

## Risk and Issue Management Policy

### Introduction

The risks that Crossfields Institute faces are continually changing due to regulatory, legislative and market changes. It is essential that staff proactively identify and manage risks in order to maximise opportunities and keep our overall risk level manageable.

All staff must adhere to this policy as we are required by the regulatory authorities to take all reasonable steps to identify, prevent, reduce and mitigate risks that could have an 'adverse effect' as defined by the following General Condition:

*An awarding organisation must take all reasonable steps to identify the risk of the occurrence of any incident which could have an Adverse Effect.*

*Where such a risk is identified, the awarding organisation must take all reasonable steps to –*

- (a) prevent the incident from occurring or, where it cannot be prevented, reduce the risk of that incident occurring as far as is possible, and*
- (b) prevent any Adverse Effect that the incident could have were it to occur or, where it cannot be prevented, mitigate that Adverse Effect as far as possible.*

The scope of this requirement affects every aspect of our awarding organisation activities as the regulatory definition of an adverse effect is:

*'An act, omission, event, incident, or circumstance has an Adverse Effect if it –*

- (A) gives rise to prejudice to Learners or potential Learners, or*
- (B) adversely affects –*
  - (i) the ability of the awarding organisation to undertake the development, delivery or award of qualifications in accordance with its Conditions of Recognition,*
  - (ii) the standards of qualifications which the awarding organisation makes available or proposes to make available, or*
  - (iii) public confidence in qualifications.'*

This document outlines the principles and strategy for the management of risk within the Institute and:

- Covers all aspects of our awarding organisation functions
- Outlines how risks and issues will be recorded, communicated, reviewed, managed and escalated
- Confirms responsibilities within CI for identifying and managing risks and issues
- Helps staff make informed decisions on how to respond to the identified risks and issues

- Describes the risk and issue categories, assessment criteria and matrices that Crossfields Institute will adopt in order to manage risks and issues successfully
- Will help ensure that Crossfields Institute implements a successful risk and issue management culture throughout the organisation

### **Review Arrangements**

The Responsible Officer will have overall responsibility for this policy and will ensure it is reviewed at least annually as part of our annual self-evaluation arrangements. However, it may be reviewed more frequently in light of operational feedback to ensure our arrangements for dealing, identifying and managing risks remain effective.

**Last Reviewed September 2018**

**Next revision date September 2019**

**Reviewed by:** Responsible Officer, Alison Richards

### **Definition of Risk Management**

*'Risk management'* refers to any activities carried out in relation to identifying and controlling exposure to risk which may have an impact on the achievement of the organisational and charitable objectives.

It is important to note that risks are events that have not occurred – if they have they then become issues.

### **Definition of issue management**

*'Issue management'* refers to any activities carried out in relation to identifying and controlling the events and developments that now impact our ability to achieve our organisational and charitable objectives.

Issues are events and developments that have occurred and need to be dealt with and resolved.

Issues can be about anything to do with a strand of work or activity (e.g. change requests, deviation from expected procedures, questions or concerns that have yet to be resolved) Issues can impact existing risks and create new risks, therefore the Risk Management Log should be examined alongside the Issue Management Log and updated where necessary.

### **Overview**

The head of each function is responsible for ensuring the proactive identification and management of risks and issues within their area and for the consistent and appropriate implementation of this policy across their staff.

At all meetings there will be a standard agenda item to review the latest risk and issue logs for their team – which will be maintained in the Corporate Governance module of our Mercury system.

All risks and issues with an amber-red or red status will be brought to the SMT.

All red risks and issues are reviewed at the Board of Trustee meetings. (The Board also reserves the right to review and/or sample other risk categories as required.)

At any stage should a risk or issue that appears on any of the logs change, or new ones emerge, the member of staff responsible for the risk/issue or for identifying a new one must update the relevant log in accordance with the rules outlined in this policy. The change in status is reviewed at the next team meeting alongside proposed new risks and issues.

### **Risk and Issue Principles**

In implementing our approach to identifying and managing risks and issues staff are required to abide by the following principles:

- All staff must understand the importance of and commit to risk and issue management.
- Staff must be proactive in the identification and management of risks that may affect our effectiveness, level of regulatory compliance and/or reputation.
- We will operate a blame-free culture in relation to the identification of risks in that staff will not be criticised or blamed for having a number of risks within their area of operation/responsibility.
- Staff must be open and honest about the nature of risks and issues and not try to hide or present them in a better light – risk management is about managing something that has not yet occurred, hence identifying risks is a sign of effective staff, teams and management; whilst issue management is about professionally and effectively dealing with events or developments that impact on our operational effectiveness.
- Strive to identify and deal with risks and issues sooner rather than later.
- Risks and issues should be dealt with at the lowest possible level, where possible, rather than escalating them to the next level.
- Risk judgments depend on sound information and will require teams to work together.
- Action to manage and address risks and issues should be proportionate to the level of protection needed.

