



South
Staffordshire
College

Risk Management Policy

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Risk Management Policy

1.0 Policy Statement

- 1.1 The purpose of this policy is to establish the approach of the College to risk management, both its attitude to risk and how it ensures mitigation of business risks.
- 1.2 Risk is defined as the real or potential events that may reduce the likelihood of the College achieving its mission or its strategic plan targets. It can be summarised as the combination of the probability of an event and its subsequent impact.
- 1.3 The College has a moderate appetite for business risk and will look for opportunities to further its business objectives where the risks are clear, fully assessed and manageable. The College is in good financial health and has good cash reserves and can use these attributes to help manage riskier opportunities that may present themselves.

2.0 Scope

- 2.1 This Policy applies to all areas of the College including any subsidiaries and will involve all staff and governors.
- 2.2 Other policies and procedures linked to this Policy include:
 - Financial Regulations
 - Business Continuity Policy

3.0 General

- 3.1 This Policy will be implemented in accordance with all existing and emerging legislation and in accordance with the relevant guidance documents from the Education and Skills Funding Agency and any other relevant funding bodies.
- 3.2 The College will identify all significant risks to its business and will record these risks on a Corporate Risk Register. Operational risks will be recorded on Departmental Risk Registers. Risks will be identified using a number of sources as described in this Policy.
- 3.3 The Board will compare the risks identified to the strategic objectives and make recommendations of any further additional risks to meeting the College's strategic objectives and critical success factors.

System of Internal Control

- 3.4 The College is committed to developing an internal control system that facilitates its effective and efficient operation by enabling it to respond appropriately to significant business,

operational, financial, compliance and other risks so as to achieve the business's objectives.

- 3.5** The system of internal control incorporates risk management and is an on-going process. This system encompasses a number of elements that together facilitate an effective and efficient operation, manage risk to an agreed level and support the achievement of the College objectives. This will enable the College to respond to a variety of operational, financial and commercial risks.
- 3.6** Risks are identified, assessed and monitored according to the agreed framework documented in this Policy. This framework is reviewed on a bi-annual basis along with The Policy. Reporting and monitoring arrangements are designed to monitor risks and mitigating actions, identify new or emerging risks and identify changes to the College's risk profile.
- 3.7** Individual risks are continuously reassessed and reviewed as a whole at least on an annual basis. Decisions to rectify problems are taken at ELT or Leadership Team meetings.
- 3.8** Risk Management is embedded within the strategic planning cycle and financial planning framework. The strategic and operational planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress towards meeting business plan objectives is monitored through the quarterly performance review process.

Annual Review of Effectiveness

- 3.9** The Corporation will be responsible for reviewing the effectiveness of the internal controls of the College using information provided by the Audit Committee and ELT, such as:
- The Audit Committee Annual Report (and the individual reports that contribute to this);
 - Annual Report of the Internal Auditors;
 - Annual review of internal control and risk management;
 - Risk Management Policy.
- 3.10** In making its decision the Corporation will consider the following aspects: -
- Examine the College's previous performance on risk management and internal control;
 - Consider the internal and external risk profile of the coming year, and determine whether the current control arrangements are likely to be effective;
 - Assess the College's control environment, including culture, approach and resources with respect to the management of risk;
 - The College's objectives and its financial and non-financial targets.

Training

- 3.11** The Corporation and key College staff will receive appropriate training and updates on risk management and mitigation to enable them to carry out the roles and responsibilities identified in this Policy.

4.0 Responsibilities

Governors and Chief Executive Principal

4.1 The Corporation will be responsible for: -

- Setting the tone and influencing the culture of risk management within the College, including the level of acceptable risk on a case-by-case basis;
- Determining whether the College has a 'risk taking' or 'risk averse' approach as a whole and on any relevant individual issue. It will also involve determining what types of risk are acceptable and which are not, together with the setting of standards and expectations of staff with respect to conduct and probity;
- Satisfying itself of the continued financial viability of the organisation and assessing performance against key financial indicators;
- Reviewing the effectiveness of the College's system for the management of financial risks;
- Approving major decisions affecting the College's risk profile or exposure;
- Monitoring the management of high and very high strategic and departmental risks to reduce the likelihood of adverse impacts, on a termly basis;
- Ensuring that systems are in place to manage the less significant risks at College management level;
- Reviewing the College's approach to risk management and approving changes or improvements to key elements of its processes and procedures;
- Ensuring the College has a robust and effective system of internal control in place. It will need to form an opinion as to whether the College has satisfactorily complied with this requirement throughout the year. For this, it will take advice from the Audit Committee.
- Approving the Policy, the Risk Register and the Areas of Risk;

