Newbattle Abbey College
Colaiste Abaid a'Bhatail Nuaidh

RISK MANAGEMENT POLICY AND PROCEDURE

PURPOSE
This policy and procedures detail and communicate the college's approach to risk management and evaluation of internal controls.

POLICY
Newbattle Abbey College will manage risk effectively, taking all reasonably practicable steps to ensure the protection of staff, students and assets.

SCOPE
The Risk Management policy explains the college's underlying approach to risk management, and details the roles and responsibilities of the Board of Directors, the Senior Management Team, and other key parties.

Risk management identifies and manages the risks that threaten the ability of the college to meet its objectives. The college will identify threats, assess risk and implement appropriate control measures to reduce risk to a tolerable level.

The policy outlines key aspects of the risk management process, and identifies the main reporting procedures.

This procedure details the risk management process.

RESPONSIBILITIES

GENERAL PRINCIPLES

The Board of Directors has responsibility for overseeing risk management. Regular monitoring is undertaken by the Audit and Risk Committee.

The Principal and the Senior Management Team have the responsibility to support and implement policies approved by the Board of Directors, and for the construction and maintenance of a risk register. The risk register will identify and assess the significant, strategic risks facing the college and the actions taken to minimise the risks. The Principal and Senior Management Team will report regularly to the Board of Directors and the Audit and Risk Committee.

College Managers are responsible for encouraging and embedding good risk management practice within their area of activity.

All staff are responsible for observing good risk management practice within their area of activity.

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

- ensure that sound risk management and internal control systems are in place and maintained;
- ensure there is a formal, on-going process for identifying, reporting, evaluating and managing the college's significant risks;
- review the effectiveness of risk management, business continuity planning and internal control systems;
- set the tone and influence the culture of risk management within the College;
- determine the college's risk appetite (see Appendix I);
- delegate the overall implementation of risk management to the Principal and Senior Management Team.

Role and Remit of Audit and Risk Committee:
Under its Terms of Reference, the Audit and Risk Committee has the following responsibilities:

- monitor and review the effectiveness of mechanisms operated for identifying, assessing and managing risks;
- reporting on sources of assurance for consideration by the Board, including Risk Management and the Risk Register;
- regularly consider the current status of core risks to strategy, through the review of documents presented by management and derived from the Risk Register;
- receive regular reports from management on the operation of the Risk Management arrangements.

Role of other Board Committees:
The Learning and Teaching Committee and the Finance and Resources Committee will each:

- monitor relevant risks on the risk register as part of their annual business;
- review sources of assurance;
- report on relevant risks and sources of assurance for consideration by the Board.

Role of the Principal and Senior Management Team:
The Principal and Senior Team have delegated responsibility to:

- ensure effective risk management throughout the organisation;
- maintain a Risk Register and develop and implement actions to control risk;
- co-ordinate risk management;
- report on risks to the Audit and Risk Committee and Board of Directors;
- identify from the Risk Register the top risks facing the College;
- regularly review the top risks and report progress to the Audit and Risk Committee and the Board of Directors.

Role of the College Managers:
All college managers should:

- be aware of threats, hazards and associated risks within their areas of responsibility, and monitor the effectiveness of control measures.
- report regularly to senior management.
- report promptly to senior management any perceived new risks or failures of existing control measures.

Role of College Staff:
All college staff should:

- understand their accountability for specific risks;
- understand how they can support continuous improvement of risk management and risk awareness;
- report promptly to their line manager any perceived new risks or failures of existing control measures.

REVIEW

This policy will be reviewed every 3 years

This Policy should be read in conjunction with other relevant College policies, procedures and guidance documents, whether specifically listed above or subsequently published or amended.

The College reserves the right to update, introduce, or revise policies and procedures from time to time.

Compliance with the most current versions of applicable policies and procedures, as published, is expected.

Title:	Risk Management Policy and Procedure
Lead Officer:	Principal
Date last reviewed	March 2026
Next Review date:	March 2029
Approved By:	Board
Date first approved:	November 2023

RISK MANAGEMENT PROCEDURE

Risk Management is a process that affects all areas of planning, decision making and operations. The maintenance and regular review of a risk register are key elements of the risk management process. Key stages of the process are set out below.

Risk management is carried out at strategic and operational levels. Due to the small size of the college, formal risk management reporting is carried out at a strategic level, evidenced by the Risk Register.

1. Risk Register

The risk register identifies the key threats or hazards and associated risks with regard to the college's strategic aims and objectives, and the actions taken to mitigate the risks.

