WEST THAMES COLLEGE

RISK MANAGEMENT POLICY

Lead	Approved By:	Date Approved:	Next Review Date:	Where Published:
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INTRODUCTION

West Thames College is committed to providing high-quality education and services to its students, staff and community, and preserving its reputational and financial integrity in order to meet its strategic objectives.

The College, as any organisation, will face risk as a matter of routine. The only way for an organisation to avoid risk entirely is to not operate. The Corporation must therefore factor risk as an integral part of the College's strategy.

The Corporation has defined a vision and the strategic objectives it wishes to deliver. The level and nature of the risks it faces will fluctuate over time and its success will depend on its ability to respond to that risk environment in its governance and management of the College.

The College will manage risk effectively, taking all reasonable, practicable steps to ensure the protection of staff, students, assets and the reputation of the College.

DEFINITIONS

Risk Appetite

Risk appetite refers to the College's willingness to accept risk in pursuit of its strategic objectives. A range of appetites exist for different risks and these may change over time.

Risk Tolerance

Risk tolerance refers to the College's readiness to bear the risk; the amount of risk that the College can actually cope with.

Strategic Risk

Essentially, strategic risks are the risks of failing to achieve the College's objectives as set out in its strategic plan. These are risks that can impact the competitive advantage and sustainability of the College.

Operational Risk

Operational risks are those affecting the day-to-day activities of the College; concerned with the internal resources, processes, systems and employees of the College.

Inherent Risk

Inherent risk refers to the amount of risk that exists without consideration of current controls that are place to mitigate the risk.

Residual Risk

Residual risk refers to the amount of risk remaining after controls have been put in place to mitigate the inherent risk.

PURPOSE

This risk management policy ("the policy") forms part of the College's internal control and corporate governance arrangements.

The policy explains the College's underlying approach to risk management and documents the roles and responsibilities of the Corporation and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

The policy describes the process the Corporation will use to evaluate the effectiveness of the College's internal control procedures.

Through implementation of an effective risk management process the College aims to secure the following benefits:

- Greater assurance to stakeholders through mapping of key challenges facing the College to corresponding mitigating controls and action plans
- Better decision making and understanding of the real impact of decisions made
- Production of better outcomes and protection of reputations
- Achievement of objectives through the most effective use of resources
- Reduction of risk-related costs and delivery of value for money
- Improved innovation through empowerment of management and staff to take more measured risks in areas of planned development that will bring significant reward
- Support for effective corporate governance
- Integration of risk management into the day-to-day management process to achieve continuous improvement in the management of risk.

POLICY STATEMENTS

Approach to Risk Management

The College recognises that effective risk management is an ongoing, proactive and dynamic process involving the Corporation, Executive Team, management and other personnel. The College will undertake a systematic approach to setting the best course of action to manage uncertainty by identifying, analysing, assessing, responding to, monitoring and communicating risk issues and events that may have an impact on the College's ability to successfully achieve its strategic objectives.

The Corporation supports a risk-based approach to decision making in the College. It believes that good risk management is fundamentally about supporting staff to make informed decisions about risk taking and the degree of control required.

Risk Appetite

Risk appetite levels will vary dependent on the different activities undertaken and their associated risks. The College uses the following approach to 'scoring' its risk appetite levels for different activities/risk types.

Risk Appetite Level	
None	The College has no appetite for decisions or actions that may result in financial loss; compromise compliance with statutory, regulatory or policy requirements; adversely impact quality; cause reputational damage; or negatively impact its staff. This risk appetite level is likely to be very rare.
Very Low	The College accepts very safe decisions or actions that have a low degree of inherent risk and only have potential for limited reward.

Low	The College accepts safe decisions or actions that have a low degree of residual risk and may only have limited potential for reward.
Moderate	The College is willing to consider all options and choose that which is most likely to result in successful delivery of its objectives whilst providing an acceptable level of reward.
High	The College is eager to be innovative and to choose options offering potentially higher rewards despite greater inherent risk.

Risk Appetite Statements

The College's risk appetite statements establish the boundaries for its overall, broad risk-taking activities and indicate the amount of risk the College is willing to accept in the achievement of its strategic objectives. They are used as guidelines rather than mandates, although variation from these guidelines would need to be discussed and agreed by the Audit Committee and approved by Corporation. The following statements are used:

Key Activity	**Risk Appetite Statement**
Strategy	To achieve its objectives the College must be willing to take and accept risk. The College is willing to take or accept a ***moderate*** level of risk in pursuit of its strategic priorities and for Public Benefit. There is ***low*** willingness to accept risks that have no alignment with the strategic direction of the College or damage the College's credibility, role in the community, and/or its values
Curriculum (TLA)	The College has a ***moderate*** risk appetite for innovative courses and curriculum provision that enhances student learning outcomes and experience. This involves having a curriculum that is relevant to current employment and industry needs. This will not be pursued by compromising our ***low*** risk appetite for poor teaching and learning practice or academic quality which would not meet College standards and external accreditation requirements.
Partnerships, Community & Employer Engagement	The College is willing to take risks that will drive strong engagement with employers and community organisations and which increase participation in local communities. The College has a ***high*** risk appetite to contribute to public policy discussions with the government and provide equitable access to further education. The College has a ***low*** risk appetite for risks that will destroy its brand and diminish its role as a significant contributor to the communities it serves.
Financial & Commercial	The College must remain financially sustainable to continue to serve its purpose and achieve its aspirations. The College has a ***low*** risk appetite for the irresponsible use of College resources and unnecessary liabilities. The College has a ***moderate*** risk appetite for being more commercially adept and exploring avenues to diversify revenue streams through commercially viable arrangements and partnerships.
Service Delivery & Business Continuity	The College has a ***low*** risk appetite for business interruptions at critical periods of operations impacting staff and students. Whilst the ability to support operations on a day-to-day basis is important, the College has a ***moderate*** risk appetite for change to ensure it has the right

	resources, staff capabilities and organisation structure to optimise performance.
Health, Safety & Environment	The willingness to accept risks to the health, safety and wellbeing of staff, students and others on the College's campuses is ***extremely low***. It is not the College's intention to avoid inherently risky activities that are part of running a college; however, a strong culture of health and safety awareness and risk management is expected of all staff. This includes identifying and managing health and safety risks to the best extent possible. The College has a strong interest in protecting and preserving the environment so has a ***low*** risk appetite for activities that will significantly degrade the environment and a ***moderate to high*** risk appetite for activities that will improve sustainability and embrace the green agenda.
Organisation, Culture & Compliance	The College seeks to comply with relevant statutory requirements to the best of its endeavours. The College will achieve this through strong institutional governance and management which will shape its culture for compliance, ethical conduct and living its values. The College has ***no*** risk appetite for misconduct, fraud, harassment or discrimination, and non-compliance behaviour that undermines its integrity. The College has a ***very low*** risk appetite for compliance with external regulation which is informed using a risk-based approach (including management of risk).

Risk Tolerance Statement

The College cannot tolerate items on the risk register with a net score after controls and mitigation that is greater than 15. In such instances, further controls and mitigation must be put in place to reduce the level of risk.

ROLES AND RESPONSIBILITIES

Role of the Corporation

The Corporation has the ultimate responsibility for risk management and is advised in this role by the Audit Committee. The Corporation sets the tone and influences the culture of risk management within the College which includes the following:

- Determining the College's risk appetite, tolerance or level of exposure following advice from the Executive Team
- Ensuring that the identification, assessment and mitigation of risk is linked to achievement of the College's objectives.
- Ensuring that the assessment of risk reflects the College's appetite for risk considering any significant new activities or opportunities as they arise to ensure that risks are identified and managed
- Actively participating in major decisions affecting the College's risk profile or exposure
- Monitoring the management of significant or strategic risks by receiving regular reports from the Executive Team supplemented by internal and external audit reports on risk identification, evaluation and management
- Regular review of the risk register by Corporation subcommittees and the Audit Committee
- Undertaking an annual review of the College's approach to risk management and effectiveness of the system of risk management and internal control.

Role of the Executive Team (ET)

The role of the ET is to ensure that the College manages risk effectively. Accordingly, ET should:

- Provide a clear explanation of why risk management is being implemented
- Recommend policies and procedures on risk management and internal control for approval by the Corporation
- Communicate overall risk strategy and objectives
- Monitor and review the effectiveness of risk management in the College
- Review and monitor the strategic and operational risk registers and any associated action plans on a termly basis
- Report in a timely manner to Corporation subcommittees and the Audit Committee on risk status and controls
- Using the Board Assurance Framework, map assurances to risks providing Corporation with a level of confidence that can be obtained from risk management controls and mitigation in place.

Role of the College Management Team (CMT) and Executive Team Plus (ET+) Groups

Key responsibilities of CMT, coordinated by the ET+ groups, are to:

- Implement the College's risk management policy
- Identify, evaluate and prioritise the College's key risks for inclusion in the operational risk register
- Communicate the risk management policy to staff to ensure it is embedded in the culture of the College
- Ensure that risk management is a key element of the self-assessment process and review meetings with key curriculum departments.

