

RISK MANAGEMENT POLICY

1.0 INTRODUCTION

- 1.1 This policy and procedures details and communicates the College's approach to risk management and evaluation of internal controls. It is part of the College's internal control and Corporate Governance arrangements.
- 1.2 Preston's College will effectively manage risk, taking all reasonable practicable steps to ensure the protection of staff, students, assets and the reputation of the College.
- 1.3 The policy explains the College's underlying approach to risk management, and details the roles and responsibilities of the Corporation Board, the Executive Leadership Team, College Management Team, and other key parties.
- 1.4 This policy outlines key aspects of the risk management process, and identifies the main reporting procedures and timings.
- 1.5 This policy details the process that the Corporation Board will use to evaluate the effectiveness of the College's internal control procedures.

2.0 SCOPE

- 2.1 Risk is defined as the combination of the 'probability' of an event occurring and the 'consequences' or 'impact' of that event.
- 2.2 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 we have vulnerabilities, and develop cost effective counter measures. These risks may be strategic, operational or financial.

3.0 LINES OF RESPONSIBILITY

- 3.1 The Corporation Board and the Principal have the responsibility for overseeing risk management within the College.
- 3.2 The Executive Leadership Team have functional responsibility to manage and mitigate against those risks under their responsibility, individually and collectively.
- 3.3 The Principal and the Executive Leadership Team have the responsibility to support, and implement policies approved by the Corporation Board.
- 3.4 The Executive Director Resources is responsible for the maintenance of a risk register which recognises and discloses the financial and non-financial implications of risks.

- 3.5 College Management Team (CMT) members are responsible for producing and reviewing subsidiary risk registers detailing the top risks in their area of operations. This includes implementation of the management of these risks.
- 3.6 College Managers are responsible for encouraging and embedding good risk management practice within their area of activity.
- 3.7 The College Management Team members are responsible for assessing the risks facing the College and developing strategies to manage those risks and reporting progress to the CMT Meetings. A specific sub group of CMT will be constituted to facilitate regular monitoring of progress and report back to the full CMT.
- 3.8 All staff are responsible for encouraging and embedding good risk management practice within their area of activity.

4.0 KEY PRINCIPLES

4.1 Role of the Corporation Board

The Corporation Board has a fundamental role to play in the management of risk. Its role (discharged at a detailed level through the Audit Committee) 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;
- delegate the overall implementation of risk management to the Executive Leadership Team; and
- be aware of the most significant risks facing the organisation.

4.2 Role of Executive Leadership Team

- Implementation of the Risk Management Strategy.
- Promotion of a holistic approach to risk management.
- Discuss and Report new significant risks which develop within their area of responsibility to the Audit Committee.
- Report any risk which no longer exists to the Audit Committee.
- Report any risk which cannot be controlled at local level to the Audit Committee
- Ensure appropriate levels of awareness throughout the organisation.
- Maintain Functional control of risks within area of responsibility.
- Maintain Risk Management as an Executive Leadership Team meeting agenda item.

4.3 Role of Internal Audit

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

4.4 Role of Audit Committee

- To review new risks or failures of existing control measures.
- To review the ‘probability’ and ‘impact’ scoring on a regular basis.
- To review the adequacy of internal control systems designed to minimise risk.
- To receive the risk registers and make appropriate recommendations to the College’s Executive Leadership Team, which will effectively improve systems of control.

4.6 Role of College Management Team (including sub group)

- Co-ordinate and ensure that the day to day operational objectives are implemented in line with the Risk Management strategy.
- Be aware of risks which fall into their area of responsibility, the possible impacts these have, and monitor outcomes against the risks identified ensuring that procedure notes detail corrective action to minimise risk.
- Report systematically and promptly to senior management of any perceived new risks or failures of existing control measures.
- Report on current ‘active’ risks highlighting mitigating actions and effect towards risk reduction.
- Ensure Risk Register is kept up to date with Departmental risks.

4.8 Role of College Staff

- Acknowledge and understand their responsibility 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 Executive Leadership Team or College Management Team any perceived new risks or failures of existing control measures.

5.0 IMPLEMENTATION OF RISK MANAGEMENT

- 5.1 The Executive Director of Resources will maintain a College wide corporate risk register on which will be recorded the key risks facing the College in achieving its overall Strategic Plan ambitions.
- 5.2 The register will assess risks at both an inherent level (i.e. what is the impact and probability if no control measures are in place) and at a residual level (i.e. what is the impact and probability after taking account of existing control measures). Any proposed further mitigating actions are also recorded, as is the direction of travel i.e. is the risk increasing, decreasing or static.
- 5.3 Risk appetite is generally determined on a risk by risk basis. The College is not averse to taking risks where it is appropriate to do so, but this must be done in a managed and transparent way, and recorded on the Risk Register.
- 5.4 The College Risk Register and the top risks are identified and reviewed regularly by ELT, CMT and governors. This will also include an assessment of risk appetite and whether further actions are needed to bring the risk to an acceptable level.
- 5.5 Sources of assurance are also clearly recorded on the Risk Register as a first step towards the implementation of a wide ranging Assurance Framework, together with the frequency of the assurance. A more formal Assurance Framework will be put in place for the 2017/18 academic year. This will be a separate document but closely linked to the Risk Register.
- 5.6 The rankings shown on the risk register range from one (1) to five (5) against each criteria of probability and impact, with 1 being lowest and five highest. The risk factor is the product of the two individual ratings.