4.2 To execute these duties, the Corporation will receive: -

- Monthly KPIs to assess key strategic plan financial and non-financial targets;
- Updates on changes to the College's risk profile;
- A bi-annual review of the Policy and a termly review of the College Corporate Risk Register;
- An annual report from the Deputy Principal Finance & Resources on the effectiveness of the College's risk management, control and governance processes plus an annual review of risk management and internal control from the ELT via the Audit Committee.

Audit Committee

4.3 The Audit Committee will be responsible for: -

- Providing advice to the Corporation on the effectiveness of the internal control system;
- Reviewing and making recommendations as appropriate to the Board of Governors in regard to the Policy, the Risk Register and the Areas of Risk;
- Overseeing internal audit, external audit, learner data audits, other audits and management as appropriate in its review of internal controls;
- Taking a lead role in advising on and reviewing the effectiveness of the College's systems

for the management of all risks;

- Alerting Governors to any emerging issues;
- Receiving a detailed report or update on key risk management issues as a standing agenda item.

4.4 To execute these duties, the Audit Committee will receive: -

- Reports on the actions taken to manage significant risks;
- Updates on changes to the College's risk profile;
- Internal Audit recommendation reports and External Audit management letters;
- Other reports and recommendations which relate to the College's system of internal control;
- Reports on the actions taken to implement recommendations from auditors;
- Reports on updates to the College's risk management framework.

Deputy Principal Finance & Resources

4.5 The Deputy Principal Finance & Resources is responsible for: -

- Being the organisational Lead for risk management (the "Risk Lead");
- Taking overall responsibility for the development, management, administration and implementation of the risk management policy and process throughout the organisation;
- Identifying and evaluating the significant risks faced by the College through a review of the areas of risk and the risk register for consideration by the Audit Committee and Corporation;
- Reviewing departmental risk registers and resources at least annually in conjunction with Departmental Heads;
- Providing adequate information in a timely manner to the Corporation and its committees on the status of risks and controls;
- Cascading the risk management culture throughout the organisation.

4.6 To execute these duties, the Deputy Principal Finance & Resources will: -

- Include risk management under the agenda item at quarterly review meetings;
- Annually review the system of internal control and review the areas of risk;
- Chair a working group to collectively review risks and risk management processes on a termly basis ("The Risk Management Group");
- Form working groups to support specific risk areas e.g. business continuity or health & safety. Any such group will have a specific remit and will feed back to the management committees as per the group's terms of reference;
- Identify new and emerging risks through the evaluation of new projects and through changes in the College's external environment;
- Encourage discussion, awareness and training for risk management in the College.

Risk Management Group

4.7 The Risk Management Group will be responsible for: -

- Supporting the College Risk Lead in the identification and management of risks;
- Supporting the Risk Lead in the development, management, administration and implementation of the risk management policy and process throughout the organisation;
- Cascading the risk management culture throughout the organisation.

4.8 To execute these duties, the Risk Management Group will: -

- Review, discuss and support changes to the Policy and procedures;
- Meet on a termly basis and review the College Corporate Risk Register;
- Identify new and emerging risks through their knowledge of current and planned business;
- Encourage discussion, awareness and training for risk management in the College.

Executive Leadership Team (ELT)

4.9 The ELT are responsible for: -

- Supporting the College Risk Lead in the identification and management of risks;
- Reviewing the Risk Register in preparation for release to the Audit Committee;
- Using existing risk assessment procedures to assess levels of risk in proposals to the Corporation (and other Corporation Committees) and the ELT, and consider mitigation methods to handle the potential risks;
- Supporting the review of their departmental risk registers with Departmental Heads in the context of development plans and self-assessment reports;
- Cascading the risk management culture throughout the organisation.

