



POLICY DOCUMENT

Risk Management Policy

Appropriate consultation undertaken	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Impact on other policies considered	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Equality Impact Assessment completed	Yes <input type="checkbox"/> No <input type="checkbox"/>
Public Facing	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Policy Owner	Principal
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Date first approved by BoM	
BoM Committee	
Date current version approved by Executive Group	15 th November 2022
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BoM Committee	Audit and Risk Management

Review period	3 years
Date of last review	November 2022 (subject to approval)
Date of next review	November 2025

Document Change History

This version of the document replaces all previous versions. Changes to this version are summarised below;

Section	Summary of Change	Page
3	New Risk Assessment and Process	3
4	New Risk Management Benefits	4
Appendix 1	Risk Appetite	

1. Purpose

This policy forms part of the College's governance arrangements. The purpose of this policy is to support the management and control of risk supported by a programme of internal audits and a continuous review of the college risk register and strategic plan. It should be noted the college has reviewed and implemented many elements of the University Risk Management Policy as best practice

2. Scope

The recognition and management of risk is the responsibility of everyone who allocates and/or uses resources so all members of staff should have an awareness of the risks of the organisation and each department should maintain their own risk register in which risks are recorded in accordance with the risk register template and evaluated in accordance with the criteria for determining likelihood and impact as set in Appendix 1

3. Risk Policy Statements

The College's general approach is to minimise its exposure to risk. It will seek to recognise risk and mitigate the adverse consequences. However, the College recognises that in pursuit of its mission and academic objectives it may choose to accept an increased level of risk. It will do so, whilst always ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

4. Risk Assessment and Process

As part of the risk assessment process the probability of a risk is subjective therefore a range of views should be sought as part of the process. It will not be possible to determine an exact chance of occurrence therefore the percentages noted against the probability are for guidance only. (*see appendix 1*) Reference must be made to experience and information available at the time of assessment.

Once risks have been identified, they must be assessed in terms of how likely it is that they will materialise using the risk map (*see appendix 1*) on likelihood v impact. This is a 5x5 matrix and the assessed scores are multiplied together to determine the overall gross risk score to a maximum of 25.

Every risk will be considered as unique, with its own magnitude and significance. We have finite resources to manage risk, therefore the process of assessing risks provides a means of prioritisation and optimising responses to risks. Decisions on appropriate action and the allocation of resources will then be based on this assessment.

Risk mitigation is concerned with taking action to reduce the likelihood and / or severity of the risk. Each risk will have mitigations and scored accordingly. Mitigations are included in the risk register action plan and assigned an owner as appropriate.

5. Risk Management Benefits

Risk will never be eliminated therefore a robust approach to RM is required which will deliver the following benefits:

- Demonstration of good governance;
- Improved and informed decision making and resource allocation;
- Increased accountability for, and mitigation of, identified risks;
- Maximisation of opportunities which support innovation;
- Protection of reputation;
- Protection of assets;
- Improved organisational resilience to risk;
- Compliance with legislation
- Enables efficient pro-active planning and reduces the need to react to risk i.e. less 'firefighting',

6. Risk Appetite

The College will take a portfolio approach to risk management – i.e. whilst at any one time it may be carrying a high level of risks in one or more parts of its business, it will ensure that the number of areas exposed to high risk at any time are minimised and balanced with a low risk approach in other areas.

The portfolio of risk will be regularly reviewed by the executive group, audit and risk management committee and the full Board of Management.

High risk areas will be very closely aligned to strategic priorities and aligned to high returns i.e. the college should not be exposed to high levels of risk if returns are likely to be minimal or if the activity is not business critical.

The elapsed time over which the college is exposed to a high level of risk in any area should be minimised as much as possible.

The criteria for measuring the likelihood of risks occurring and the gross impact of risks is attached at Appendix 1, along with risk appetite by category

7. Enforcement

An effective risk management policy should permeate existing management processes and provide assurance over the management of key risks. It requires interdependence between strategic and operational objectives, management processes, governance arrangements and other policies.

The risk management policy is supported by related college policies including:

Health and Safety Policy
Information Security Policy
Data Protection Policy
Financial Regulations
UHI Risk Management Policy

8. Roles and Responsibilities

The Principal & Chief Executive of the College is the policy owner.

The recognition and management of risk is the responsibility of everyone who allocates and/or uses resources so all members of staff should have an awareness of the risks of the organisation and each department should maintain their own risk register.

Risks need to be evaluated in a controlled manner and the uncertainties involved need to be minimised. The approaches available to managing risk include:

- Terminate – avoid risk by doing something else
- Transfer – risk passed on to someone else e.g. outsourcing, insurance, subcontracting
- Treat – reduce risks by management action
- Tolerate – accept risk and manage appropriately

6. Roles and Responsibilities

The Board of Management

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

- Set the tone and influence the culture of risk management within the college. This includes determining the risk appetite of the college i.e. determining what risks are acceptable and which are not, and to provide a framework within which the appropriate level of exposure to risk can be determined in particular circumstances; and;
- Approve major decisions affecting the college's risk profile or exposure and agree the risks to be added to the risk register on advice from either a sub committee or member of the executive team.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for:

- Ensuring that the major risks associated with specific proposals put to it have been properly considered and can be appropriately managed within the policy framework set by the Court.
- Ensuring that corporate risks are properly managed, reviewing evidence to this effect and ensuring measurement of results as appropriate.
- Reviewing the effectiveness of internal control of the College, based on information provided by the Executive Board, internal audit, external audit and third party consultation (where appropriate).

