



RISK MANAGEMENT POLICY

Date of approval by the Trust Board	15 October 2025
Review cycle	Annual

Aims

This Risk Management Policy forms part of Alternative Learning Trust's internal control and governance arrangements. It is designed to provide assurance that the organisation has adopted best practice in this area, as advocated by the UK Corporate Governance Code 2018 and Turnbull Report, and to meet the Department for Education's (DfE) expectations as detailed in the Academy Trust Governance Guide and Academy Trust Handbook (ATH).

The Trust's CEO/Executive Principal/Accounting Officer has overall responsibility for risk management strategy and the management of risk registers. Trustees have responsibility for strategic oversight of the risk registers which will be reviewed at Audit, Risk and Finance Committee meetings and at least annually by the Trust Board.

The DfE's good practice guide to risk management suggests that trusts may find it helpful to consider risk management in terms of the ICAEW four lines of defence concept [ICAEW four lines of defence](#):

- 1st line of defence – management and staff who own and manage risk on a day-to-day basis.
- 2nd line of defence – the Board which oversees the effectiveness of the risk management framework.
- 3rd line of defence - the internal scrutiny function which provides independent assurance on the overall effectiveness of risk management and controls.
- 4th line of defence - assurance from external independent bodies such as the external auditors and other external bodies.

This policy explains the Trust's approach to its risk profile, which is continually updated in response to identified risk and periodically reassessed and enhanced.

Risk appetite and risk tolerance

According to the Institute of Risk Management, risk appetite can be defined as 'the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives'. This can vary over time and the Trust Board and Executive Team should, therefore, when considering risk, discuss and express the risk appetite as they see it.

Risk tolerance is the acceptable level of risk that the Trust can actually cope with – this may be influenced not only by the risk appetite of the Trust Board but also be external obligations imposed by the DfE.

The Trust's risk register steers risk owners into considering risk appetite when updating a risk entry. They need to consider not only the risk status before and after existing mitigation action, but also the final tolerable risk status (i.e. what are they aiming for in terms of status for that particular risk).

The Trust's approach to risk management

- The Trust's risk management approach is to follow the mnemonic SARA:
 - ❖ **Share risk** – outsource the activity or transfer the risk through insurance.
 - ❖ **Avoid risk** – change the plan or the activity so that the problem is not encountered.
 - ❖ **Reduce risk** – make changes that mitigate or control the risk.
 - ❖ **Accept risk** – note the risk and take the chance that it, or part of it, might arise.

Each risk will be considered in turn and then SARA applied to enable the most appropriate risk management approach to be selected. If a risk can be 'avoided' or 'reduced' an action plan will be developed. If it is not possible to mitigate the risk, it will be either 'shared' by taking out insurance or setting up outsourcing arrangements, or will be 'accepted' and the risk to the Trust formally noted in the risk register and minutes of meetings.

- The Trust Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives.
- The Trust has an open and receptive approach to mitigating risk.
- The Trust Board makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- The Trust Board is responsible for encouraging, and having oversight of implementation of, good risk management practice within the Trust and its schools.
- Headteachers and Leadership Teams of each school within the Trust are responsible for encouraging and implementing good risk management practice within their areas of responsibility.
- The Executive Principal/Accounting Officer has a moderation role and will discuss key risks at each school with the Headteacher/Head of School and report outcomes of these discussions to the Trust Board.
- Guidance from The Charity Commission states that ‘although the process of risk identification should be undertaken with care, the analysis will contain some subjective judgements – no process is capable of identifying all possible risks that may arise. The process can only provide reasonable assurance to Trustees that all relevant risks have been identified’.

Person responsible for updating the policy:

Chief Executive Officer