Risk Management Policy

1. Purpose and definitions

1.1   The purpose of the Risk Management Policy is to explain the University's underlying approach to risk management and to document the roles and responsibilities of the Board and its sub-committees, the University's senior leadership and other staff with executive responsibilities. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

1.2   Corporate risks are recorded in the University Strategic Risk Register. This records opportunities or threats that may affect the University's future success and ability to deliver its strategic plan. The Register is a dynamic and 'living document' that is populated and updated through the University's regular risk assessment and management work. It provides an assessment of the potential magnitude or scale and likelihood of a given risk and details of how individual risks will be treated, the controls in place to mitigate the risk and plans to strengthen the controls.

2. Scope and approach to risk management

2.1   This Risk Management Policy forms part of the University's governance and internal control arrangements.

2.2   The University has a responsible approach to risk management, seeking to recognise and manage appropriately its exposure to risks. In pursuit of achieving its strategic aims and academic mission the University will, therefore, accept a degree of risk, commensurate with the potential reward.

2.3   Risk management is embedded into the management practice of the University's senior leadership. This approach is championed by the Vice Chancellor and is reflected in the Vice Chancellor's reports, presented at each meeting of key University committees and meetings, namely: The Board, the University Executive Board, the University Leadership Group and briefing meetings for all staff.

3. Risk Appetite

3.1   The University's Risk Appetite is set out in the University's Risk Appetite Statement (see Appendix 1)

4.   Responsibilities

4.1.   The **Board** is responsible for:

- Approving the Risk Management Policy
- Reviewing annually the University's approach to risk management and risk appetite
- Approving changes or enhancements to key elements of its processes or reporting, except those decisions for which the Audit Committee has delegated powers (see 4.2 below).
- Seeking assurance (via Audit Committee) of the successful implementation of the Risk Management policy and related processes
- Reviewing the University Risk Register at least twice times per annum and approving as appropriate changes proposed to the Register

- Monitoring the management of all corporate risks by the University's senior leadership
- Approval of major decisions affecting the University's risk profile or exposure.

4.2 In accordance with sector-wide requirements, the **Audit Committee** is responsible for:

- Reviewing the effectiveness of the risk management, control and governance arrangements on behalf of the Board.
- Reporting to the Board on internal controls and alerting members to any emerging issues
- Monitoring, on behalf of the Board, the management of corporate and department-level risks, by receiving and reviewing risk management reports (including the University Strategic Risk Register) at least two times per annum. The Reports shall summarise the review process and any key themes that have been identified.
- Authorising remedial action where necessary to enhance the University's risk management arrangements.
- Providing comment on new risks.

4.3 Led by the Vice-Chancellor and Chief Executive, University's **Senior Leadership** team (known as the University Executive Board (UEB) is responsible for:

- Considering the wider national, and international, context, that the University is operating in and Identify, evaluate and report the significant corporate risks faced by the University; ensuring that appropriate mitigating actions are taken.
- Providing adequate information in a timely manner on the status of risks, controls and planned action.
- Ensuring that planned actions for the strategic risks assigned to them are being implemented
- Undertaking training and development activities associated with risk management, as appropriate.

4.4 The **University Secretary** is responsible for ensuring that the University operates effective procedures relating to risk management including:

- Ensuring that the Risk Management Policy is implemented and maintained;
- Ensuring that the Strategic Risk Register is maintained and updated on a regular basis (see Appendix 2), not less than twice a year taking into account updates from Operational Risk Registers and updates from members of the UEB;
- Ensuring that changes to the Strategic Risk Register, and areas of concern arising out of the half yearly review of Operational Risk Registers, is escalated and reported to the UEB, Audit Committee and the Board of Governors as appropriate;
- Providing appropriate levels of explanatory guidance and training to support the implantation of this Policy;
- Defining and implementing procedures for reporting and escalation of risk to the UEB, Audit Board and Board of Governors as required;
- Raising awareness of this Policy and its requirements amongst staff and all others to whom it is relevant

The University Secretary is supported in this work by the Risk Management and Business Continuity Officer

4.5 Individual **members of the University's Leadership team** are responsible for:

- Effective risk management in their areas of responsibility, in accordance with the University's Risk Management Policy and procedures.

- Undertaking regular reviews and assessment of key risks within their areas of operation as part of routine management arrangements. Overseeing the implementation of risk management controls and planned development work in their area of responsibility.
- Escalating any significant changes in terms of existing or new risks to the University Secretary through regular updates to Operational Risk Registers. The timeline for providing regular updates is set out at Appendix 2.

4.6   The **Boards of Directors of wholly owned subsidiary companies** of the University are deemed to have responsibility for:

- Ensuring that this Policy is implemented by the subsidiary company
- Ensuring that appropriate Operational Risk Registers are maintained in their respective areas and new, emerging and increasing risks are communicated to the University Secretary
- Ensuring that all those involved in the running of the subsidiary company are made aware of this Policy, and any requirements of that the Policy places upon them or their activities.

