Risk Management Policy & Procedures
(Incorporating Risk Classification Matrix)

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Contents

1 Purpose

This policy and its procedures detail and communicate the College's approach to risk management and evaluation of internal controls.

2 Policy Statement

The College will effectively manage risk, taking all reasonable practicable steps to ensure the protection of staff, learners and assets.

3 Scope

3.1 This Risk Management policy forms part of the College's internal control and corporate governance arrangements.

3.2 The policy explains the College's underlying approach to risk management, and details the roles and responsibilities of the Board of Governors, the Senior Team, and other key parties.

3.3 The policy outlines key aspects of the risk management process, and identifies the main reporting procedures.

3.4 This policy details the process that the Board of Governors will use to evaluate the effectiveness of the College's internal control procedures.

3.5 Risk management identifies and manages the risks that threaten the ability of the College to meet its objectives. The College will identify, monitor and aim to eliminate the range of threats to its activities, understand where there are vulnerabilities, and develop cost effective counter measures. These risks may be strategic, operational or financial.

3.6 This policy should be read in conjunction with the College's Equalities Policy & Procedure (2018).

4 Responsibilities

4.1 The Chair of the Board of Governors, Principal and the Board of Governors have the responsibility for overseeing risk management within the College.

4.2 The Principal and the Senior Team have the responsibility to support, and implement strategies approved by the Board of Governors. The Senior Team is responsible for developing a framework for assessing risks that evaluates both the likelihood of the risk being realised, and of

the impact if the risk is realised. The Senior Team is also responsible for assessing the top risks facing the College and developing strategies to manage that risk and report progress to the Audit Committee.

4.3 The Vice Principal Finance & Curriculum Services will construct and maintain a risk register which makes conservative and prudent recognition and disclosure of the financial and nonfinancial implications of risks.

4.4 The College Team will identify and manage risk mitigation at an operational level in relation to the strategic risks identified in the Risk Register.

4.5 The College Team is responsible for encouraging and embedding good risk management practice within their area of activity.

4.6 All staff are responsible for encouraging and embedding good risk management practice within their area of activity.

5 General Principles

5.1 Role of the Board of Governors

The Board of Governors has a fundamental role to play in the management of risk. Its role is to:

- Provide the authority and responsibility for the establishment, maintenance, support and evaluation of the Risk Management Policy.
- Set the tone and influence the culture of risk management within the College by establishing the College's "risk appetite".
- Delegate the overall implementation of risk management to the Senior Team.
- Know about the most significant risks facing the organisation.

5.2 Role of the Senior Team:

- Developing a framework for assessing risks.
- Implementation of the Risk Management Policy.
- Overall co-ordination of risk management.
- Promotion of a holistic approach to risk management.
- To identify from the Risk Register the top risks faced by the College.
- To regularly review the 'probability' and 'impact' of the top risks and report progress to the Audit Committee and the Board of Governors.

5.3 Role of the College Team:

- Co-ordinating and ensuring that the operational objectives are implemented in line with the Risk Management policy.
- Be aware of risks which fall into their area of responsibility, the possible impacts these have, and monitor outcomes against the risks identified.
- Report systematically and promptly to senior management any perceived new risks or failures of existing control measures.
- Report on current 'active' risks highlighting mitigating actions and effect towards risk reduction.

5.4 Role of Internal Audit:

- Ensuring the effectiveness of organisational and financial control systems, including monitoring performance against quality assurance standards.

5.5 Role of Audit Committee:

- To review new risks or failures of existing control measures.
- To review the 'probability' and 'impact' assessment on a regular basis.
- To review the adequacy of internal control systems designed to minimise risk.
- To receive the reports from the Senior Team and make appropriate recommendations which will effectively improve systems of control.

5.6 Role of College Staff:

- Understand their accountability for individual risks.
- Understand how they can enable continuous improvement of risk management and risk awareness.
- Report systematically and promptly to a member of the College Team or Senior Team any perceived new risks or failures of existing control measures.