RISK IDENTIFICATION

The process in place to identify risks may involve some or all of the following:

- Consideration of emerging risks at Corporation and CMT strategic planning sessions through application of techniques such as:
    - SWOT analysis to understand potential impacts on different stakeholders; and
    - PESTLE analysis to consider external factors, whether political, economic, social, technological, legal and environmental
- Horizon scanning to examine information to identify potential threats, risks, emerging issues, and opportunities, and to help understand the timeframes (short term, medium term and long term) for potential risks.
- Familiarisation with emerging issues and potential risks through, for example:
    - Regular meetings with ESFA, GLA and FEC
    - Engagement with training or information-sharing webinars offered by the funding agencies and other sector bodies
    - Membership of various sector groups, such as AoC Network Groups for Principals and Finance Directors
    - Participation in sector forums, such as JISCmail
- Management identification of operational risks through, for example:
    - Review of hazard logs, incident reports and workplace safety reports
    - Review of customer feedback, complaints and surveys
    - Review of financial audit and other audit reports

RISK EVALUATION

The College's approach to risk evaluation involves assessing the probability and impact of identified risks at both an inherent (gross) level and residual (net) level in order to quantify and categorise risks and apply meaningful control and mitigation strategies. This approach will not be limited to evaluation of risks but will also consider opportunities to ensure the College is prepared to make the most of these.

The College assesses risk through consideration of the impact on the College and likelihood of the risk materialising. Both impact and likelihood are assessed on a five-point scale where 5 is very high risk and 1 very low risk. Taken together, the product of the impact and likelihood gives a gross risk score (of between 1 and 25) which determines the significance of the risk as recorded in the College's risk register. Descriptors for risk scores for impact and likelihood are as shown below.

IMPACT	Financial	Reputational	Student Experience
5 Very High	Worsening of income or expenditure by more than £3m	Severe adverse publicity, e.g. nationally. Likely intervention by ESFA/FEC, Ofsted or Government body	Massive impact
4 High	Worsening of income or expenditure by between £1m and £3m	Significant adverse publicity, e.g. regionally; likely to draw attention from ESFA, Local Authority or other stakeholders	Major impact
3 Medium	Worsening of income or expenditure by between £500k and £1m	Moderate, transient adverse publicity, e.g. locally	Moderate impact
2 Low	Worsening of income or expenditure by between £100k and £500k	Minor adverse publicity, easily rectified	Minor impact
1 Very Low	Worsening of income or expenditure by less than £100k	No or negligible adverse publicity	No or negligible impact

Factors to consider

Assess level of impact on students' opportunities to:

- develop knowledge and skills that match expectations and ambitions;
- receive information and guidance;
- receive academic and personal support;
- achieve expected outcomes;
- progress to higher levels, employment or Higher Education;
- experience good mental health and wellbeing

LIKELIHOOD	
5 Very High	Highly likely; to be expected; occurs frequently
4 High	Likely; unsurprising; will probably occur in a given time
3 Medium	Occasional; likely to occur occasionally during standard operations
2 Low	Remote; unlikely, though possible
1 Very Low	Improbable; unlikely to occur

RISK MANAGEMENT AS PART OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the College to respond to a variety of operational, financial and commercial risks. These elements include:

- ***Policies and Procedures***
  Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Corporation and implemented and communicated by CMT to staff. Written procedures support the policies where appropriate.

- ***Regular Reporting***
  Comprehensive monthly reporting is designed to monitor key risks and their controls which include key performance indicators. Decisions to manage operational risks are made at regular meetings of ET+ groups and/or the Executive Team. Decisions to manage strategic risks are made at regular meetings of Corporation subcommittees, or the full Corporation, as appropriate.

- ***Planning and Budgeting***
  The College's planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting objectives is monitored regularly.

- ***College Risk Register***
  This framework is collated by the ET and ET+ groups and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the College. Actions to control and mitigate risks are also outlined in the risk register. The register is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly by risk owners at ET and Corporation level.

- ***Departmental Risk Registers***
  Heads of Departments develop and use this framework to ensure that significant risks in their department are identified, assessed and monitored. This covers operational risks which are more day-to-day than strategic risks. Operational risk registers are linked to the College risk register, self-assessment reports and quality improvement plans.

- ***Audit Committee***
  The Audit Committee reports to the Corporation on internal controls and alerts governors to any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls.

- ***Internal Audit Programme***
  Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation. Internal audit operates a risk-based approach and the College's risk register is the starting point for needs assessment and planning.

- ***External Audit***
  External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

- ***Third Party Reports***
  From time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

ANNUAL REVIEW OF EFFECTIVENESS

The Corporation is responsible for reviewing the effectiveness of internal control of the College, some of which may be based on information provided by the Audit Committee. The Chair of the Audit Committee will prepare an annual report of its review of the effectiveness of the internal control system for consideration by the Corporation at the December meeting.