Risk Management Policy & Procedures
(Incorporating Risk Tolerance Matrix)

July 2021

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Impact Assessment Date: July 2021

Date: July 2021 (revised)

History of Changes

Version	Description of Change	Authorised by	Date
1.1	Minor changes to original policy.	J McLaren	July 2021

West Lothian College is an inclusive organisation and all policies, procedures, strategies, plans, provisions, criteria, functions, practices and activities, including decisions and the delivery of services are assessed to consider the impact on staff and students covered by the Equalities Act 2010 by the completion of an Equalities Impact Assessment (EIA). Protected characteristics are defined as age, disability, gender reassignment, marriage or civil partnership (in employment only), pregnancy and maternity, race, religion or belief, sex, sexual orientation. All college policies and procedures can be provided in an accessible format.

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, students 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 Executive Leadership 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   This policy should be read in conjunction with the college's Equality, Diversity & Inclusion Policy 2018.

3. **Risk Management**

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.

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 Executive Leadership Team have the responsibility to support, and implement strategies approved by the Board of Governors. The Executive Leadership 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 Executive Leadership Team is also responsible for assessing the top risks facing the college and developing strategies to manage risk and report progress to the Board of Governors.

4.3   The Executive Leadership Team will construct and maintain a risk register.
4.4   The Directors and Heads will identify and manage risk mitigation at an operational level in relation to the strategic risks identified in the risk register. They are responsible for encouraging and embedding good risk management practice within their area of activity.

4.5   Each member of staff is also 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:

- set the risk appetite and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the college's Executive Leadership Team.

- ensure that sound risk management and internal control systems are in place and maintained.

- ensure there is a formal on-going process for identifying, reporting, evaluating and managing the college's significant

   risks and review the effectiveness of risk management, business continuity planning and internal control systems.

5.2   Role of Audit Committee:

- To advise the board on the strategic processes for risk,

- To review the adequacy of internal control systems designed to minimise risk.

- To review reports from the Internal Auditors and monitor implementation of recommendations made

5.3   Role of the Chair of the Audit Committee

- The Chair of the Audit Committee will present the Strategic Risk Register at Board of Governor meetings for approval of any material changes and with input from all the Committee Chairs, Independent Person and Board Members.

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 the Executive Leadership 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 'likelihood' and 'impact' of the top risks and report progress to the Audit Committee, Finance & General Purposes Committee, Learning & Teaching Committee as appropriate and the Board of Governors.

5.6   Role of Directors and Heads:

  • 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.

5.7   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 Leadership Team or Executive Leadership 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   The adoption of common terminology in relation to the definition of risks and risk management.

6.3   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.

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

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

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

6.7   Quarterly discussion by the Executive Leadership Team and College Leadership Team, or as required.

7   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.

8   Review

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

Risk Tolerance Matrix 2019-20

Impact Score	Impact Description	Access – more equal society	Responding to the economy	Student Success	Innovation and Enterprise	Financial and organisation Sustainability
1	Insignificant	Majority of access targets met with only one or two exceptions. Overall stakeholders, communities, schools and universities engaged with college.	One subject area not delivering but credit target/budget delivered. Overall schools and appropriate stakeholders are engaged.	Isolated cases of poor learner retention and attainment.	Commercial targets achieved overall albeit individual contract variance in performance. Apprenticeship expansion within 10% of target. Key account management in the main successful.	One instance <£50k or a number of instances where the cumulative value is <£50k.
2	Minor	Recruitment from the most deprived postcodes has reduced slightly. Number of students getting advanced standing	One Centre /Department not delivering but credit target/budget delivered.	Under sector average for attainment in one PI success category. Downward trend in one PI success category.	Shortfall in commercial targets but ability to make up for this across college. Apprenticeship	£50k-£99k.

		to University declines.	Schools and Stakeholders fairly engaged.	Positive feedback from Education Scotland progress review. Few instances of quality targets not being met.	expansion within 20% of target.	
3	Significant	Recruitment across a number of equality measures is below target. Stakeholder engagement with communities, stakeholders, schools and universities is not effective in supporting targets. College overall activity target being impacted on.	Up to 10% of credit target/budget not achieved due to supply and demand. mismatch or lack of engagement with key partners. Some schools and stakeholder dissatisfaction with the college.	Less than sector average in FE and HE full time success indicators. Downward trend in FE and HE full time success indicators. Increasing negative destinations and activity targets under threat. Education Scotland progress review unsatisfactory.	Shortfall in commercial targets and reduction in college surplus forecast. Apprenticeship numbers static. Business engagement weak.	£100k- £299k.
4	Major	Insufficient progress made with equality targets, resulting in reduced activity target and	>25 % of credit target/budget not achieved due to supply and demand	Majority of Centres with poor learner retention, attainment and negative destinations.	Major shortfall in commercial surplus resulting in more significant interventions.	£300k - £499k.

		clawback of funds for specific initiatives.

Poor stakeholder relations and reputational damage. | mismatch.

Major shortfall in recruiting to vocational pathway programmes.

Majority of schools and stakeholders dissatisfied with the college. | Activity target shortfall and funds clawback indicated.

Education Scotland progress review unsatisfactory. | Reductions in Apprenticeship places.

Business and Employer dissatisfaction. | |
| 5 | Catastrophic | Failure to deliver on equalities targets leaving the college open to challenge and significant reputational damage.

Claw back of funds and inability to access any related initiatives or future projects. | Major shortfall in recruitment and retention leading to clawback of funds or activity.

Major reputational damage arising from poor performance. | High negative learner destinations with major funds clawback and activity targets significantly under achieved. Education Scotland/Scottish Funding Council intervention. | Commercial surplus significantly reduced and major impact on college core operations.

Withdrawal of Apprenticeship contract.

Business and employer complaints. | >£500k. |

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 SharePoint.

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:	Jennifer McLaren
Job title:	Vice Principal, Finance & Corporate 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 Executive Leadership 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: Accepted by person responsible for the policy/practice named above: Name: Date:	Jennifer McLaren July 2021