

# Risk Management Framework

## Document Control Information

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The Board of Management (or any person/group with delegated authority from the Board) reserves the right to amend this document at any time should the need arise following consultation with employee representatives.

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## 1. Introduction

Risk is a part of everyday life and successful organisations manage their risks effectively. High quality risk management is a key process which supports and enhances business management. In this context a risk is defined as an event which can affect, positively or negatively, the delivery of the agreed outcomes and objectives of the organisation.

The College recognises that it has a responsibility to manage internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve its strategic and operational objectives.

Risk Management is a key aspect of the College strategic planning, governance and management framework and the Board of Management sets its appetite for risk as a basis for the management of the College.

This Risk Management Framework outlines the College's approach to risk and how it should be managed. It helps ensure risks are properly identified and then either eliminated or mitigated to an acceptable level. This approach is to protect the College and ensure risks are managed effectively. The Framework also aims to emphasise the opportunities afforded by positive risk management, which is important to support the successful delivery of the College's strategic objectives.

Good organisational risk management will lead to organisational resilience. Resilience means being able to thrive in an uncertain environment, being able to withstand shocks and coming through uncertainty in a stronger position.

The Vice Principal Operations has responsibility for ensuring that the Risk Management Framework is implemented.

## 2. Objectives of the Framework

The principal objectives of this Framework are:

- To implement and embed risk management across the College in line with the best practice in Risk Management, thereby creating a valuable and positive, proactive business management tool, which will help the College identify and evaluate opportunities as well as threats.
- To assist the College develop resilience, supporting the organisation in anticipating and responding to changing risks and thereby thrive in an uncertain environment.
- To raise awareness of the principles and benefits involved in the risk management process and to obtain staff commitment to the principles of risk control as well as raising awareness of risk in all involved in Learning & Teaching and delivery of the College Support Services.
- To ensure organisational time and resources are aligned appropriately to the risks the College faces.
- To prevent injury, damage and losses, and reduce the cost of risk

and protect the College's reputation through strengthened governance, accountability and decision making.

- To ensure and facilitate compliance with best practice in corporate governance, ensuring that the appropriate disclosure statement can be issued within the Annual Report and Financial Statements.
- To provide assurance to, and work collaboratively with key stakeholders, to ensure significant risks are being managed appropriately.

### **3. Risk Management Governance in the College**

The Board of Management is responsible for Risk Management within the College. The Board will approve the Risk Management Framework, the Risk Appetite Statement and the College Strategic Risk Register at least twice per year.

The Audit & Risk Committee have a level of delegated responsibility for reviewing the system of Risk Management within the College, ensuring it is appropriately scrutinised and audited, and for recommending changes to the register or the system of risk management to the Board of Management. Risk Management will therefore be a formal agenda item at each meeting of the Audit & Risk Committee.

Risk Management will also feature on the agenda of all Board, Board Sub-Committee and formal College Committee meetings for consideration.

On a day to day basis, risk is managed via the ongoing active monitoring and review of Team and College Strategic Risk Registers, as well as project risk registers where appropriate.

College risk is overseen by the Senior Management Team (SMT), who has put in place a Risk Management Committee (RMC) to consider the operational management of risk. The RMC reports to the SMT and is authorised to make recommendations regarding the management of risk in the College. The RMC reports to SMT after each meeting will provide a detailed annual progress report to SMT for noting. In addition, Risk activities are reported to each Audit & Risk Committee and to the main Board a minimum of twice per annum.

The RMC will meet a minimum of four times per year and the purpose and function of the RMC is set out in its' Terms of Reference, a copy of which is attached at [Appendix 1](#).

### **4. Risk Appetite**

The Board of Management will set a Risk Appetite. This statement specifies the Risk Appetite or willingness of the Board of Management to accept or tolerate different levels of Risk in relation to specific aspects of the College's activities. The Board is responsible for the overall management of risk and opportunity. It must set the risk appetite and ensure there is an appropriate balance between risk and opportunity and that this is communicated to the management team.

The College's risk appetite for each of the identified risk categories will be formally sense checked annually by the Board of Management.

Risk Appetite was fully reviewed between April 2024-October 2024 and is presented below.

Category	Risk Appetite
Policy (merge Strategy and Governance)	Cautious
Operations Risks	Open
Legal & Compliance Risks (merge Legal and Property)	Minimal
Financial Risks	Cautious
Commercial Risks	Open
People Risks (was previously Workforce)	Cautious
Digital Risks (merge Technology and Information)	Cautious
Student Experience Risks (mapped to Project/Programme)	Open
Reputational Risks	Minimal
Environmental & Sustainability Risks (Kelvin Specific)	Cautious

A full description of each of the College Risk Categories can be found at [Appendix 2 – Risk Categories and Risk Appetite](#)

The Board's Risk Appetite Statement is an integral part of the Risk Register and will be re-considered by the Board at least twice per year. The College SMT will then manage the College on the basis of the Risk Appetite Statement.

