Item 10a
For Approval / Endorsement

Glasgow Kelvin College

Board of Management Meeting of 09 October 2024

Risk Management

Risk Appetite Review/Risk Category

Report by Vice Principal Operations and Director of Estates and Corporate Services

1. Introduction

A Board Development event on Risk Categories/Risk Appetite was carried out by Henderson Loggie on 18 April 2024 involving many Board members. Following this session, an MS Forms survey was sent to members involved; the results of this are available as per **Appendix 1** attached to this report.

The Audit and Risk Committee were charged reviewing these results in the first instance; this review took place at the Audit and Risk Committee meeting of 3 September 2024.

2. Risk Categories/Risk Appetite – Results of Survey

We received feedback from 8 out of the 9 Board members who attended the aforementioned session on 18 April 2024.

Appendix 1 (attached) has been summarised as follows:

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

It should be noted that the Financial Risks category was split between two appetites (Cautious or Minimal) and this was fully discussed by Audit and Risk Committee members. In terms of a further review of results, 2 members had suggested in their feedback that the Financial Risk be set to Open. This meant that 5 members were content with Minimal or Open with only 3 members stating that the Risk Appetite be set to Cautious. There was therefore an agreement that the Risk Appetite be set to Minimal.

3. College Strategic Risk Register – Inclusion of Strategic Objectives Column

The SMT were asked to include a strategic objectives column in the College's Strategic Risk Register; this has been done and how this looks is shown below via the link:

Strategic Objectives Column - Addition to College Risk Register - Link

Additional work will be carried out on the College Strategic Risk Register once the Risk Category/Risk Appetite results are finalised.

As previously reported, the Risk Management Framework has been updated but, to fully conclude this update/review, the outcome of the Risk Appetite and Risk Category session is required. Completion work on the Risk Management Framework will therefore be carried out after the October 2024 Board of Management meeting and will be presented to the November 2024 Audit and Risk Committee meeting.

4. Training for Team Risk Register Owners

It is intended that, following on from Board of Management meeting, a Risk Refresher/Risk Appetite session will be delivered to Team Risk Register Owners by the Vice Principal Operations and the Director of Estates and Corporate Services to share/discuss any changes to Risk Appetite/Risk Categories.

5. Resource Implications

There are some additional resource implications in terms of time to undertake the work required to refresh the Risk Categories/Risk Appetite and to train all Team Risk Register owners.

6. Impact on Students

There is no impact on students arising as a result of making changes to the Risk Categories/Risk Appetite.

7. Risk & Assurance

There are no risks or perceived implications arising from this report. Training of all Team Risk Register owners will provide seamless flow and a deeper understanding of the College Strategic Risk Register.

8. Equality

There are no adverse impacts on individuals with protected characteristics arising from the contents of this report.

9. Data Protection

There are no new data protection risks arising from the contents of this report..

10. Environmental and Sustainability

There are no environmental or sustainability issues as a consequence of consideration of the Risk Categories/Risk Appetite.

11. Recommendations

Members are recommended to:

i) note the contents of this report and links;
ii) approve the risk categories and risk appetite settings; and
iii) note that the Risk Management Framework will be amended after the October 2024 Board of Management meeting and will be presented to the November 2024 Audit and Risk meeting.

12. Further Information

Members can obtain further information on the contents of this report from Jeanette Evans, Vice Principal Operations at jevans@glasgowkelvin.ac.uk or Lisa Clark, Director of Estates and Corporate Services at lisaclark@glasgowkelvin.ac.uk

JE/LC
Glasgow Kelvin College
September 2024

Policy* (merge Strategy and Governance)

- Strategy risks – 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).
- Governance risks – Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

Is this an appropriate Category?	Yes = 5 No = 3	
Policy Risk Appetite		**Result**
Cautious: 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. 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.		6
Minimal: Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals. Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight/monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.		1
Open: Guiding principles or rules in place that are receptive to considered risk taking in organisa-tional actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals. Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight/monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.		1

Operations Risks*

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.

Is this an appropriate Category?	Yes = 7 No = 1	
Policy Risk Appetite		**Result**
Open: Innovation supported, with clear demonstration of benefit/improvement in management control. Responsibility for non-critical decisions may be devolved.		6
Cautious: Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators		1

Legal & Compliance Risks (merge Legal and Property)*

- Legal Risks 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).
- Property risks – 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.

Is this an appropriate Category?	Yes = 6 No = 2	
Policy Risk Appetite		**Result**
Minimal: Want to be very sure we would win any challenge. Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.		6
Cautious: Want to be reasonably sure we would win any challenge. Requirement to adopt arrange of agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.		1

Financial Risks*

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.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Cautious: Seek safe delivery options with little residual financial loss only if it could yield upside opportunities		3
Minimal: Only prepared to accept the possibility of very limited financial impact if essential to delivery.		3
Open: Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.		2

Commercial Risks*

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.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Open: Innovation supported, with demonstration of benefit/improvement in service delivery. Responsibility for non-critical decisions may be devolved.		4
Minimal: Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.		1
Cautious: Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.		2
Eager: Innovation pursued — desire to 'break the mould' and challenge current working practices. High levels of devolved authority — management by trust / lagging indicators rather than close control.		1

People Risks* (was previously Workforce)

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.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Cautious: Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.		6
Minimal: Decision making authority held by senior management. Seek safe and standard people policy. Decision making authority generally held by senior management.		1
Open: Innovation supported, with demonstration of benefit/improvement in service delivery. Responsibility for non-critical decisions may be devolved.		1

Digital Risks* (merge Technology and Information)

- Technology risks – Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.
- Information risks – Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Cautious: Consideration given to adoption of established/mature systems and technology improvements. Agile principles are considered. Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.		6
Open: Systems/technology developments considered to enable improved delivery. Agile principles may be followed. Accept need for operational effectiveness in distribution and information sharing.		2

Student Experience Risks (mapped to Project/Programme)*

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.

Is this an appropriate Category?	Yes = 7 No = 1	
Policy Risk Appetite		**Result**
Open: 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.		8

Reputational Risks*

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.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Minimal: Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.		6
Cautious: Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.		2

Environmental & Sustainability Risks (Kelvin Specific) *

Risks arising from failure to comply with Government and local sustainability legislation and targets, including failure to achieve the College's Net Zero Plan.

Is this an appropriate Category?	Yes = 8 No = 0	
Policy Risk Appetite		**Result**
Cautious: Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.		7
Minimal: Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.		1

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