### **Risk evaluation**

Risk evaluation is concerned with assessing probability and the impact of individual risks, taking into account any interdependencies, previous trends or factors outside the immediate scope of the area under consideration.

To assist with this Crossfields Institute has developed the following matrix as a tool for assigning an appropriate assessment status for each risk identified. A risk is assessed in terms of likelihood (how likely the risk is to occur) and impact (if the risk were to occur, what would happen) and the criteria to define these are contained in the tables below.

Once risks have been assessed and the likelihood and impact rating set, the system will automatically configure the overall risk rating for the risk based on the metrics below.

	Low	Medium	High	Very High	Impact
Low	Green	Green	Amber	Amber	
Medium	Green	Amber	Amber	Amber-Red	
High	Amber	Amber	Amber-Red	Red	
Very High	Amber	Amber-Red	Red	Red	
Likelihood					

In order to identify and assess the Likelihood and Impact of risks Crossfields Institute will use the following assessment criteria to help inform our decisions.

The relevance and appropriateness of which will be continually reviewed in light of experience and as a minimum as part of our annual self-evaluation activities.

LIKELIHOOD CRITERIA	
<b>Low</b>	<ul style="list-style-type: none"> <li>No experience of a similar failure</li> <li>Excellent track record within Crossfields Institute in relation to the area/activity.</li> <li>Well established controls (procedures) in place to manage the area/activity.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>Not known in recent experience to have occurred before (ie in the last 12 months)</li> <li>Solid track record within Crossfields Institute in relation to the area/activity.</li> <li>Controls in place (eg procedures) to manage the area/activity but have not been frequently applied (due to the nature/frequency of the activity).</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>Recent experience of this occurring (ie within the last 12 months) before</li> <li>Limited experience within Crossfields Institute in relation to the area/activity.</li> <li>New controls in place to manage the area/activity but have not yet been applied.</li> </ul>
<b>Very high</b>	<ul style="list-style-type: none"> <li>Widely known that the risk <u>will</u> occur, and will become an issue and almost certain to happen at some stage.</li> <li>No experience within Crossfields Institute in relation to the area/activity.</li> <li>No controls currently in place to manage the area/activity.</li> </ul>
IMPACT CRITERIA	
<b>Low</b>	<ul style="list-style-type: none"> <li>Financial and/or resource impact less than 1% of on Crossfields Institute's overall budget (eg an overspend or unplanned expenditure)</li> </ul>

<b>Low</b>	<ul style="list-style-type: none"> <li>• Financial and/or resource impact less than 1-10% of relevant project/activity budget (eg an overspend or unplanned expenditure)</li> <li>• Low impact on performance levels/activity.</li> <li>• Affects only 1 centre (or less than 1% - whichever is smaller)</li> <li>• Affects a low number of learners (less than 10)</li> <li>• Qualifications that are taken for personal growth or enjoyment.</li> <li>• Failure recovered at team level if it occurred</li> <li>• No non-compliance with documented procedures</li> <li>• No impact on our Recognition status</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• Financial and/or resource impact &gt;1% and &lt;5% of on Crossfields Institute's overall budget (eg an overspend or unplanned expenditure)</li> <li>• Financial and/or resource impact less than 11-20% of relevant project/activity budget (eg an overspend or unplanned expenditure)</li> <li>• Medium impact on performance levels/activity.</li> <li>• Affects a small number of centres (1 or 2 centres)</li> <li>• Affects a medium number of learners (11 to 50)</li> <li>• Private qualifications that are designed only to meet the needs of a particular organisation;</li> <li>• Minor non-compliance with documented procedures</li> <li>• No impact on our Recognition status (other internal measures and actions)</li> <li>• Performance reporting enacted at team level</li> <li>• Action plans discussed and enacted at team level</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>• Financial and/or resource impact &gt;5% and &lt;9% of on Crossfields Institute's overall budget (eg an overspend or unplanned expenditure)</li> <li>• Financial and/or resource impact less than 21-30% of relevant project/activity budget (eg an overspend or unplanned expenditure)</li> <li>• High impact on performance levels/activity.</li> <li>• Affects a high number of centres (3 - 5 centres)</li> <li>• Affects a high number of learners (less than 50 - 100)</li> <li>• Qualifications that indicate an individual can undertake a specific role in the workplace</li> <li>• Article in local/national media</li> <li>• Legal/PR action considered</li> <li>• Significant non-compliance with documented procedures</li> <li>• Potential for Ofqual to be involved and notification to Ofqual considered</li> <li>• Special performance reporting enacted, and actions discussed, at Senior Management Team level due to possible Ofqual involvement</li> </ul>
<b>Very high</b>	<ul style="list-style-type: none"> <li>• Financial and/or resource impact 10% of on Crossfields Institute's overall budget</li> <li>• Financial and/or resource impact less than 31%+ of relevant project/activity budget (eg an overspend or unplanned expenditure)</li> <li>• Very high impact on performance levels/activity.</li> <li>• Affects a very high number of centres (more than 5 centres)</li> <li>• Affects a very high number of learners (100+)</li> <li>• Qualifications required by an individual to have gained by law to carry out a specific role;</li> <li>• Prolonged and/or uncontrolled media coverage</li> </ul>

