

# UHI INVERNESS

## RISK MANAGEMENT POLICY

REFERENCE: PL/CS/2024/003

Policy Owner	Director of Finance and Estates
Lead Officer	Interim Assistant Director of Finance
Review Officer	Director of Finance and Estates
Date first approved by BoM	10 December 2007
First Review Date	December 2010
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Equality impact assessment	Yes

Reviewer	Date	Amendment
DT – Interim Assistant Director of Finance	08/11/2023	<p>Added 1.4 Compliance Added 1.5 Review Any previous references to Senior Management Team (SMT) changed to Executive Management Team (EMT). Any previous references to Director of Finance changed to Director of Finance and Estates. Added Section 5 Compliance. Added Section 6 Monitoring. Added Section 7 Review. Appendix 1 &amp; 2 expanded with more detail shown on the risk matrix impact criteria.</p> <p>Partnership Approach to Risk management changed from The University uses a standardised risk template and this has been adopted by the College. The template and the methodology for recording risks was developed and agreed through the Finance Directors Practitioners Group and</p>

		<p>the process for completing and sharing risk registers was endorsed by Academic Partners Principals. The criteria for measuring the likelihood of risks occurring and the gross impact of risks is attached at Appendix 1.</p> <p>To</p> <p>The University uses a standardised risk template, and this has been adopted by the College. The template and the methodology for recording risks was developed and agreed through the Finance Directors Practitioners Group and the process for completing and sharing risk registers was endorsed by Academic Partners Principals.</p> <p>UHI uses a template risk register format and a standard 5 x 5 (likelihood x impact) scoring methodology. All identified risks are scored twice.</p> <ul style="list-style-type: none"><li>• Firstly, to identify a <b>gross risk</b> score based on a judgement of the likelihood of the risk occurring multiplied by a potential impact score assuming no mitigations are applied and.</li><li>• Secondly, to identify the <b>residual risk</b> score that is based on a re-assessment of the risk but considering any mitigation that is <b>in place and working</b> to reduce either the likelihood or the impact.</li><li>• The criteria for measuring the likelihood of risks occurring and the gross impact of risks is attached at Appendix 1.</li></ul>
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## **1 Policy Statement**

The Board of Management of Inverness College UHI has adopted this policy for the management of risk at the College. This policy forms part of the governance arrangements of the University of the Highlands and Islands.

The current policy statements on risk were reviewed and agreed by the University Court on 20 September 2017. The College has adopted the 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, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

### **1.2 Overview and Scope**

Risk is inherent in all activity. Risk management is important to ensure that all significant, relevant risks are understood and prioritised as part of normal management practices. Information on risk must be organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward.

Identification and management of risk on a consistent, appropriate and timeous basis is a requirement of the University Court, as regional Strategic Body, and of the Scottish Funding Council (SFC).

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.

### **1.3 Implementation and Monitoring**

The policy will be implemented through the Executive Management Team (EMT) of the College. A report comprising the corporate/high level risk register will be presented to the committee of the EMT and to the Board of Management Audit Committee for review and monitoring at each meeting.

### **1.4 Compliance**

An annual report on the above by the appointed independent auditors will be made to the Audit Committee prior to the December meeting of the Board of Management.

## 1.5 Review

The Risk Management Policy and will be reviewed and presented to the Board of Management every three years for approval.

## 2 Legislative framework/related policies

- 2.1. [Health and Safety Policy](#)
- 2.2. ICT - UHI Partnership Information Security Acceptable Use Policy
- 2.3. Data Protection Policy
- 2.4. Financial Regulations
- 2.5. Data Protection Act 1998
- 2.6. General Data Protection Regulation (GDPR) (From 25 May 2018)
- 2.7. Business Continuity Plan.

## 3 Overview

Risk is inherent in all activity. Risk management is important to ensure that all significant, relevant risks are understood and prioritised as part of normal management practices.

Information on risk must be organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward. Identification and management of risk on a consistent, appropriate, and timeous basis is a requirement of the University Court, as regional Strategic Body, and of the Scottish Funding Council (SFC).

## 4 Scope

The scope of this policy was initially developed to apply to faculties and departments of Executive Office and also to create a model of good practice methodology that could be adopted by Academic Partners. The College, as an integral part of the University, has adopted the policy to cover all aspects of its activity and operations.

## 5 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 EMT, Audit Committee and 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.

## 6 Partnership Approach to Risk management

The University uses a standardised risk template, and this has been adopted by the College. The template and the methodology for recording risks was developed and agreed through the Finance Directors Practitioners Group and the process for completing and sharing risk registers was endorsed by Academic Partners Principals.

UHI uses a template risk register format and a standard 5 x 5 (likelihood x impact) scoring methodology. All identified risks are scored twice.

- Firstly, to identify a **gross risk** score based on a judgement of the likelihood of the risk occurring multiplied by a potential impact score assuming no mitigations are applied and.
- Secondly, to identify the **residual risk** score that is based on a re-assessment of the risk but considering any mitigation that is **in place and working** to reduce either the likelihood or the impact.