The table below details the general behaviours associated with Risk Appetite.

Risk Appetite	Example Organisational Behaviours
<b>1. Averse</b>	<ul style="list-style-type: none"> <li>Preference is for ultra safe actions; stick to tried &amp; tested methods</li> <li>Innovation / change is avoided unless its forced upon us</li> <li>All reasonable steps will be taken to manage the risk; we are prepared to be bureaucratic and tightly control processes</li> <li>Only prepared to accept only significant or very minor losses if the risk happens</li> </ul>
<b>2. Minimal</b>	<ul style="list-style-type: none"> <li>Preference is for low-risk actions that have worked well in the past</li> <li>Innovation / change is avoided if possible or only taken to make incremental improvements</li> <li>All reasonable steps will be taken to manage the risk; prepared to be bureaucratic and tightly control processes</li> <li>Prepared to take minor losses if risk happens</li> </ul>
<b>3. Cautious</b>	<ul style="list-style-type: none"> <li>Preference is for actions that are unlikely to result in any loss</li> <li>Innovation / change is generally avoided, and will only be entered into if all stakeholders are committed, and success is almost guaranteed</li> <li>Open to new ways of working if they have been proven elsewhere</li> <li>Prepared to accept the possibility of moderate losses if the risk happens</li> </ul>
<b>4. Open</b>	<ul style="list-style-type: none"> <li>Willing to take bold decisions where benefits outweigh the risks, but only if steps have been taken to reduce / mitigate risks</li> <li>Innovation is supported, but only if clear benefits are demonstrated and we are reasonably confident in our success</li> <li>Open to new ways of working, even if they are not fully proven</li> <li>Prepared to accept major losses are possible if the risk happens</li> </ul>
<b>5. Eager</b>	<ul style="list-style-type: none"> <li>Willing to accept increased scrutiny from stakeholders and a loss of credibility if things go wrong</li> <li>Innovation is pursued, we are willing to break the mould to deliver organisational goals even if failure is a possibility</li> <li>Eager to 'break the mould' and be disruptive compared to peers or competitors</li> <li>Prepared to accept catastrophic outcomes are possible if the risk happens</li> </ul>

The specific behaviours associated with the agreed Risk Appetite for each Risk Category can be found at [Appendix 2 – Risk Categories and Risk Appetite](#)

To assist with the risk appetite mapping, residual risk scores have been assigned to the categories which then highlights any anomalies. The Risk Appetite Scoring is as follows:

<b>Risk Appetite Scoring</b>				
Averse	Minimal	Cautious	Open	Eager
1 - 4	5 - 9	10 - 15	16 - 19	20 - 25

The Audit & Risk Committee will seek to review the College Strategic Risk Register and identify areas where the actual level of perceived risk differs from the appetite for that Risk. In such circumstances it would then be expected that management would put additional mitigations in place. The Scottish Public Finance Manual (SPFM) requires the College to have a Risk Appetite Statement and appropriate Risk Management processes in place.

## **5. College Strategic Risk Register**

The College Strategic Risk Register is a well-established document which identifies and ranks risks and outlines mitigation strategies for the risks identified. This is the main tool for recording risks and is a live document which is updated on a regular basis. The format of the College Strategic Risk Register is based on HM Treasury Orange Book – Risk Appetite Model. It identifies the risks and scores them in relation to probability and materiality. This enables the College to identify those risks which could have a material impact and are likely to occur. The College Strategic Risk Register is considered at every meeting of the Audit & Risk Committee, Risk Management Committee and is considered twice per year by the Board of Management and once per year by each of the other formal Sub Committees of the Board.

The College Strategic Risk Register is the key risk management tool for managing risk effectively. The register supports the capture, assessment and monitoring of risk facing an organisation, providing useful reporting on risk trends, action planning and the sharing of lessons learned across the College.

The College Strategic Risk Register is compiled in Excel. The same format is used for all Team Risk Registers as well as for the overall College Strategic Risk Register and includes: a reference number, status, date identified, risk title, risk description, strategic plan alignment, risk owner, responsible officer, evaluation of the inherent (Gross) risk, risk treatment approach, detail of the mitigating actions and controls in place, evaluation of the residual risk, risk appetite category/impact, actions planned, warning mechanisms, date reviewed and the movement in the period. This format was introduced in November 2021 and is best practice.