- Major non-compliance with documented procedures
- Potential threat to our recognition status
- Special performance reporting enacted, and actions discussed, at Board level
- Legal/PR action confirmed
- Notification to Ofqual required

<b>Weighing in relation to the Impact Performance Impairment criteria</b>			
<b>Low impact on performance</b>	<b>Medium impact on performance</b>	<b>High impact on performance</b>	<b>Very high impact on performance</b>
<ul style="list-style-type: none"> <li>• Certification process time is on average 1 working day over and above the stated timescale stated.</li> <li>• Complaint response time delay of 1 working day over and above the stated PLA;</li> <li>• Centre approval process time is on average 1 working days over and above the stated PLA;</li> <li>• Qualification approval process time is on average 1 working day over and above the stated PLA;</li> <li>• Issuing of EQA reports is on average 1 working day over and above the stated PLA;</li> </ul>	<ul style="list-style-type: none"> <li>• Certification process time is on average 1-5 working days over and above the stated performance level agreement (PLA);</li> <li>• Complaint response time delay of 2 working days over and above the stated PLA;</li> <li>• Centre approval process time is on average 2-5 working days over and above the stated PLA;</li> <li>• Qualification approval process time is on average 2-5 working days over and above the stated PLA;</li> <li>• Issuing of EQA reports is on average 2 working days over and above the stated PLA;</li> </ul>	<ul style="list-style-type: none"> <li>• Certification process time is on average 6-9 working days over and above the stated performance level agreement (PLA);</li> <li>• Complaint response time delay of 3-5 working days over and above the stated PLA;</li> <li>• Centre approval process time is on average 6-10 working days over and above the stated PLA;</li> <li>• Qualification approval process time is on average 6-10 working days over and above the stated PLA;</li> <li>• Issuing of EQA reports is on average 3 working day over and above the stated PLA;</li> </ul>	<ul style="list-style-type: none"> <li>• Certification process time is on average 10+ days over and above the stated performance level agreement (PLA);</li> <li>• Complaint response time delay of 6+ working days over and above the stated PLA;</li> <li>• Centre approval process time is on average 10+ working days over and above the stated PLA;</li> <li>• Qualification approval process time is on average 10+ working days over and above the stated PLA;</li> <li>• Issuing of EQA reports is on average 3+ working day over and above the stated PLA;</li> </ul>

## Identifying Suitable Responses to Risks

Upon identifying any risks staff must ensure a suitable response to the risk and in doing so implement one or more of the following strategies (it is important to note our response to each risk can be a mixture of pre-emptive and responsive actions).

<b>Prevention</b>	Terminate the risk – by doing things differently thereby removing the risk and stopping it from occurring.
<b>Reduction</b>	Address the risk – put in place appropriate measures to control it in some way by either reducing the likelihood of it occurring and/or limiting the impact should it occur.
<b>Acceptance</b>	Acceptance – where nothing can be done at a reasonable cost or time to prevent or reduce the risk, other than plan for contingency measures to deal with it should it occur. For example, dealing with the risk a flu pandemic may have on our quality assurance arrangements.
<b>Transference</b>	Reduce the impact by passing the risk on – this is a specialist form of risk response and involves assigning the risk to another party better placed to deal with the risk and/or pick up the outcomes should it occur. For example, transferring the ownership of a particular risk to an external party/supplier via a contractual clause.

The details of each risk and the action being taken will be recorded against the risk in the Risk Log.

## Issue Evaluation

Issue evaluation is concerned with assessing the impact of individual issues, taking into account any interdependencies, previous trends or factors outside the immediate scope of the area under consideration.

Upon identification and recording of an issue in the Issue Log, Crossfields Institute will use the following matrix as a tool for assigning an appropriate priority to each issue identified.

Priority		Definition
	Very high	Major impact on project/work schedule, budget, scope or resources
	High	Significant impact on project/work schedule, budget, scope or resources
	Medium	Possible impact on project/work schedule, budget, scope or resources
	Low	No material impact

The risk and issue logs are stored within the relevant sections of the Governance Module of Mercury and are reviewed regularly by the head of each team