

Risk Management Policy

Introduction

1. The University considers opportunity and risk to be closely related. An inadequate understanding of risk faced by the University or the risk inherent in particular initiatives can lead to a conservative approach to opportunity (missed opportunity) or to excessive risk taking. Being overly concerned with avoiding risk can be damaging to the strategic development of the University and be a deterrent to innovation and enterprise. Nonetheless, the University is a charity and Council carries responsibility for financial prudence and protecting the assets and reputation of the University. The balance between opportunity and risk has to be carefully managed.
2. This policy is part of a framework of control documents approved by Council.

The Role of Council and Executive Team (ET)

Council approves this policy and maintains oversight of its operation. However, Council delegates the implementation of the policy and the close management of opportunity and risk to ET.

Risk Management

1. Risk is the factor which may impact adversely on the achievement of the University's strategic goals.
2. ET will conduct a review of the high level risk register of the University each autumn. It is the role of members of ET to ensure that senior management has had the opportunity to consider the register, and to carry any observations through into the ET discussion. ET will consider, in respect of the risks classified as medium or above:
 - the extent to which these risks have been effectively managed over the previous year;
 - whether the risk register continues to be an adequate barrier of the risk faced by the University for the foreseeable future;
 - whether the processes for mitigating and managing the risks are adequate or require refinement.
3. The risk register, together with a brief summary report concentrating where possible on quantitative measures of the successful management of risk, and a review of any changes in the environment and management or mitigating actions, will be considered by Finance Group and then Council. The report should focus attention on matters which might justify or benefit from closer attention by Council and ensure these are not lost in a lengthy document. The risk register will contain, in tabular form, a brief description of the risk; a bullet point commentary on the nature of the risk and changes in the risk environment; the overall rating; the mitigating actions and contingencies; risk indicators and the senior manager taking oversight.
4. Council, with guidance from ET will identify risks that it would wish to look at in greater detail at a second meeting (in the spring). ET will explore in depth ways in which these risks might crystallise and reflect more fully on the possible responses to any particular scenario. An example might be a shortfall in recruitment of overseas students. There could be factors which impact only on students from a particular country or region, or something more wide ranging such as a pandemic and the impact could be over a longer or shorter period. By testing these scenarios and responses, ET will be able to provide Council with a greater understanding of prospective impacts and the degree of threat to the University. Council can consider further the question of mitigation and whether there are risks which may be prospectively serious but the University simply has to accept as part of being in business.
5. The Audit Committee will make its own selection of risks from the risk register to which it wishes to give particular attention during the course of each year having regard to any guidance from Council, and will receive more detailed presentations from relevant officers.

6. The Executive Deans of Faculty and the Registrar & Secretary (with assistance from the Directors of Central Services) will ensure that appropriate local risk registers are maintained at School or Divisional level and are reviewed at Faculty Executives or other appropriate executive meetings. These need not repeat risks which are being considered at ET level.
7. The identification and grading of the risks facing the University which should be in the high level risk register is, to some extent, a subjective judgement. There will be long-standing risks which have been well managed over time, which, whilst having the potential for a high potential impact without the established management processes can reasonably be regarded as very low risk and are not included. In any case the high level risk register will only address risks which are regarded as overall medium, high or critical. That assessment will be post mitigating actions.
8. The risk matrix for assessing the overall categorisation of risk is at appended to this document.
9. ET will conduct a mid-year review of the risk register, receiving reports (where these are not routine) on the management of the high level risks, in the spring of each year. A brief report from that meeting will be submitted to Council.
10. The risk register will be categorised in a hierarchy of financial risk, reputational risk, and other strategic risks. It is likely the majority of risk will have a prospective financial consequence and could appear under that heading.

Risk Appetite

1. Council will, through its consideration of strategic plans and annual operating statements review its appetite for risk. As part of this process ET will prepare an assessment of the financial risk basket. Where appropriate risks will be quantified as the product of the prospective financial impact and the likelihood of occurrence. The aggregate of those sums will be considered as the "risk basket".
2. The principles underlying Council's appetite for risk for the time-being are:
 - where risk can be transferred at a reasonable cost to a third party, without loss of prospective benefits for the University, for example through insurance or outsourcing this is likely to be a preferred route for the University;
 - where risks are critical these should normally be avoided completely. However, it is unlikely they would have got to that stage on the risk register if they were avoidable;
 - medium/high level risk will be accepted where they are unavoidable or otherwise strategically important, but Council would need to assure itself that these are being as effectively mitigated and managed;
 - desirably, the overall risk basket should be no greater than the surpluses (or the net operating cash flow in excess of the banking covenant requirements) generated by the University. While this is by no means a fool proof test, it would indicate that should risks crystallise they are less likely to create intractable financial problems for the University. The in depth consideration of key risk scenarios by council could indicate a need for more significant surpluses to provide for risk;
 - the University is conservative in its budgeting and generally does not assume the prospective benefits of new opportunities until there is sound evidence that these will be realised. While this can lead to budgetary outperformance, any in turn raise questions of missed opportunities to utilise funds productively, it is the prudent approach favoured by Council.

General

1. Council requires ET to ensure that appropriate policies are in place to secure statutory and regulatory compliance.
2. The Director of Finance, Planning & Governance will maintain, at all times, adequate and cost effective insurance for a clearly specified range of risks with realistic levels of cover.

3. A properly documented business continuity and incident management plan will be maintained.
4. The University will maintain an adequate and cost effective safety service.
5. All reports to Council will include a brief assessment of any relevant risk issues.

Risk Management Policy (November 2016). Revised from the Opportunity and Risk Policy which was originally approved by Council in November 2012 and re-approved by Council in November 2015.