- 5.6 The risk factor will be classified as High, Medium or Low Risk at both the inherent and residual level. The scoring used is shown below:

(H) High	⇒	15 - 25
(M) Medium	⇒	8 - 14
(L) Low	⇒	1 - 7

- 5.7 The Risk Matrix is shown below, with a written definition of the scores 1 to 5 in the scoring methodology described above.

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
Probability	Rare	Low	Low	Low	Low	Low
	Unlikely	Low	Low	Low	Medium	Medium
	Possible	Low	Low	Medium	Medium	High
	Likely	Low	Medium	Medium	High	High
	Almost Certain	Low	Medium	High	High	High

- 5.8 Types of risk – the following outlines the types of risk that might be faced.

Type of Risk	Example
Compliance Risk	The risk of failing to meet government standards or laws and regulations.
Financial Risk	Risks arising from spending on capital projects, risks from insufficient resources.
Foresight Risk	Risks arising from insufficient forward planning.
Operational Risk	Risks associated with the delivery of public services, risks surrounding IT systems.
Project Risk	Risks of equipment exceeding budgets or projects missing key deadlines.
Reputation Risk	Risks arising from damage to the college's credibility and reputation.
Change Risk	Risks arising from new ways of working – change programmes.
Strategic Risk	Risks arising from internal policy decisions or a reshuffle of organisational priorities.
Partnership Risk	Risks experienced by your partners that would have a knock on effect to the college's objectives.
Environmental Risk	Floods, Fires, Earthquakes
Political Risk	Risks arising from changes in government.

6.0 RISK ESCALATION

- 6.1 Risk management should not be seen as the responsibility of a few. Members of staff (or even students) must feel they have the power to highlight and engage with the process of risk management from all levels.
- 6.2 Staff in the first instance should highlight their risk concern to their manager. The manager should discuss the risk with the member of staff and involve their team or other managers where applicable.

- 6.3 If the risk is thought to be of concern then it should be brought before the College Management Team for inclusion within the risk register. Once the assessment has been carried out the individual or department will be given feedback on the process and outcome of the assessment.
- 6.4 If at any point an individual has any concerns or questions on how a risk can be escalated they can always make an approach to the Executive Director Resources, who can advise on how best to proceed and ask for a manager to investigate.

7.0 EFFECTIVE DATE

- 7.1 This policy is effective from March 2017 and supersedes all previous policies and procedures related to risk management within the college. This will be reviewed annually.

RISK MEASUREMENT GRID**APPENDIX 1****PROBABILITY FACTOR SCORING**

Event Likelihood	% Chance occurring	Result	Assigned Score
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Event Likelihood	% Chance occurring	Result	Assigned Score
Event is expected in most circumstances	>90%	Almost Certain	5
Event will probably occur in most circumstances	51% - 90%	Likely	4
Event should occur at some time	21% - 50%	Possible	3
Event could occur at some time	6% - 20%	Unlikely	2
Event may occur only in exceptional circumstances	<5%	Rare	1

IMPACT FACTOR SCORING

Actions	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Management Time	Resolution would be achieved during normal day-to-day activity	Resolution would require co-ordinated input from one or more sections	Resolution would require input from other members of Executive Leadership Team	Resolution would require the mobilisation of a dedicated project team	Resolution would require input from Senior Executive/and expert external assistance.
Health & Safety	On-site exposure immediately contained	On-site exposure contained within reasonable timeframe	On-site exposure contained after prolonged timeframe	On-site exposure contained with outside assistance	Prolonged/ Major incident
Reputation	Letter to local press	Series of articles in local press	Negative media/sector media coverage	Short term negative national media coverage	Extensive and sustained negative national media coverage
Regulatory/ Legal action	Minor breaches by individual member(s) of staff	No fine and no disruption to teaching/ normal business processes	Fine – but no disruption to teaching/ normal business processes	Fine – and disruption to teaching/ normal business processes	Extensive fine and significant disruption to teaching/ Normal business processes over extended period
Staff (Morale, Recruitment Retention)	No evidence of adverse staff reaction	Staff complaints/ possible comment by union members	General discontent evident across multiple groups of staff	Significant adverse impact, significant concerns to College	Disaster Management Process required. Trade Unions in conflict mode
Management Effort	An event which can be absorbed through normal activity	An event, the consequences of which can be absorbed but management effort required to minimise the impact	A significant event which can be managed under normal circumstances	A critical event which, with proper management, can be endured	A disaster with the potential to lead to the collapse of the business of the College