The College Strategic Risk Register will be used as the basis for monitoring risk throughout the College. Key teams will be responsible for identifying the risks in their service area and will record these using the agreed and consistent risk register format.

These Registers, together with any Project Risk Registers will feed into the overall College Strategic Risk Register, which will contain all significant

risks that may affect the achievement of strategy and objectives, recording the measures in place for dealing with them.

A Project Risk Register must be completed for all major projects where funding is in excess of £250,000, or where required by management.

The College Strategic Risk Register is considered at every meeting of the Audit & Risk Committee, the RMC and twice per year by the Board of Management. The SMT reviews this document on a very regular basis.

Risk Registers are collated using the Risk Management process below.

- 5.1 Identification and Recording of Risk
- 5.2 Evaluation of Risk
- 5.3 Management of Risk
- 5.4 Monitoring & Reviewing of Risks

## 5.1 Identification and Recording of Risk

The first stage is to identify the significant barriers, problems, issues, concerns, challenges - risks - that could stop you from achieving your strategic and operational objectives.

This should be done by the relevant team or Project Manager, i.e. by those who are responsible for delivering the objectives of the area.

Before identifying risks, the group should be clear on what their objectives are. Risks come in many different types. Consideration should be given to the wide range of different types of risks, such as operational, financial and reputational. When identifying risks, it is important to consider the associated opportunity - if any - afforded by this risk, which may help with evaluation and management in the next stages of the process.

*Risks can be identified in a number of ways, for example:*

- *Workshops, e.g. A group discussion session/Horizon scanning*
- *Increased staff awareness – so they know how to feed into the process*
- *During a review of current performance*
- *Using previous experience*
- *SWOT Analysis, or something similar*
- *Experience of other organisations (what can you learn from others success, or mistakes?)*
- *Exchange of information with stakeholders*
- *Perceived areas of weakness*
- *Stakeholders surveys or trend analysis from complaints data*
- *Internal or external reports and horizon spotting – press, etc*
- *Trends or risks identified in operational risk assessments or site surveys*

Risk identification is an ongoing activity, with individual risks and the impact and/or likelihood of risk changing regularly. Risk identification is the process of determining what outcomes you are seeking to achieve and identifying what can threaten the achievements of these objectives.

The process for describing risks is set out below. All risks should be crafted to detail the risk, cause and effect:

- Risk:** A brief description of the event or the potential threat (or opportunity).
- Cause:** The drivers or triggers that may lead to the realisation of the risks / uncertainty.
- Effect:** The consequences that may arise from the risk / uncertainty materialising.

Risk descriptions themselves are often prefaced with:

“Loss of....”      “Lack of....”      “Failure to....”      “Inappropriate....”  
 “Inability to....”      “Reduction of....”      “Disruption to....”

*Describing Risk Example:*

- Risk:** Failure to deliver major change projects on time and on budget.
- Cause:** Lack of, or ineffective, project management; under-estimation of resource requirements; lack of appropriate resources; conflicting priorities.
- Effect:** Financial pressure; detrimental impact to deliverability of other parts of the programme; increase in temporary staffing costs.

**5.2 Evaluation of Risk**

Once the risks have been identified they need to be evaluated. This involves evaluation of the likelihood of a risk occurring and impact if it does. This is done using the scoring matrices below at two stages. The inherent risk is assessed as the risk if there were no controls or mitigating actions. Once these are taken into account, the residual risk is then evaluated.

Not all risks faced by the organisation will be of the same magnitude or significance. Neither does the College have the resources, or will, to manage every single risk it faces. The purpose of the evaluation stage is to filter out the risks that need to be managed from the risks that simply need to be monitored.

The College evaluates risks using a 5x5 Risk Evaluation Matrix – see below.

**Risk Criteria – Likelihood**      Assessed on a 1 to 5 scoring basis

Title	Description	Scale
Almost Certain	Is expected to occur in most circumstances	5
Likely	Will probably occur in most circumstances	4
Possible	Might occur at some time	3
Unlikely	Could occur at some time	2
Rare	May occur only in exceptional circumstances	1

A full description of the Qualitative and Quantitative Likelihood can be found at [Appendix 3 – Risk Assessment](#)



**Risk Criteria – Impact** Assessed on a 1 to 5 scoring basis

The impact category is decided by taking the highest impact of the risk, for example if a risk scores a ‘5’ for reputational impact but a ‘4’ in all other categories the risk should be considered to have an overall rating of ‘5’. However, it should be noted this is guidance and teams are free to use their professional judgement when prioritising risks.