4.10 To execute these duties, the ELT will: -

- Consider risk and risk management at ELT meetings particularly where new, unusual or large projects or ventures are being considered;
- Support the Deputy Principal Finance & Resources in their annual review of the system of internal control and review the areas of risk;
- Review and recommend the Risk Management Policy to the Audit Committee;
- Identify new and emerging risks through their knowledge of current and planned business;
- Encourage discussion, awareness and training for risk management in the College.

Department Heads / Leadership Team

4.11 Department Heads will be responsible for: -

- Identifying, assessing, monitoring significant risks within their department and reporting back to the ELT and/or placing risks on their departmental risk register;
- Being aware that their business activities incur varying levels of risk, and that these risks should be balanced, minimised and managed as part of their business plans;
- Maintaining the departmental risk register in conjunction with the Deputy Principal Finance & Resources, and discussing and addressing these risks at the quarterly performance monitoring exercises;

4.12 To execute these duties, the Managers will: -

- Receive a risk management questionnaire on an annual basis to assess the levels of business risk in their areas and business plans based on the areas of risk;
- Encourage discussion, awareness and training for risk management in the College.

College Auditors

4.13 Internal Audit will be responsible for: -

- Part of the annual review relating to the effectiveness of the internal control system within the organisation. It will take account of the corporate risks and the resultant risk management action plan in determining its strategic and annual plan of work;
- Reviewing and testing the systems of control over the risk management process to provide assurance to the Audit Committee that the process is well controlled and being carried out in accordance with the agreed procedures and in a timely manner;
- Undertaking periodic follow up reviews to ensure recommendations have been implemented.

4.14 External Audit will be responsible for: -

- Ensuring that the annual risk management process has been undertaken and that statements on corporate governance have been implemented;
- It should be noted that it is not the role of external auditors to ascertain the robustness or accuracy of the risks identified or the internal controls over their operation. The external auditors do not form an opinion on the effectiveness of the College's corporate governance or its risk and control procedures.

4.15 Other Audits and reviews will be undertaken from time to time, and recommendations may result from these. The Audit Committee will receive and monitor the recommendations.

4.16 Third Party reports from external consultants may add value to existing areas of internal control or may reveal new areas. These can be presented to the Audit Committee where appropriate.

All Members of Staff

4.17 Staff will be responsible for: -

- Being aware of the existence of risk and the need to consult with their managers should they:
 - Uncover or become aware of existing risks;
 - Suspect or envisage future risks emerging;
- Embracing a culture of risk management in the organisation;

4.18 To execute these duties, Staff will: -

- Be made aware of the need to identify potential risks to the College failing to achieve its objectives;
- Be made aware of the need to raise issues with their managers in a timely manner.

5.0 Risk Management Framework

Identifying Risk

5.1 Risks shall be identified using the following sources:

- Annual Risk Management Questionnaire completed by ELT and Departmental Heads;
- Departmental operational risk registers and/or information taken from the three year financial forecast, strategic development plan, budgeting process or quarterly performance monitoring cycle;
- Issues discussed at Corporation Meetings and their Committees, ELT and Leadership Team meetings plus other key meetings based on the standardised risk grading discussed on each paper;
- Other groups and forums including the Learner Forums;
- Evaluation of new projects or activities;
- Audit documentation from Internal, External or Third Party visits and assessments;
- Other relevant sector information and research.

5.2 The Risk Management Group will annually review the risk register and recommend to the Audit Committee a list of the perceived College Areas of Risk (see Appendix 1). This process will be forward-looking, as opposed to the review of the system of internal control. The Audit Committee and Corporation will have opportunities to review and add to these areas of risk.

5.3 The Areas of Risk will be used as the basis for the Annual Risk Management Questionnaire.

5.4 The major event in the identification process is the completion of the Annual Risk Management Questionnaire. ELT and/or Leadership Team members will complete the questionnaire annually on behalf of their departments. The questionnaire will ask for an objective assessment of the likelihood and impact for the particular department for each area of risk in more detail.

5.5 The manager responsible can draw information from the respective area's Self-Assessment Report (SAR), developmental plans, external party reports and the input of staff views, as examples.

Assessing Risk

5.6 Risks will be assessed based on likelihood and impact to give a gross risk score. The gross risk score only takes into account the underlying risk before the intervention of controls.