The Principal and SMT will present a risk register annually to the Audit and Risk Committee (ARC) and the Board of Directors. The ARC scrutinises the risk register and recommends it to the Board of Directors for approval. The ARC then monitors progress throughout the academic year and reports to the Board of Directors annually, or by exception.

The Learning and Teaching Committee and the Finance and Resources Committee also monitor relevant risks on the risk register as part of their annual business cycle.

The Principal and SMT considers the risk register at formal meetings of the Senior Management Team.

2. Risk Assessment

The underlying principles and framework of risk assessment are as follows:

2.1 Identify Threats/Hazards

Threats or hazards are identified by the Senior Management Team in relation to the College's Strategic Plan. Operationally, threats and hazards are identified by the College Management Team.

2.2 Assess Risks

Having identified the key threats or hazards, risk is assessed by considering the potential impact of the threat or hazard and the likelihood of it occurring. The criteria used for scoring risks is set out below.

2.3 Risk Rating

The risk rating is a factor of the likelihood x impact. The score is calculated twice: once to obtain the initial severity of the risk before controls measures are implemented, and a

second time to calculate the residual risk once control measures have been implemented to reduce either the impact and/or the likelihood, or to remove the threat or hazard altogether.

The college uses a Red, Amber and Green (RAG) Risk Matrix to assess risk:

Impact / Likelihood	Highly unlikely	Unlikely	Moderately unlikely	Likely	Very likely
Insignificant	**1**	**2**	**3**	**4**	**5**
Minor	**2**	**4**	**6**	**8**	**10**
Moderate	**3**	**6**	**9**	**12**	**15**
Major	**4**	**8**	**12**	**16**	**20**
Severe	**5**	**10**	**15**	**20**	**25**

Red	Severe Risk
Amber	Moderate Risk
Green	Minor Risk

Definitions of likelihood and impact scores are in Appendix II.

2.4 Mitigating Actions

These are the actions taken to mitigate the level of risk by reducing the likelihood of the threat or hazard and/or its potential impact. The actions should be practical and realistic, and there should be evidence to support their implementation. The effectiveness of mitigating actions should be monitored as part of the ongoing review of the risk register, and in light of any changes in the operating environment.

3 Risk Appetite

The Board of Directors determines the level of risk that is deemed tolerable. This will be set out in a Risk Appetite Statement in Appendix I to this procedure. The Board reviews its risk appetite annually.

Appendix I

1. Risk Appetite Statement

Risk appetite is the amount of risk the College is prepared to tolerate in order to achieve its strategic aims and objectives.

The Risk Appetite Statement is reviewed annually by the Board of Directors: **last reviewed in March 2025** *(NB: if approved)*.

The College recognises that its risk appetite varies depending on the activity being considered.

The College's risk appetite is stated across 10 key, inter-related categories. These categories underpin the Risk Register.

The College's risk appetite in one or more of the categories may have to be taken into account when an activity is being considered.

The 10 categories are described below. The descriptions include examples of matters that fall within each category – they are not intended to be exhaustive or definitive.

Category	**Category descriptor**
Business Development	Strategic activities aimed at strengthening the College's financial position, reputation and/or growth. This could include, for example, developing new partnerships, introducing new or expanding existing provision or services, and/or seeking new income streams.
Compliance	Compliance with relevant regulatory and legal frameworks, for example; employment law, health and safety legislation, financial regulations, requirements of grant funding and the College's own policies and procedures.
Curriculum	The planned and structured set of courses that the College offers, including how learning is organised, access, entry and progression points, the knowledge and skills that students develop and the qualifications attained.
Environment and Net-zero	The College's commitment to protecting the environment and reducing carbon emissions, while supporting the goal of reaching net-zero greenhouse gas emissions. This includes managing land and buildings sustainably, reducing energy use, supporting biodiversity and embedding environmental responsibility into teaching, operations, and community engagement.
Estate and infrastructure	The physical buildings that the College occupies and has responsibility for, the wider estate that forms the 'College Areas' and the related infrastructure such as utilities and IT network.
Finances	Financial sustainability and resilience as evidenced by, for example, financial forecasts, income and expenditure, operating position, reserves and cashflow.
Information and cyber security	The protection of digital information, systems and networks from unauthorised access, misuse, disruption or damage; including safeguarding data confidentiality and protecting College systems against cyber threats such as hacking, malware and phishing.
People and culture	The College's staff and the elements that contribute to and make up the organisational culture, such as; staff development and wellbeing, management and leadership, internal communications and industrial relations.