For Team Risk Registers, the likelihood of the risk is assessed as the possibility of the risk occurring in the next 12 months, whereas for the College Strategic Risk Register, which focuses on Strategic Risks, this can be for up to three years.

Title	Description	Scale
Significant	Death, total systems loss, unacceptable outcome	5
Extensive	“Major” injury/illness, major damage or impact	4
Moderate	Loss of time, injury/illness, serious damage or impact	3
Negligible	Minor impact or outcome	2
Insignificant	Very minor, little consequence	1

A full description of the types of Impact can be found at [Appendix 3 – Risk Assessment](#)

**Risk Evaluation Matrix – 5x5**

This is a ‘5x5’ matrix and the assessed scores of impact and probability are

Likelihood x impact		
20-25	Very High	Critical risk – should be eliminated or moved to a lower level
16-19	High	Undesirable – must be avoided if reasonably practicable
10-15	Medium	Accepted - must be monitored closely
5-9	Manageable	Acceptable – can be accepted provided risk is managed
1-4	Low	Low -no further consideration required

multiplied together to determine the overall risk score, to a maximum of 25. Based on the score allocated for likelihood and the impact score, a total risk will be calculated.

### 5.3 Management of Risk

Each risk, based on its score, will be rated as either VERY HIGH, HIGH, MEDIUM, MANAGEABLE OR LOW and will be colour-coded according to the Risk Assessment Table above. This rating will determine the broad approach to be taken to the management of each risk, as set out below. This rating reflects the level of risk that the College is willing to accept or tolerate, which then dictates the level and intensity of response required.

Likelihood x impact		
<b>20-25</b>	Very High	Risk remains above acceptable level
<b>16-19</b>	High	Risk remains undesirable
<b>10-15</b>	Medium	Risk must be monitored closely
<b>5-9</b>	Manageable	Risk is acceptable or can be managed
<b>1-4</b>	Low	Low - no further consideration required

In broad terms any risk can be addressed (or managed) using one of the four methods below - the 4 T's.

Each risk identified should have a Risk Owner and Responsible Person where different. The risk owner should be responsible for co-ordinating any activity required to manage the risk, or for simply monitoring the situation to see if the level of risk changes.

If further action is required to manage a risk it should be for the Responsible Person to propose what action is appropriate. This can then either be agreed or amended by the relevant group of managers.

The Risk Owner is considered to be accountable for the risk and is the person who co-ordinates any activity to manage the risk within the College. The Responsible Person may have accountability or responsibility for specific tasks or actions that help control the risk in question.

<b>Tolerate</b>	<p>Accept the risk because:</p> <ul style="list-style-type: none"> <li>• It is relatively insignificant</li> <li>• It would not be of benefit to do any more, ie where the cost of avoiding or treating the risk is considered to outweigh the potential benefits.</li> <li>• The risk at the current time is acceptable to the College and resources should be invested elsewhere.</li> </ul>
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<b>Treat</b>	<p>Take cost effective actions to reduce either the likelihood of the risk happening, the impact, or both.</p> <p><b>Examples of actions to reduce likelihood:</b></p> <ul style="list-style-type: none"> <li>• Introducing procedure manuals and controls with which all staff must comply.</li> <li>• Documented authorisation procedures and limits.</li> <li>• Regular review and compliance checking to evidence procedures being followed.</li> <li>• Specification of contract conditions to mitigate potential College exposure.</li> <li>• Staff training to raise awareness of the risk and controls required.</li> </ul> <p><b>Examples of actions to reduce impact:</b></p> <ul style="list-style-type: none"> <li>• Business Continuity and emergency planning.</li> <li>• Public relations and media handling.</li> <li>• IT back up arrangements in case of systems failure.</li> </ul> <p>After treatment a risk may still remain. A decision will then be taken as to whether the remaining risk is at a tolerable level or further action is still required.</p>
<b>Transfer</b>	<p>Let someone else take the risk (eg. by insurance or passing operational responsibility for the risk to a contractor or partner).</p> <p>When a risk is transferred, some level of risk is invariably retained by the College, such as the reputational consequences of a service failure</p>
<b>Terminate</b>	<p>Agree that the level of risk is too high and do not proceed with the project or activity (or carry out the activity in a different way).</p>

## 5.4 Monitoring & Reviewing of Risks

Monitoring of risks is often best done as part of reviewing performance. There is a clear link between how an organisation (or a part of an organisation) is performing and how it is managing the risks it faces.