Gross Risk less Intervention of Controls = Net Risk

5.7 Likelihood will be based on six levels as shown in the table below: -

Likelihood	Description
1. Highly Unlikely	Unlikely to occur - 0% to 10% Probability of occurring (Very unlikely)
2. Unlikely	Possible within 5 to 10 years - 10% to 20% Probability of occurring (Unlikely)
3. Possible	Possible within 1 to 5 years - 20% to 40% Probability of occurring (Possible)
4. Likely	Possible within 1 year - 40% to 60% Probability of occurring (Likely)
5. Highly Likely	Possible within 6 months - 60% to 80% Probability of occurring (Very likely)
6. Almost Certain	Possible monthly - 80% to 100% Probability of occurring (Almost certain)

5.8 Impact will be based on six levels as shown in the table below:

Impact	Description
1. Insignificant	Financial: Under £1,000 Learners: Single learner affected Service Quality: Negligible effects on service quality. H&S: Minor Incident (i.e. cut finger) Reputation: No Effects on reputation
2. Minor	Financial: Between £1,000 and £10,000 Learners: Individual groups of learners affected Service Quality: Slight impairment, small change to delivery quality needed. H&S: Minor injury Reputation: Minimal effect
3. Moderate	Financial: Between £10,000 and £25,000 Learners: Many learners on a single site affected Service Quality: Impaired leading to changes required to maintain quality. H&S: Injury, not requiring hospital treatment Reputation: Slight reputation damage arising
4. Serious	Financial: Between £25,000 and £100,000 Learners: Learners on more than one site affected Service Quality: Significant reduction in service quality expected. H&S: Injury, requiring hospital treatment Reputation: Reputation damage is uncomfortable for the organisation
5. Major	Financial: Between £100,000 and £250,000 Learners: All current learners affected Service Quality: Cannot be maintained - need to re-assess corporate priorities. H&S: Serious injury occurring Reputation: Reputation damage occurs with Key Stakeholders
6. Catastrophic	Financial: Over £250,000 Learners: All current and future learners affected Service Quality: Complete failure of services. H&S: Fatality, Possible long term hospitalisation Reputation: Reputation damage is irrecoverable

5.9 **Impact** includes five measures - financial, learners, service quality, health & safety and reputation.

5.10 When assessing the impact of a risk, all five aspects of the risk should be considered and the aspect with the highest level of risk used for the overall risk, for example:

- A risk with a financial impact of less than £25k but effects all current learners would be “major”
- A risk which only effects one learner but has irrecoverable reputational damage is “catastrophic”

5.11 The risk is graded based on the matrix below: -

		Likelihood					
		Highly Unlikely	Unlikely	Possible	Likely	Highly Likely	Almost Certain
Impact	Catastrophic	Medium	High	High	Very High	Very High	Very High
	Major	Medium	Medium	High	High	Very High	Very High
	Serious	Low	Medium	High	High	High	Very High
	Moderate	Low	Medium	Medium	High	High	High
	Minor	Low	Low	Medium	Medium	Medium	High
	Insignificant	Low	Low	Low	Low	Medium	Medium

The Effect of Control Measures and Net Risk

5.12 It would be unusual to have a gross risk where no controls have been put in place to mitigate that risk. Once controls are in place, the risk is likely to be less “risky”, and the extent of the reduced risk depends on the strength of the controls in place.

5.13 The assessment of net risk, or residual risk, is assessed on a risk-by-risk basis. Where controls are in place, the risk register will state these controls, and the level of assurance the control can offer.

5.14 If the risk is considered to be well controlled, then the risk’s likelihood or impact can be reduced by a number of grades. The level of control will determine the extent to which the reduction of grades can be made, as per the table below: -

Control	Intervention of Controls	Adjustment
1. Substantial	Excellent quality and highly effective controls are in place	Up to 3
2. Satisfactory	Reasonable quality and relatively effective controls are in place	Up to 2
3. Limited	Poor quality and ineffective controls are in place	Up to 1
4. None	There are no controls available	0

