RISK MANAGEMENT POLICY

Risk Management Policy

Policy Owner: Audit Committee

Date Approved: 17 March 2022

Next Review: March 2025

Responsibility for Review: Executive Director Resources

Policy Review Frequency: 3 yearly

Applicable to staff: Yes/~~No~~

Applicable to students: ~~Yes~~/No

Publish on College website: Yes/~~No~~

Consultation:

Undertaken with:	Yes/No:	Date:
Committee/Board	Board Audit	17 March 2022 9 March 2022
ELT		
SLT		
Unions		
Students		
Employees		
Employers/Stakeholders		

Any Associated Documentation, for Reference:

ELT SIGN-OFF: Simon Nixon – Executive Director Resources -

RISK MANAGEMENT POLICY

1.0   INTRODUCTION

1.1   This policy and procedure 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 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, Senior Leadership 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. Some element of risk is involved in most aspects of College activity, and is not necessarily a bad thing if managed appropriately. Opportunities for improvement will inevitably have some risk attached, but the process of risk management is intended to mitigate such risk to an acceptable level if possible.

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   Senior Leadership Team (SLT) 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 A specific sub group of SLT facilitates regular monitoring of progress and updates to the risk register.

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 for, 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, and seek assurance that adequate mitigation measures are in place and operating effectively.

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/has significantly reduced 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 Senior Leadership Team (including sub group)

- Co-ordinate and ensure that the day to day 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 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 Senior Leadership Team any perceived new risks or failures of existing control measures.

5.0   IMPLEMENTATION OF RISK MANAGEMENT

5.1   The Executive Director 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, SLT (including sub-group) 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 together with the frequency of the assurance. These can be amended/updated as appropriate.

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.

5.7   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 $\Rightarrow$ 15 - 25
(M) Medium $\Rightarrow$ 8 - 14
(L) Low $\Rightarrow$ 1 - 7

5.8   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
Prob	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

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 2022 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
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