To ensure that the monitoring and reviewing of risk is carried out effectively, the following approach should be followed:

1. Risk should be a standing Agenda item on all Meetings, with a formal review of all College Strategic Risk Registers each quarter, with updates more frequently if circumstances change. If necessary SMT will seek assurance from the individual Risk Owners that the risk they are responsible for is being effectively monitored and action is being taken as agreed in formal action plans.
2. New risks identified through the decision making process should be identified for inclusion in the College Strategic Risk Register.
3. A summary of all Team Risk Registers is provided at every meeting of the RMC. Red/High risks from Team Risk Registers are discussed as is the summary of the movements in these Registers. Any issues or concerns should be flagged to the RMC Chair or another member of the RMC, for consideration by the RMC, in order to determine whether the risk has an impact on the College Strategic Risk Register.

The review of risk should provide comfort to managers that the significant barriers to success are being appropriately addressed, and as part of this process the following should be considered:

- 1) The existing or proposed wording for each specific risk
- 2) Are the “Impact” and “Likelihood” scores for each risk reasonable?
- 3) Are the mitigation actions for each risk appropriate?
- 4) Is the residual risk score reasonable in each case?
- 5) Are the early warnings and planned actions appropriate?
- 6) Are risk owners and co-owners valid?
- 7) Agree timelines for each risk
- 8) Are there any risks that are not covered that should be included or any further actions or controls that should be added?

## **6. Structure for Managing Risk in the College**

The College has a number of processes and procedures in place to manage risk effectively, detailed below.

### **6.1 Risk Management Committee**

The College has a Risk Management Committee (RMC). This Committee meets a minimum of 4 times per academic year and consists of members of the Senior Management Team and a wide range of Operational Managers and other staff members. The Terms of Reference for the RMC is provided in [Appendix 1](#).

This Committee is the main operational group with responsibility for discussing Risk Management issues and it considers the College Strategic Risk Register at each meeting and recommends changes to it. The Committee is chaired by the Director of Estates and Corporate Services.

### **6.2 Meeting Agendas**

All meetings of the Board of Management, its standing committees and all formal internal meetings have Risk Management as a standard agenda item. This ensures that any new risk management issues are identified by members of the committee and if appropriate included in the College Strategic Risk Register. In respect of formal, internal College meetings it is the responsibility of the Chair of such meetings to inform the Chair of the Risk Management Committee of any new risks identified.

### **6.3 Board of Management Reports**

All formal reports to the Board of Management and its Standing Committees include a section on Risk Management implications. The author of the report is required to consider and highlight any risk implications arising as a consequence of the contents of the report.

### **6.4 Board Development**

Risk Management has recently been considered as a Board development topic and it also forms part of the induction process for all new members of

the Board of Management.

## **6.5 Audit & Risk Committee**

The Audit & Risk Committee has a specific role in the review and management of risk. It considers the College Strategic Risk Register and Risk Appetite Statement at each meeting as a standing agenda item. The Committee will make recommendations for changes to the College Strategic Risk Register, Risk Management Framework and Risk Appetite Statement to the Board of Management. The Audit & Risk Committee also has responsibility for the oversight of College Internal and External Audit arrangements. The Committee are required to ensure that audit programmes include Risk Management as a topic for regular independent audit review and to ensure that the audit plans take appropriate cognisance of perceived risk.

## **6.6 Assurance Framework**

The College will maintain an assurance framework which will be regularly reviewed by the Audit & Risk Committee and presented to the Board of Management annually. The Vice Principal Operations is responsible for maintaining a mapping of all sources of assurance which are available routinely to the Board of Management and its Standing Committees. The objective of this exercise is to review the full range of the sources of assurance which aim to provide the Board with assurance that the College is being managed and operated in a way which is consistent with its Mission, Vision, and Strategic Plan. The sources of assurance will also seek to provide evidence that the processes and procedures in place to ensure that the College is well controlled and managed are being adhered to.

The Assurance Framework and its regular review will also ensure that the College is compliant with the Scottish Government Audit and Assurance Committee Handbook.

## **6.7 Insurance**

The College ensures that it has an appropriate level of insurance in place as a key risk management Framework. The Director of Estates and Corporate Services is responsible ensuring procurement and arrangement of insurance cover. Details of the cover in place are reported annually to the Finance & Resources Committee, The Audit & Risk Committee and to the Risk Management Committee.

## **6.8 Health and Safety Management**

Health and Safety Management at the College is a further element of the Risk Management Framework. A separate Health and Safety Policy and management process operates within Glasgow Kelvin College. The minutes of the Health and Safety Committee are considered by the Risk Management Committee at each meeting. The Board of Management approves the Health and Safety Policy annually and also considers an annual report on Health and Safety.