The criteria for measuring the likelihood of risks occurring and the gross impact of risks is attached at Appendix 1.

## 7 Roles and Responsibilities

7.1 The Director of Finance and Estates 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.

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.

## 7.2 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 institution. This includes determining the risk appetite of the institution, 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.

## 7.3 Finance and General Purposes Committee

The Finance and General Purposes 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 Board.

## 7.4 Audit Committee

The Audit Committee is responsible for monitoring the College's general arrangements for risk management and specifically for:

- Ensuring that corporate risks are properly managed, reviewing evidence to this effect and ensuring measurement of results as appropriate.
- Advising the Board on the effectiveness of policies and procedures for risk assessment and risk management;
- Annually reviewing the College's approach to risk management and, if appropriate, recommending changes or improvements to key elements of its processes and procedures;
- Providing a statement to the Board annually indicating how the College has complied with good practice with regard to Corporate Governance and, in particular, in relation to effective risk management.

## 7.5 Role of Internal Audit

A "risk based" internal audit plan is prepared taking account of the College's risk register, strategic plan and wider operating environment.

The College aims to progress towards "risk managed" which is defined as "Enterprise approach to risk management developed and communicated".

Internal audit will:

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

## 7.6 Executive Management Team

The Executive Management Team is responsible for:

- Implementing the Board's risk management policy and ensuring compliance
- Identifying, evaluating and managing strategic and operational risks in the College and bringing emerging corporate risks to the attention of the Board and/or its committees.
- Ensuring that everyone in each EMT member's 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 and external partners as appropriate



APPENDIX 1

IMPACT - CRITERIA		TIMESCALE 3 YEARS		
Score	Description	Financial	Operational	Reputational (need to link to communications process for incident management)
5 Catastrophic	<ul style="list-style-type: none"> <li>• A disaster with the potential to lead to loss of a major UHI partner</li> <li>• Loss of major funding stream</li> </ul>	<p>&gt; <b>£500,000</b> or lead to likely loss of key partner</p>	<ul style="list-style-type: none"> <li>• Likely loss of key partner, curriculum area or department</li> <li>• Litigation in progress</li> <li>• Severe student dissatisfaction</li> <li>• Serious quality issues/high failure rates/major delivery problems</li> </ul>	<ul style="list-style-type: none"> <li>• Incident or event that could result in potentially long term damage to UHI Inverness 's reputation. Strategy needed to manage the incident.</li> <li>• Adverse national media coverage. Credibility in marketplace and with stakeholders significantly undermined.</li> </ul>
4 Major	<p>A critical event which threatens to lead to:</p> <ul style="list-style-type: none"> <li>• Major reduction in funding</li> <li>• Major reduction in teaching / research capacity</li> </ul>	<p><b>£250,000</b> - <b>£500,000</b> or lead to possible loss of partner</p>	<ul style="list-style-type: none"> <li>• Possible loss of partner and litigation threatened</li> <li>• Major deterioration in quality/pass rates/delivery</li> <li>• Student dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Incident/event that could result in limited medium – short term damage to WHC's reputation at local/regional level.</li> <li>• Adverse local media coverage</li> <li>• Credibility in marketplace/with stakeholders is affected.</li> </ul>
3 Significant	<p>A Significant event, such as financial/ operational difficulty in a department or academic partner which requires additional management effort to resolve</p>	<p><b>£50,000</b> - <b>£250,000</b></p>	<ul style="list-style-type: none"> <li>• General deterioration in quality/delivery but not persistent</li> <li>• Persistence of issue could lead to litigation</li> <li>• Students expressing concern</li> </ul>	<ul style="list-style-type: none"> <li>• An incident/event that could result in limited short term damage to UHI's reputation and limited to a local level.</li> <li>• Criticism in sector or local press</li> <li>• Credibility noted in sector only</li> </ul>
2 Minor	<p>An adverse event that can be accommodated with some management effort.</p>	<p><b>£10,000</b> - <b>£50,000</b></p>	<ul style="list-style-type: none"> <li>• Some quality/delivery issues occurring regularly</li> <li>• Raised by students but not considered major</li> </ul>	<ul style="list-style-type: none"> <li>• Low media profile</li> <li>• Problem commented upon but credibility unaffected</li> </ul>
1 Insignificant	<p>An adverse event that can be accommodated through normal operating procedures.</p>	<p>&lt;<b>£10,000</b></p>	<ul style="list-style-type: none"> <li>• Quality/delivery issue considered one off</li> <li>• Raised by students but action in hand</li> </ul>	<ul style="list-style-type: none"> <li>• No adverse publicity</li> <li>• Credibility unaffected and goes unnoticed</li> </ul>

Note: In line with UHI terminology and practice, the UHI Inverness has adopted the standard risk classification  
 Select criteria most appropriate. Use highest score if more than one criterion applies.

APPENDIX 2

RISK MAP (for Gross Risk & residual risk)	TIMESCALE 3 YEARS				
	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				

so that all potentially catastrophic impact risks are classified as red and all insignificant impact risks are green

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