5. Risk Identification and Assessment

5.1 The methodology used to assess Corporate Risks in the University Risk Register is based on the use of a nine-point scale risk rating mechanism to assess the impact and likelihood of risk, based on the following definitions:

	Impact		
Likelihood	**MINOR**	**MODERATE**	**MAJOR**
UNLIKELY	LOW Accept the risk Routine Management	LOW Accept the risk Routine Management	MEDIUM Specific responsibility & treatment
POSSIBLE	LOW Accept the risk Routine Management	MEDIUM Specific responsibility & treatment	HIGH UEB Review, at least quarterly
LIKELY	MEDIUM Specific responsibility & treatment	HIGH UEB Review, at least quarterly	EXTREME UEB scrutiny at 90%+ of meetings

6.   Risk Reporting

6.1   The University has four types of risk register:

- **University Strategic Risk Register**: this Register is intrinsically linked to the University Strategic Plan. It identifies risks that have a fundamental impact on the University's ability to operate as a business and/or deliver its Strategic Plan. Risk management is incorporated into the strategic planning process to ensure that the University is able to monitor risks to achieving the University's objectives and determine which risks have the most significant impact.

- **Operational Risk Registers**: these Registers are owned by Heads of Academic Schools and Professional Department, and their SMTs, as well and the Board of the University's wholly owned subsidiary companies. They document the risks and risk management activity associated with the operation of the department. These are reviewed twice a year by Heads and submitted to the University Risk Managers as part of the six month review of the University Strategic Risk Register.

- **Local Risk Registers**: The high-level strategic risks identified in the University Risk Register, are underpinned and informed by specific risk registers managed at the local operational level. There are currently registers for major University projects including refurbishment and construction of buildings and the Prevent Duty Risk Register .

- **IT/Cyber Security Risk Register**: owned by IT, this documents risks and risk management activity associated with the University's IT infrastructure and information security. This is reviewed twice a year by the Information Governance Group and UEB and presented to Audit Committee at least once a year for review.

6.2 Format of Risk Registers

6.2.1 The University Risk Register and Local Risk Registers share common features to ensure a consistent approach to risk identification and risk management across all areas. Each register incorporates the following criteria:

CRITERIA	DETAIL
Risk ID	Provides the risk with a unique identifier
Risk Event	A short description of something that might happen that would indicate a failure to achieve, or an impediment to achieving a strategic objective or goal
Cause	There are often multiple causes for a given risk event
Impact	The possible impact on the University should the risk event occur
Gross risk rating	The gross risk rating is a combination of the likelihood of the risk happening and the impact should not mitigating actions be taken. These are graded Extreme to Low as set out in the Risk Matrix at para 5
Risk Owner	A member of UEB whose area the risk falls into either directly or through line reports. It is the responsibility of the risk owner to ensure that actions are being implemented and appropriate reports made to UEB.
Existing Controls	These are existing controls already in place to manage the risk
Net Risk Rating	The net risk rating is a combination of the likelihood of the risk happening and the impact once the mitigating actions have been taken. These are graded Extreme to Low as set out in the Risk Matrix at para 5 and the reporting requirements identified in the Risk Matrix related to the Net Risk Rating
Actions for further control	These are further controls which have either been identified or are in the process of being implemented to provide additional control to mitigate risks. Indicative timescales should be included where known. There will be risks which are outside of the University's or departments control either completely or partially e.g. unknown government policy. In these cases the University or department will need to tolerate the risk but put in place, where possible, controls to mitigate the impact should the risk occur.

7. Internal and External Audit Procedures (as they relate to risk)

7.1   *Internal Audit:* Internal audit is an important part of the internal control process for risk. The University's internal auditors use a risk-based methodology, which is informed by the risks included in the Strategic Risk Register. Reviews of the University's approach to risk management (including the benefits that are derived) are undertaken on an annual basis and informed by a dedicated review of risk management every three years.

7.2   *External Audit:* External audit provides feedback to the Audit Committee on the operation of the risk management process on an ad hoc basis.

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RISK APPETITE STATEMENT

1. Introduction

The Board of Governors is responsible for setting and monitoring the University's risk appetite. Risk appetite is defined as 'the University's willingness to accept risk in pursuit of its objectives'. An understanding of risk appetite is part of good risk management and should be embedded in the day-to-day activities and culture of the entire organisation.

The University of Worcester has a responsible approach to risk management, seeking to recognise and manage exposure to risks. The University seeks to ensure that no unnecessary or unacceptable risks are taken which might expose the organisation or any of its stakeholders (staff, students and visitors) to potential harm or jeopardise the overall achievement of its strategic aims. However, it is recognised that an overly risk-adverse attitude can lead to failure to maximise opportunities or inability to act decisively in the face of changes in the external environment, which can, itself, be a threat to long-term sustainability.