## **6.9 Strategic and Operational Planning**

The College Strategic and Operational processes include consideration of the wider context facing the College and its local partners. This includes a review of the operational environment in which the College operates to ensure that both the Senior and Operational Management Teams give full consideration to internal/external risks and challenges.

#### **6.10 Financial Planning**

The budget preparation and monitoring processes include explicit reference to the financial risks associated with the strategic and operational plans on an annual basis. The Finance & Resources Committee has responsibility for the oversight of financial management. The Vice Principal Operations also has responsibility for medium term financial planning, associated scenario planning and for ensuring that Risk Management is integrated into these planning and modelling processes.

#### **6.11 Business Continuity Planning and Disaster Recovery**

It is the responsibility of the Director of Estates and Corporate Services and the Director of Digital and Information Services to ensure that the College has appropriate disaster recovery documentation, processes and procedures in place which are subject to regular review and testing. This will help ensure the College has the capacity and plans in place which will enable it to recover quickly in the event of a major incident. This is aimed at minimising the risk that the College will be unable to deliver its operational objectives as a result of an unforeseen incident.

### **7. Review**

The Risk Management Framework will be reviewed every three years, unless changes require to be made during this period.

## Appendix 1 – Terms of Reference – Risk Management Committee

### Risk Management Committee - Terms of Reference

#### 1. Purpose

The Risk Management Committee (RMC) was established in accordance with the College's Risk Management Framework and to support best practice in corporate governance.

The RMC is responsible for overseeing the successful implementation of the College's Risk Management Framework. This will include responsibility for the co-ordination of risk management activity. It will ensure that the necessary processes are in place to manage College risks and achieve compliance with governance requirements.

The RMC will consider potential risks associated with the college's mission. It will seek to identify and review risks, record risks and mitigations in the Risk Register and ensure that the College is operating in line with the Board's Risk Appetite Statement.

#### 2. Authority and Accountability

The RMC, reports to the Senior Management Team (SMT) and is authorised to make recommendations regarding the management of risk. The RMC reports to SMT by the submission of the College Strategic Risk Register each quarter and provides regular reports for information and approval. These are detailed in the table below.

Documentation	Activity
College Strategic Risk register	SMT – after each RMC Audit & Risk Committee – at each meeting Board - Minimum twice per annum Learning & Teaching Committee - annually Finance & Resources Committee – annually
Risk Management Progress Report	SMT and Audit & Risk Committee - Annually
Risk Management Strategy – Review & Update	Minimum every three years

#### 3. Duties

- Review and monitor the College's Risk Management Framework.
- Act as the College's co-ordinating body on all risk-related policies and procedures in conjunction with other specialist Forums.
- Assist the SMT in defining an acceptable risk management approach within the organisation.
- Ensure that adequate systems are in place for implementing, monitoring and reviewing assurances on controls.
- Ensure that appropriate staff and management training and development opportunities are in place to support the College's Risk Management Framework.
- Identify strategic risks affecting the College and make recommendations to the SMT as to the ways in which these will be managed.

- Identify medium to long term risks and opportunities, for example through horizon scanning
- Review all risk registers and reports from the College's Teams and Projects.  
***Each risk register owner will be responsible for highlighting any "high" risk areas of concern to the Committee for consideration, outside the rolling programme of risk register reviews.***
- Update the College Strategic Risk Register, taking account of Team risk registers and then submit to SMT for review.
- Encourage effective Risk Management with strategic partners where risks can have an effect on the College.
- Agree an annual progress report for SMT at the end of each financial year, to include a Risk Management action plan.
- Review the Risk Management Framework every three years as a minimum.
- Inform of any serious untoward incidents and ensure that follow up actions plans are developed, implemented and monitored.
- Review all internal audit reports that relate to risk.
- To seek advice from internal or external specialists about the management of specific risks if appropriate.

The RMC's role will span the entire range of College activities. It will include, for example, the college's Health and Safety Agenda, its ICT systems, HR Management, Estate Management, Equalities, administration systems and its financial management and governance.

#### 4. Membership

The RMC will be chaired by the Director of Estates and Corporate Services and membership will include representation from both Learning and Teaching and Support staff, and Student Association representation. In addition, at least one member of the Principalship should be a member of the RMC and there should be representation from: Estates, HR, Health & Safety, Communications & Marketing, Digital Services, Student Support Services and a senior member of staff with Curriculum responsibility. There should be at least one additional SMT member and five staff representatives from across the organisation.

This means that there will be a minimum membership of ten on the RMC.