- Examine the College's track record on risk management and internal control. It will consider the risk profile of the coming year and consider if current internal control arrangements are likely to be effective and thereafter make a recommendation for approval to the Board of Management, including the addition or removal of risks.
- Providing a statement to the Court annually indicating how UHI North Highland has complied with good practice with regard to Corporate Governance and, in particular, in relation to effective risk management.

Role of Internal Audit

The prime responsibility of the Internal Audit Service is to provide the Board, the Accounting Officer and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

Activities are conducted within the overarching framework of the Chartered Institute of Internal Auditors, Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing, together with the UK Public Sector Internal Audit Standards, first introduced in April 2013.

The Annual Report prepared by internal auditors should be considered by the Audit & Risk Committee prior to endorsement by the Board of Management.

A copy of this report requires to be submitted to the Scottish Funding Council not later than 31 December following the financial year end to which it relates.

Internal audit will:

- Report its findings to the audit and risk management committee
- Advise and make recommendations to senior managers as appropriate.

Executive Group

The Executive Group will :

- Ensure implementation of the risk management policy
- Promote a holistic approach to risk management
- Oversee and report on any risks within their area of responsibility to their monthly meetings and update the risk register accordingly
- Present the risk register to the full board of management and sub committees for approval on a quarterly basis.

Role of the Management Team

- Implementing the Colleges risk management policy and ensuring compliance within their section risk registers as part of their operational plans
- Identifying, evaluating and managing strategic and operational risks in the college and bringing emerging corporate risks to the attention of the Executive Group.

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- Ensuring that everyone in their area of responsibility understands their risk management responsibilities making clear the extent to which staff are empowered to take risks.
- Communicating college policy and information about the risk management programme to all staff, subsidiary organisations and external partners as appropriate.

Appendix 1

Likelihood Criteria: An assessment of the likelihood of an event occurring.

LIKELIHOOD CRITERIA		
Score	Descriptor	Probability
5-Almost Certain	More than likely – the event is anticipated to occur	>80%
4-Likely	Fairly likely – the event will probably occur	61-80%
3-Possible	Possible – the event is expected to occur at some time	31-60%
2-Unlikely	Unlikely – the event could occur at some time	10-30%
1-Very Rare	Remote – the event may only occur in exceptional circumstances	<10%

Risk Map: Highlights the RAG scoring given to each scoring as a combination of the impact and the likelihood

RISK MAP (for Gross risk & residual risk)					
IMPACT					
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Significant	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Insignificant	1	2	3	4	5
	1 - Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
	LIKELIHOOD				

Impact Criteria: A detailed description of the impact scores, values and affect on the college operations and reputation.

IMPACT - CRITERIA				
Score	Descriptor	Financial	Operational	Reputational (need to link to communications process for incident)
5 -Catastrophic	A disaster with the potential to lead to: • loss of a major UHI partner • loss of major funding stream	> £500,000 or lead to likely loss of key partner	• Likely loss of key partner, curriculum area or department • Litigation in progress • Severe student dissatisfaction • Serious quality issues/high failure rates/major delivery problems	• Incident or event that could result in potentially long term damage to UHI's reputation. Strategy needed to manage the incident. • Adverse national media coverage • Credibility in marketplace and with stakeholders is affected.
4-Major	A critical event which threatens to lead to: • major reduction in funding • major reduction in teaching/research capacity	£250,000 - £500,000 or lead to possible loss of partner	• Possible loss of partner and litigation threatened • Major deterioration in quality/pass rates/delivery • Student dissatisfaction	• Incident/event that could result in limited medium – short term damage to UHI's reputation at local/regional level. • Adverse local media coverage • Credibility in marketplace/with stakeholders is affected.
3-Significant	A Significant event, such as financial/ operational difficulty in a department or academic partner which requires additional management effort to	£50,000 - £250,000	• General deterioration in quality/delivery but not persistent • Persistence of issue could lead to litigation • Students expressing concern	• An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level. • Criticism in sector or local press • Credibility noted in sector only
2-Minor	An adverse event that can be accommodated with some management effort.	£10,000 - £50,000	• Some quality/delivery issues occurring regularly • Raised by students but not considered major	• Low media profile • Problem commented upon but credibility unaffected
1-Insignificant	An adverse event that can be accommodated through normal	<£10,000	• Quality/delivery issue considered one-off • Raised by students but action in hand	• No adverse publicity • Credibility unaffected and goes

Risk Appetite by category

Risk Appetite by category																
Risk Category	Low				Medium								High			
	1	2	3	4	4	5	6	8	9	10	12	15	16	20	25	
Compliance																
Governance																
	Rating: Acceptable Level of risk subject to regular routine monitoring. Reporting: Risk Management Group/Senior Management Team				Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.								Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include as Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.			
Academic																
Organisational																
	Rating: Acceptable Level of risk subject to regular routine monitoring. Reporting: Risk Management Group/Senior Management Team				Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.								Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include as Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.			
Financial																
External																
	Rating: Acceptable Level of risk subject to regular routine monitoring. Reporting: Risk Management Group/Senior Management Team				Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include a Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.								Rating: Unacceptable level of risk exposure defined as an extreme impact risk that requires immediate Additional Mitigation to include as Control Action Plan as well as Risk Control Measures to be applied. Reporting: To Principals and RSB.			