6   Risk Management Procedures

6.1 Development of a Policy to ensure strategic risks are managed in an efficient and sustainable manner.

6.2 Role out strategic risks to all Centres and Departments to develop Centre and Department risk registers.

6.3 The adoption of common terminology in relation to the definition of risks and risk management.

6.4 The establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis, impacted by mitigating actions.

6.5 A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes.

6.6 A decision on the level of risk to be covered by insurance.

6.7 Detailed regular review to identify significant risks associated with the achievement of key aims and objectives.

6.8 Quarterly feedback from Managers to Vice Principals.

6.9 Risk management will be discussed quarterly by the Senior Team, or as required.

6.10 Reporting by the Senior Team to the Audit Committee quarterly.

6.11 Annual evaluation of College risks with the College Team.

6.12 Annual reporting to the Board of Governors.

7 Risk Register

7.1 The College identifies, evaluates, manages and reviews the risks to and opportunities for the achievement of corporate objectives through the Risk Register.

8 Measurement for Risk Management

8.1 Analysing scenarios to identify the major uncertainties facing the College.

8.2 Identification of risks that will prevent objectives being achieved.

8.3 Prioritisation of the risks in terms of likelihood and negative impact, or likelihood and positive impact in relation to objectives.

8.4 Identifying actions required to mitigate risk.

8.5 Managing and reviewing the actions for effectiveness.

8.6 Annually reviewing the process to provide assurance that the risk framework is adequate and effective.

9 ONS Reclassification

The UK Office of National Statistics reclassified all incorporated colleges as central government entities for the purposes of accounting and budgeting. For the purposes of HM Treasury budgeting, colleges are classified as Arms-Length Bodies. The budgeting requirements this places on them is analogous to that for Non Departmental Public Bodies (NDPBs). This policy therefore complies with the requirements of the Scottish Public Finance Manual.

10 Review

This policy will be reviewed every three years or whenever any changes affect part of it, by the Vice Principal, Finance & Curriculum Services

Risk Classification Matrix

Impact Score	Impact Description	Stakeholder Engagement	Financial Sustainability	Learner Attainment	Reputational	Organisational Wellbeing	Legal & Statutory
1	Insignificant	Only affects one subject area of the portfolio and credit target/budget delivered. Overall Stakeholders are engaged	<£50k	Isolated cases of poor learner retention and attainment Successful Education Scotland Review	Contained within one Centre/Department	Isolated cases of low quality staff Below sector average staff absence rate Staff Motivation >90%	Litigation, claim or fine <£5k
2	Minor	Affects one Centre /Department but credit target/budget delivered. Stakeholders fairly engaged	£50-£100k	Poor learner retention and attainment contained to one subject area Successful Education Scotland Review with minor recommendations	Contained within the College	Cases of low quality staff restricted to one Centre Below sector average staff absence rate Staff motivation >80%	Litigation, claim or fine £5k to £50k
3	Significant	<=5% of credit target/budget not achieved due to supply and demand mismatch with decline in courses and commercial activity Some stakeholder dissatisfaction with the College	£100 - £300k	Poor learner retention and attainment affecting <=4 Centres Education Scotland Review Limited Effectiveness with main points for actions	Local public/press interest	Business Interruption for Learners due to levels of sick absence in <=4 Centres Attainment and retention affected in <=4 Centres	Litigation, claim or fine £50 - £250k