#### 5. Frequency of Meetings

The RMC will meet a minimum of four times a year, with additional meetings arranged if necessary. It will report to the SMT quarterly, allowing SMT to provide an update to the Audit & Risk Committee and the main Board at least twice per annum.

Additional meetings may be called at the request of the Audit & Risk Committee, the Principal or the Group's Chair.

#### 6. Format of Meetings

At the start of each academic/financial year the Chair shall issue a schedule which indicates the dates and times of the Group's meetings for the year, including a Forward Agenda, to include the proposed activities for the year, including any training requirements.

The papers for each meeting shall normally be distributed to all members five working days prior to any meeting. The minutes of all meetings of the Health and Safety Committee shall be routinely returned to an appropriate (normally the next) meeting of the RMC.



The minutes of the RMC shall normally be recorded by a member of the College's Administration staff.

## 7. Quorum

The quorum will be the Chair and four other Committee members, to include at least one other SMT member. Where possible a delegated deputy should attend the meeting in the absence of an RMC member.

## 8. Reporting Arrangements into the Forum

The RMC receives and reviews the following documents to enable it to successfully discharge its responsibilities:

- College Risk Management Framework
- College Strategic Risk Register
- Team Risk Registers
- Project Risk Registers for large/high risk projects
- RMC Minute & Action Plan
- Relevant internal audit reports and notification of key risks
- Any key documents highlighting risks associated with particular decisions

## 9. Effectiveness of the Risk Management (RMC)

The effectiveness of the RMC will be monitored through a self evaluation process carried out each year.

## 10. Review

<b>Document Control Information</b>	
<b>Reviewed by the Audit &amp; Risk Committee:</b>	<b>November 2024</b>
<b>Date of Next Review:</b>	<b>November 2027</b>
<b>Approved by the Board of Management:</b>	<b>December 2024</b>

The Terms of Reference will be reviewed every three years at the same time as the Risk Management Framework is reviewed.

## Appendix 2 – Risk Categories and Risk Appetite

The table below describes the specific behaviours associated with the agreed Risk Appetite for each Risk Category.

Category	Risk Appetite	Description
Policy	Cautious	<ul style="list-style-type: none"> <li>• Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals.</li> <li>• Willing to consider actions where benefits outweigh risks. Processes, and oversight/monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.</li> </ul>
Operations	Open	<ul style="list-style-type: none"> <li>• Innovation supported, with clear demonstration of benefit/improvement in management control. Responsibility for non-critical decisions may be devolved.</li> </ul>
Legal & Compliance	Minimal	<ul style="list-style-type: none"> <li>• Want to be very sure we would win any challenge.</li> <li>• Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.</li> </ul>
Financial	Cautious	<ul style="list-style-type: none"> <li>• Seek safe delivery options with little residual financial loss only if it could yield upside opportunities</li> </ul>
Commercial	Open	<ul style="list-style-type: none"> <li>• Innovation supported, with demonstration of benefit/improvement in service delivery. Responsibility for non-critical decisions may be devolved.</li> </ul>
People	Cautious	<ul style="list-style-type: none"> <li>• Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.</li> </ul>
Digital	Cautious	<ul style="list-style-type: none"> <li>• Consideration given to adoption of established/mature systems and technology improvements. Agile principles are considered.</li> <li>• Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.</li> </ul>
Student Experience	Open	<ul style="list-style-type: none"> <li>• Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.</li> </ul>
Reputational	Minimal	<ul style="list-style-type: none"> <li>• Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.</li> </ul>
Environmental & Sustainability	Cautious	<ul style="list-style-type: none"> <li>• Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.</li> </ul>

### Risk Appetite Statement

This statement specifies the Risk Appetite or willingness of the Board of Management to accept or tolerate different types of risk. The Board is responsible for the overall management of risk and opportunity. It sets the risk appetite and ensures there is an appropriate balance between risk and opportunity and that this is communicated to the management team.

The Board of Management are Risk Cautious in respect of all matters which involve the stewardship of College funds. It is Risk Minimal in regard Legal and Compliance and the Reputation of the College. This includes compliance with high standards of health & safety management. The College is a dynamic and innovative educational institution which is willing to accept a level of risk as it seeks to identify new ways of working which will improve the quality and range of services it offers to the communities which it serves, therefore Operations, Commercial and Student Experience have been given a risk appetite of Open.

The Risk Appetite Statement is integrated with the Risk Register and will be taken account of on all occasions the Risk Register is considered by the the Senior Management Team, the Board of Management, its Audit and Risk Committee and its other Standing Committees. At each review of the Risk Register the level of mitigation must be considered against the assessed level of Risk attached to any item on the Risk Register and the Risk Appetite applicable to it.