The University, therefore, take a responsible and managed approach to risk, recognising key risks and managing those risks through effective implementation of its risk management policy and the strategic risk register. This risk appetite statement should be read in conjunction with these documents.

The risk appetite statement describes the broad parameters within which the University considers its appetite for risk is helpful to ensuring that Governors, members of the University leadership team and staff are all aware of these parameters.

2. Context to the risk appetite

The University's approach is to minimise its exposure to reputational, compliance and financial sustainability, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic aims. In particular, the University is proactive in seeking opportunities to increase student numbers, develop an academic portfolio that is relevant for today's society, develop its estate, increase its enterprise, research and knowledge exchange activities including its academic portfolio.

The University recognises that its appetite for risk varies according to the activity undertaken and that the risk taken must be commensurate with the potential reward. Acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are approved, and that measures to mitigate risks are established.

3. Risk Appetite Summary and Parameters

The University's appetite for risk across its activities is summarised with the scale below:

A scale from 1-10 sets out the University's risk appetite, with 1 being the lowest level of appetite and 10 the highest

Key Risk Themes	Low appetite									High Appetite
	1	2	3	4	5	6	7	8	9	10
Reputation	■	■								
Compliance	■	■								
Financial	■	■	■							
Quality of Education	■	■	■							
Student Experience		■		■	■	■				
People and Culture	■	■	■							
Research, Knowledge Exchange & Enterprise				■	■	■	■	■	■	
Academic Partnerships		■	■	■	■	■				
Estates and Infrastructure			■				■	■	■	
Environmental Sustainability			■	■	■	■	■	■		
Major Change Projects			■	■	■	■	■	■		

4. Explanations of key risk themes and parameters

Reputation

It is regarded as critical that the University preserves its high reputation. The University therefore has a low 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 OfS, UKVI, SLC, Ofsted or other external agency or its stakeholders.

Ethical Standards and Compliance

The University is committed to maintaining the highest standards of integrity, compliance and ethics. The University has no appetite for any breaches of the law, regulation, professional standards, research ethics, bribery or fraud. The University in its decision making abides by the Standards in Public Life.

Financial Performance and Sustainability

The University has a sound financial base and there is no appetite for risk in terms of activities that would disrupt this. However, the University has an appetite for investing in opportunities that which will enable it to further grow its income or other strategic objective. The University will ensure that potential benefits and risks are fully understood before developments are agreed upon and that appropriate measures to mitigate risks are established.

Quality of Education

The University has robust quality assurance procedures that ensure the quality of the educational opportunities offered to students. It has low tolerance of risks to its provision both in the University and its academic partners.

The Student Experience

The University is committed to further development of the student experience including teaching and learning, facilities and support arrangements. There is generally a low appetite for any risks which threaten the delivery of objectives in this area, although it will take moderate risks to invest in new courses and curriculum

People and Culture

The University aims to value, support, and develop the full potential of its staff to make the University a stimulating place to work. It places importance on a culture of equality and diversity, dignity and respect, the development staff, and the health and safety of staff, students and visitors. It has low appetite for any deviation from it standards in these areas.

Research, Knowledge Exchange and Enterprise

The University is committed to developing its research, knowledge exchange and enterprise activities. It is prepared to take investment risks to increase its reach and impact balanced with a low appetite for any compliance risks.

Academic Partnerships

The University is committed to developing and improving its estate. It is prepared to take moderate risks to grow and develop the estate balanced by rigorous due diligence and ensuring that the potential benefits and risks are fully understood before developments are agreed and that appropriate measures to mitigate risks are established.

Environmental Sustainability

The University aims to make a significant, sustainable and socially responsible contribution to society through its research, education, knowledge exchange and operational activities. It is prepared to take risks to grow and develop the estate to enhance sustainability balanced by rigorous due diligence and ensuring that the potential benefits and risks are fully understood before developments are agreed and that appropriate measures to mitigate risk are established.

Major Projects

Major change activities are required periodically to develop the University, and to adapt to changes in the regulatory ad technological environment and in the nature and conduct of the University's activities. The University expects such changes to be managed according to best practice in project and change management. The University will ensure that potential benefits and risks are fully understood before developments are agreed and that appropriate measures to mitigate risk are established.

The Risk Appetite Statement should be read in conjunction with the University's Risk Management Policy [*insert link*]

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Process for updating risk registers (with indicative timings)

	Local Risk Register Review	Review of Strategic Risk Register by UEB	Review of Strategic Rick Register by Audit Committee & Board
September	Update		
October	↓ →	Update	
November		↓ →	Review by Audit, Sign off by Board
December			
January			
February			
March			
April	Update		
May	↓ →	Update	
June		↓ →	Review by Audit, Sign off by Board
July			
August			