Averse (1 - 2)</b>	Prepared to accept only the very lowest levels of risk, with the preference being for very safe decision-making and strategy implementation, while recognising there may be little opportunity for innovation or the exploitation of new opportunities
<b>Cautious (3 - 4)</b>	Willing to accept some low risks, while maintaining an overall preference for safe decision-making and strategy implementation, despite the probability that there is restricted potential for innovation and increased outcomes and benefits
<b>Moderate (5 - 6)</b>	Inclining predominantly towards exposure to only modest levels of risk in order to achieve acceptable, but possibility unambitious outcomes or benefits
<b>Open (7 - 8)</b>	Prepared to consider innovative decisions and strategic implementation with the highest probability of productive outcomes and benefits, even where there are elevated levels of associated risk
<b>Hungry (9 - 10)</b>	Proactively taking innovative / creative / pioneering decisions and adopting forms of strategic implementation, while accepting the associated substantial risk levels in order to secure highly successful outcomes and benefits

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