Risk Category	Risk Appetite				
	Averse	Minimal	Cautious	Open	Eager
1. Policy					
2. Operations					
3. Legal and Compliance					
4. Financial					
5. Commercial					
6. People					
7. Digital					
8. Student Experience					
9. Reputational					
10. Environmental & Sustainability					

Risk Appetite Scoring				
Averse	Minimal	Cautious	Open	Eager
1 - 4	5 - 9	10 - 15	16 - 19	20 - 25

Risk Category	Description
1. Policy	<b>Strategy Risks</b> – Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change). <b>Governance Risks</b> – Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
2. Operations	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.
3. Legal and Compliance	<b>Legal Risks</b> arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property). <b>Property Risks</b> – Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.
4. Financial	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.
5. Commercial	Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.
6. People	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
7. Digital	<b>Technology Risks</b> – Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience. <b>Information Risks</b> – Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.
8. Student Experience	Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.
9. Reputational	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.
10. Environmental & Sustainability	Risks arising from failure to comply with Government and local sustainability legislation and targets, including failure to achieve the College's Net Zero Plan.

Impact					
People	Minor skills impact	Minor impact to capability	Unavailability of core skills affecting service	Unavailability of critical skills or personnel	Protracted unavailability of critical skills/people
	Minor injury or first aid treatment	Injury requiring treatment by medical practitioner	Major injury / hospitalisation	Single death and/or multiple major injuries	Multiple deaths
Information	Compromise of information otherwise available in the public domain	Minor compromise of information sensitive to internal or sub-unit interests	Compromise of information sensitive to this organisation operations	Compromise of information sensitive to organisation interests	Compromise of information with significant ongoing impact
Property and Equipment	Minor damage or vandalism to asset	Minor damage or loss of <5% of total assets	Damage or loss of <20% of total assets	Extensive damage or loss of <50% of total assets	Destruction or complete loss of >50% of assets
Reputation	Local mention only. Quickly forgotten. Freedom to operate unaffected. Self-improvement review required	Scrutiny by executive, internal committees or internal audit to prevent escalation. Short term local media concern. Some impact on local level activities	Persistent national concern. Scrutiny required by external agencies. Log term 'brand' impact	Persistent, intense national, public, political and media scrutiny. Long term 'brand' impact. Major operations severely restricted.	International concern. Governmental inquiry or sustained adverse national / international media. 'Brand' significantly affects organisation abilities.
Financial	1% of Project or Organisational Annual Budget	2-5% of Project or Organisational Annual Budget	5-10% of Project or Organisational Annual Budget	>10% of Project or Organisational Annual Budget	>30% of Project or Organisational Annual Budget
Capability	Minimal impact on non-core business operations. The impact can be dealt with by routine operations	Some impact on business areas in terms of delays, systems quality but able to be dealt with at operational level	Impact on the organisation resulting in reduced performance such that targets are not met. Organisational existence is not threatened, but could be subject to significant review or changed way of working	Breakdown of key activities leading to reduction of performance (e.g. service delays, revenue loss, client dissatisfaction, legislative breaches). Survival of the project/activity/organisation is threatened.	Critical failure(s) preventing core activities from being performed. The impact threatens the survival of the project or the organisation itself.

Insignificant	Negligible	Moderate	Extensive	Significant
1	2	3	4	5

	Qualitative Likelihood	Quantitative Likelihood		
Likelihood	Is expected to occur in most circumstances	Has occurred on an annual basis in this organisation in the past or circumstances are in train that will cause it to happen	Almost Certain	5
	Will probably occur in most circumstances	Has occurred in the past few years in this organisation or has occurred recently in other, similar organisations or circumstances have occurred that will cause it to happen in the next few years	Likely	4
	Might occur at some time	Has occurred at least once in the history of this organisation or is considered to have a 5% chance of happening in the next few years	Possible	3
	Could occur at some time	Has never occurred in this organisation but has occurred infrequently in other similar organisations or is considered to have as 1% chance of occurring in the next few years	Unlikely	2
	May occur only in exceptional circumstances	Is possible but has not occurred to date in any similar organisation and is considered to have very much less than a 1% chance of occurring in the next few years	Rare	1

Likelihood x Impact

20-25	Very High	Risk remains above acceptable level
16-19	High	Risk remains undesirable
10-15	Medium	Risk must be monitored closely
5-9	Manageable	Risk is acceptable or can be managed
1-4	Low	Low- no further consideration required

↑	Increasing Trend
↓	Decreasing Trend
↔	Constant Trend