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Risk Management Policy

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INTRODUCTION

At a time when policy and funding for education is changing, there has been an ever increasing need for risk management reporting as part of corporate governance procedures. Funding guidance emphasises that risk management is to be embedded into all of an institution's practices and procedures.

The Audit Code of Practice under which the College operates emphasises accountability and risk management and mirrors similar codes for business and the private sector. It is the key document setting out mandatory audit provision, and this policy should be read in conjunction with the Audit Code of Practice.

It is incumbent upon the board of governors (College Corporation) to establish an Audit Committee to advise on the adequacy and effectiveness of the College systems of internal control and its arrangements for risk management, control and governance processes.

Use of the terms 'board of governors' and College Corporation' is completely interchangeable in this document.

ENQUIRIES

Any enquiries about this document or suggestions on how it can be improved should be addressed to the Clerk to the Corporation.

The College will adopt, whenever possible, recommended best practice in the identification, evaluation and cost effective control of business risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the College Corporation.

The objectives of this policy are:

- to integrate risk management into the culture of the College
- to manage risk in accordance with recommended best practice
- to establish legal compliance as a minimum standard
- to continue to respond to changing social, environmental and legislative requirements
- to prevent injury and damage whenever possible and so reduce the cost of risk
- to continually raise awareness amongst all employees of the need for the management of business risk

College staff will meet these objectives by:

- the continuous development of risk management strategies throughout the College
- the provision of risk management awareness training
- the dissemination of information relating to risk management to all employees to maintain effective communications of this key activity
- the development and maintenance of appropriate procedures and records to assist in the management of risk
- the preparation of risk management action plans in those areas and activities that are deemed to be potentially high risk as identified in the Risk Register.

Underlying approach to risk management

The following key principles outline the College approach to risk management and internal control:

- the board of governors has responsibility for overseeing risk management within the institution as a whole, and acts on the advice and recommendations of the Audit Committee
- an open and receptive approach to managing risk is adopted by the board of governors
- the College's senior leadership team (SLT) advises and implements policies approved by the board of governors
- the College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk
- all managers are responsible for encouraging good risk management practice within their area
- key risk indicators will be identified and closely monitored on a regular basis through appraisal of the Risk Register

Role of the College Corporation

The board of governors, the College Corporation, has a fundamental role to play in the management of risk. Its role is to:

- set the tone and influence the culture of risk management within the institution. This includes:
 - determining whether the institution is 'risk taking' or 'risk averse', or determining the appropriate balance of risk on any relevant individual issue
 - determining what types of risk are acceptable and which are not
 - setting the standards and expectations of staff with respect to conduct and probity

- determine the appropriate risk appetite or level of exposure for the College
- approve major decisions affecting the institution's risk profile or exposure
- monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
- to (at a minimum) annually review the institution's approach to risk management and approve changes or improvements to key elements of its processes and procedures
- take all necessary advice, including that of the Internal and External Audit Services and other outside agencies, in order to receive assurance that all aspects of risk are being appropriately managed

Role of the SLT

The SLT will lead on risk management and will involve, as appropriate, members of staff throughout the College when working on risk management. Key actions in respect of risk management are as follows:

- formulation and strategic implementation of policies on risk management and internal control
- identification and evaluation of the significant risks faced by the institution
- maintenance and review of a Risk Register on at least an annual basis
- development of a risk management action plan for those areas of the Risk Register considered to warrant detailed attention
- monitoring of implementation of the risk management action plan
- termly reporting and reviewing of the changes to the Risk Register and the level of risk identified in the risk register
- a requirement for all staff to be proactive in identifying/reporting new risks associated with their individual areas of activity
- incorporating new risks and emerging issues into the risk register and the risk management action plan without delay

RISK ASSESSMENT PROCEDURES

Risk Assessment Procedures are detailed in the appendix to this policy, *Risk Assessment Procedures*. Risk Assessment Procedures will be the subject of periodic review and approval by the Corporation in the same way as the Risk Management Policy.

Appendix: Risk Assessment Procedures

The Turnbull Report into Probity in the Public Sector underpins the Risk Management [RM] approach in FE colleges. The application of the Turnbull findings and recommendations to FE continue to be shaped by a variety of guidance documents.

The College has interpreted this guidance and formulated a set of processes/procedures which very effectively manage the range of risks to which the College is potentially exposed. As the College refines its processes/procedures, the ethos of RM is becoming increasingly embedded into both all strategic and all operational activities.

The processes/procedures involved are as follows:

1. At the time of the Turnbull Report, the FE sector was provided with a generic risk register subdivided into different areas of activity, and exhaustive in its attempts to capture all potential risks. The risk register is in many ways a cumbersome tool but, nevertheless, it underpins the College RM strategy. The SLT, working with colleagues throughout the College, reviews and reassesses each of the elements of the generic risk register on a termly basis.

2. A key part of this discussion is to award a numerical score to each risk for Impact and Likelihood on a scale of 1 – 6 being 1 for lowest risk and 6 for highest risk.
3. Each risk is then mapped onto a Risk Map and its location on the map, Primary, Medium or Low and this determines whether the risk is transferred to the Risk Management Action Plan (RMAP).
4. Risks falling into the Primary category, and those one step away from the Primary category, are transferred to the RMAP.
5. The RMAP provides the following information:
 - a. links each risk to a broad objective of the College
 - b. specifies the risk and describes areas of current concern
 - c. identifies the manager[s] responsible for managing the risk
 - d. describes the controls and mitigating processes, together with the early warning and monitoring mechanisms, that apply to that risk
 - e. describes the actions being taken to improve the treatment of the risk [including timescale and responsible officer]
 - f. describes the actions being taken to improve assurance [including timescale and responsible officer].
6. The SLT is constantly working on the risks identified in the RMAP and involves members of staff throughout the College in the work to manage these risks appropriately. Each meeting of the Audit Committee of the Corporation refers to the RMAP, usually in part, in order to inform and direct its deliberations. The RMAP is updated by the SLT prior to each meeting of the Audit Committee. All Corporate decisions are taken in the light of risk management processes/implications.
7. The likelihood and impact scores guidance is as shown in the tables below: -

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1. Remote	2. Unlikely	3. Possible	4. Likely	5. Highly Likely	6. Almost Certain
< 10%	>10% < 30%	>30% < 50%	>50% < 65%	>65% < 80%	>80%
Could occur in the next 12 months	Could occur in the next 6 months	Could occur in the next 3 months	Could occur in the next month	Could occur within the next week	Could occur today / tomorrow

IMPACT				
	Financial	Student Outcomes	Safety	Reputation
(6) Catastrophic	Loss of more than £1.25m	Effective service delivery is no longer possible at the campus.	Multiple fatalities.	Reputation damage is irrecoverable i.e. Regulatory body intervention.
(5) Major	Loss of up to £1.25m	Effective service delivery is severely interrupted in one or more schools	Single fatality.	Reputation damage occurs with Key Stakeholders.

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(4) Serious	Loss of up to £250k	Effective service delivery is disrupted in specific areas of the college in up to three teaching rooms.	Multiple serious injuries requiring professional medical treatment.	Reputation damage is localised and minor for the college
(3) Moderate	Loss of up to £50k	Delays in effective service delivery i.e. adjustments to timetables in up to one week or staff long term absence.	Injury to an individual (s) requiring professional medical treatment.	Slight reputation damage arising.
(2) Minor	Loss of up to £10k	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week.	Minor injury: no requirement for professional medical treatment.	No reputation damage.
(1) Insignificant	Loss of up to £2K	No effect on service delivery.	No injury.	No reputation damage.