Reputation	The perception of the College's purpose and aims, and the way the College performs and behaves; the overall public perception as well as the perception of specific stakeholders and funders.
Student experience	Students' satisfaction with the College and their experience throughout the student journey including, for example, admissions, induction, learning and teaching, support for learning and student representation.

2. Risk Appetite Classification

Risk appetite across the 10 categories is classified using a commonly used five-point scale:

Averse	Avoidance of risk and uncertainty is the key objective and the level of risk accepted should be as low as practicable.
Minimal	Preference for very safe options that have a low level of inherent risk, accepting that may limit the potential for reward.
Cautious	Preference for safe options that have a low level of residual risk, accepting that may limit the potential for reward.
Open	Willing to consider all options and choose on the balance between residual risk and likelihood of delivering/achieving the desired outcome.
Ambitious	Eager to innovate and choose options offering potentially high rewards despite greater inherent or residual risks.

3. Risk Appetite

Risk appetite is reviewed annually by the Board of Directors. The table below classifies the College's risk appetite across the 10 key categories:

	Low tolerance to risk ← High tolerance to risk				
Risk Themes	Averse	Minimal	Cautious	Open	Hungry
Business Development					
Compliance					
Curriculum					
Environment and Net-zero					
Estate and infrastructure					
Finances					
Information & cyber security					
People and culture					
Reputation					
Student Experience					

4. Risk Appetite Statements

Business Development

The College is willing to seek opportunities to develop all aspects of its business. It is therefore willing to take an open approach to pursue relatively high risk initiatives where these offer the potential for high rewards consistent with its strategy, providing any risks are sufficiently mitigated to align with the risk appetite across other categories. The Board will require a full business case and detailed risk evaluation in order to take decisions where there is a medium to high level of residual risk.

Risk appetite: Open

Compliance

The College places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, bribery or fraud. There is no strategic benefit to accepting this kind of risk, which poses a significant threat to the organisation in an instance of failure.

Risk appetite: Averse

Curriculum

The College aims to maintain a relevant and valued curriculum that responds to need and demand, and that aligns with the College's designation by SFC as a specialist college. The size of the College means that any changes to the curriculum are likely to affect most if not all of its students and teaching staff, and have a significant bearing on other risk categories such as reputation and finance. It is open to accepting a level of managed risk in order to ensure that the curriculum continues to meet the needs of its students.

Risk appetite: Open

Environment and Net-zero

The College aims to make a meaningful and appropriate contribution to protecting the natural environment, including shifting towards net-zero carbon emissions, and promoting awareness of the natural world and biodiversity. It recognises that this could involve a level of inherent risk and is comfortable in accepting this, subject always to ensuring that potential benefits and risks are fully understood and that sensible measures to mitigate risk are established.

Risk appetite: Cautious

Estate and Infrastructure

The College estate comprises largely of historic buildings that place limitations on future opportunities for development, and higher risks around maintenance and upkeep. The College is aware and content with this, and is committed to, and has measure in place for, the appropriate and sympathetic upkeep of the estate. In doing so, the College will explore opportunities for enhanced resilience, and targeted improvements to emphasise an inclusive learning environment which embraces developments in technology, while ensuring a low level of residual risk.

Risk appetite: Cautious

Finance

The College aims to achieve long term financial stability and sustainability. Any activity which has a moderate or high risk score, where the financial impact is greater than 2% of total income, generally exceeds the College's risk tolerance. However the College is resilient to a higher degree of financial risk where there is potential for strategic gain, providing appropriate measure to mitigate the risk are established.

Risk appetite: Cautious

Information and Cyber Security

The College has no appetite for accepting any avoidable risks which could compromise the security of its digital information, systems or networks. There is no strategic benefit to accepting any risk in this category.

Risk appetite: Averse

People and Culture

The College places significant importance on a culture of equality and diversity, dignity, respect and collegiality, as well as on professional development and the health and safety of staff, students and visitors. It has low appetite for any deviation from generally recognised standards (compliance) in these areas. However, the College also recognises that it may have to accept a higher degree of managed risk in order to further develop its culture and to make an investment in its people.

Risk appetite: Cautious

Reputation

The College has a low level of acceptance of risk in terms of its good reputation and standing, which are of significant importance to its continued operation. The College therefore has no appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence by the College's stakeholders.

Risk appetite: Averse

Student Experience

The College aims to provide an excellent experience for its students, and therefore encourages innovation and a willingness to try new approaches. It recognises that this should involve a degree of risk and is comfortable in accepting this risk, subject always to ensuring that potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established.

Risk appetite: Cautious