							Sick Absence well above sector average rate Staff motivation >70%	
4	Major	>5% of credit target/budget not achieved due to supply & demand mismatch Major loss of courses and commercial customers Majority of stakeholders dissatisfied with the College	£300k - £500k	Majority of Centres with poor learner retention and attainment Education Scotland Review assessment Not effective	SFC/Scottish Government/National public/press interest	Business Interruption due to levels of sick absence in the majority of Centres Attainment and retention affected by low quality of staff Staff motivation between 50% - 70% Industrial Action	Litigation, claim or fine £250k- £500k
5	Catastrophic	Not financially sustainable or meeting the needs of business and the local community. Failure to recruit to the majority of courses and failure to attract any commercial customers.	>£500k	Learners disaffected. Education Scotland/SFC intervention	Board and/or management forced to resign	Disengaged staff Learners disaffected Poor recruitment and retention of staff and learners Staff motivation < 50%	Multiple civil or criminal actions. Litigation claim or fine above £500k

west lothian college

Equality Impact Assessment

Before carrying out an EIA, you should familiarise yourself with the College's EIA Policy Statement and Guidance, along with further information and resources which are available on Serengeti

EIA covers **strategies**, **policies, procedures, plans, provisions, criteria, functions, practices and activities, including decisions and the delivery of services**, but will be referred to hereinafter as 'policy/practice'.

Policy/Practice (name or brief description):	Risk Management Policy & Procedures
Reason for Equality Impact Asessment (choose from the following options):	
• Proposed new policy/practice • Proposed change to an existing policy/practice • Undertaking a review of an existing policy/practice • Other (please give detail):	Review of an existing policy
Person responsible for the policy area or practice:	
Name: Job title:	Jennifer McLaren Vice Principal, Finance & Curriculum Services
An Equality Impact Assessment must be carried out if the policy/practice:	
• affects **operational** or **strategic functions** of the College • is relevant to the promotion of equality (in terms of the Public Sector Equality Duty 'needs' as set out in the Policy and Guidance)	
Why the EIA is being carried out	**The policy directly affects the operational functions of the College**

Equality Groups	
Relevant to the Policy/Practice, identify which of the undernoted equality groups are impacted upon:	
• Age • Disability • race (including ethnicity and nationality) • religion or belief • sex • sexual orientation • gender reassignment • pregnancy and maternity • marriage or civil partnership	**None.**

Record your assessment against the following statements:

Statement	Equality assessment
Detail the evidence of the needs of the identified equality groups and any gaps in information	This policy and its procedures detail and communicate the College's approach to risk management and evaluation of internal controls. There are no identified needs or missing gaps in relation to the equality groups.
Will application of this policy/practice lead to discrimination (direct or indirect), harassment, victimisation, less favourable treatment for particular equality groups?	No.
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	N/A.
State how this policy/practice will foster good relations:	One of the key risks evaluated is whether the College is meeting its equality ambitions and will lead to positive action being taken to mitigate against the risk that the needs of equality groups are not being met
Will the policy/practice create any barriers for any other groups?	No.
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	No

Which equality groups or communities have been consulted in the development and review of this policy/practice?	The Senior Team was consulted during the review process.

Equality Impact Assessment Outcome

Select one of the four options below to indicate how the development/review of the policy/practice will be progressed and state the rationale for the decision. (Delete the options that do not apply):

Option 1: No change required – the assessment is that the policy/practice is/will be robust. **Option 2:** Adjust the policy or practice – this involves taking steps to remove any barriers, to better advance equality and/or to foster good relations. **Option 3:** Continue the policy or practice despite the potential for adverse impact, and which can be mitigated **Option 4:** Stop the policy or practice as there are adverse effects cannot be prevented/mitigated against.	**Option 1**

Monitoring

When will the policy/practice next be reviewed?	**The Policy is reviewed every three years or whenever change affects any part of it**

Publication of EIA

Can this EIA be published in full, now? Please state Yes or No If No – please specify when it may be published or indicate restrictions that apply:	**Yes**

Sign-off	
EIA undertaken by Name: Date:	**Jennifer McLaren** **31 July 2018**
Accepted by person responsible for the policy/practice named above: Name: Date:	**Jenny Stalker** **14 August 2018**

Retain a copy of this form for your own records and attach a copy to the bottom of the document to which it refers. Send to ebrown@west-lothian.ac.uk for review and publication.