Corporate Risk Register

- 5.15** The Risk Management Group and ELT will compile a draft risk register for the Audit Committee and Corporation. This will be based on the responses to the risk management questionnaire and a review of the previous risk register, in addition to the normal process of identifying emerging risks.
- 5.16** A finalised **Corporate Risk Register** will be drawn up categorising risks identified against the areas of risk. The Corporate Risk Register will include all risks.
- 5.17** The Corporate Risk Register will include a risk map of the controls currently in place to mitigate the risk. The controls evaluation will be shown in summary on the Corporate Risk Register but will have a more detailed outline available separately.
- 5.18** Individual risks will be reported to show if they are increasing or decreasing risks.
- 5.19** The College development plan action plan should be cross referenced against the Corporate Risk Register to link the College's strategic targets and corporate risks together.
- 5.20** Operational risks should be included under the relevant departmental risk registers and monitored through the College quarterly monitoring process. If an operational risk is novel or significant to the risk management system, a new corporate risk can be added using the College scoring system,
- 5.21** The Corporate Risk Register will comprise of the following information: -
- Reference number, risk title, risk owner and date of last review;
 - A description and consequence of the risk;
 - Gross risk scores ("Gross risk") for Likelihood and Impact;
 - Existing controls and the net risk ("Net risk") score;
 - Direction of travel of the risk compared to the initial assessment of the risk when new;
 - Actions required to mitigate the risk;
 - A traffic light assessment of gross and net risks, plus the direction of travel.

Departmental Risk Register

- 5.22** Academic and support departments need to produce a **Departmental Risk Register**. This will normally be in the form of the annual risk management questionnaire. This will be an operational risk register based on previous year risks, with changes informed by the most recent business planning cycle and any other sources available.
- 5.23** This departmental risk register will be monitored and reviewed at the College's quarterly performance monitoring sessions, with the highest five risks being closely scrutinised.
- 5.24** The Departmental Risk Register will contain a more brief presentation of information than the Corporate Risk Register, and can be in the form of the annual risk management questionnaire.
- 5.25** The Departmental risks will be linked to corporate risks. If a risk is novel or significant to the risk management system, a new corporate risk can be added using the College scoring system.

Monitoring and Reporting Risks

- 5.26** The Corporate Risk Register will be monitored by the following committees: -
- The Corporation on a termly basis;
 - Audit Committee at each committee meeting;
 - Risk Management Group at each meeting (one meeting per term);
 - ELT on a termly basis prior to the Audit Committee.

6.0 Monitoring and Review

- 6.1** The College will review this Policy biennially. This review will take place in April, and any policy revisions will be completed and published prior to the completion of the business planning cycle for the subsequent year.
- 6.2** The internal monitoring of the implementation of this Policy will be the responsibility of the Risk Management Group with the Deputy Principal Finance & Resources acting as the lead to produce regular reports for the Board of Governors.
- 6.3** The responsibility for ensuring that this Policy, and its associated processes and procedures, remain appropriate and comply with changes in legislation will be held by the Deputy Principal Finance & Resources.

Appendix 1 – Areas of Risk

Area	Description	Examples
1	Learner Enrolments & Funding	Enrolment / Applications ESFA/WMCA Funding Other Funding
2	Retention and Achievement	Retention Achievement Attendance
3	Curriculum Profile	Curriculum offer Funding categories inc Apprenticeships Full Cost Courses
4	Teaching, Learning and Assessment	Lesson Observations/Learning Walks Assessment and student tracking External Verification Reports
5	Staff Resources	Staffing issues Training Recruitment/selection inc succession plans
6	Planning, Development, Self-Assessment and Service Levels	Development Plan / SAR External Body Planning Service Standards and SLAs
7	Information, Communication and Technology	Internal / External Reporting Communication IT and Digital
8	Accommodation	Estates / Facilities Space requirements Property Strategy
9	Financial Resources	Cash Budgets Margins
10	Health and Safety	Health and Safety issues Processes Business Continuity
11	Security and Safeguarding	Staff and learner security Safeguarding
12	GDPR, Information Security and Other Legislative	Data protection Information security
13	College Reputation	Internal/external reputation Environmental and Sustainability Breaking covenants or agreements
14	Competition	Schools, Colleges, Studio/Free Schools, Academies, UTCs and Universities Private Training Providers
15	Other	Education sector issues Other National issues

Appendix 2 - Risk Management Framework Process

