



## COMMITTEE PAPER

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<b>Committee:</b>	Audit Committee
<b>Date of meeting:</b>	20 February 2024
<b>Agenda Item Title:</b>	<b>10a. Risk Management Policy and Procedures</b>
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### **Executive Summary:**

The changes made to processes within the Risk Management Policy and Procedures were recommended by Audit Committee at its meeting in June 2023. This formal policy document incorporates those changes and is brought before the Committee to approve and notify Council.

### **Compliance and Risk:**

This is the formalisation of the Policy and Procedures and brings the document in line with the agreed processes.

### **Action:**

To approve.

### **Appendices:**

Strategic Risk Register, Guide to Risk Management, Table of Definitions, Risk Management Processes, Equality Impact Assessment

### **Consultation and Engagement:**

The Vice-Chancellor, Council and Audit Committee have been consulted regarding the review of the policy.

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## **Background**

- 1 The purpose of this policy is to provide a framework for the effective management of risk across the University in pursuing its Mission, Vision and Strategy.
- 2 This policy builds on, updates and rationalises the University's 2018 Risk Management Strategy & Policy and changes made to the Strategic Risk Register since then to integrate Strategic Planning, Performance Measurement and Risk Management processes. It reflects recent Audit Committee discussions of the risk management process but maintains strengths of the existing policy and processes notably:

- a process for governing the movement of risks between risk registers, ensuring that risks are managed at the appropriate level and escalated where appropriate; and
  - incorporating insight from HMG's Orange Book, publications of the Office for Students, and other University approaches to risk management.
- 3 The Office for Students (OfS) states, in its terms and conditions for funding higher education institutions (HEIs), that there should be effective arrangements for providing assurance to the governing body that there is a robust and comprehensive system of risk management.

## Consultation and Engagement

- 4 The Vice-Chancellor, Council and Audit Committee have been consulted regarding the review of the policy.

## Amendments

- 5 Tick if these are
- a. Minor amendments
  - b. Major amendments
- 6 The changes incorporated into the policy include:
- Name change to Risk Management Policy *and Procedures*
  - Removal of explanatory paragraphs to shorten the length of the policy (now included in this coversheet, above)
  - The addition of objectives (paragraph 2) covering: the highest standards of risk management; institutional maturity in relation to risk management; effective risk management
  - Changes in roles and responsibilities for UET, Heads of School, Directors of Professional Services and Strategic Planning and Change in line with the new Risk Management Processes
  - Updating of terminology and titles to the latest BNU usage.

## Equality Impact Assessment

- 7 Check this box to confirm that the Equality Impact Assessment has been completed and is included as an appendix to the document:

## Keywords

- 8 Risk; strategic; register; Council; Audit Committee;

## Approval period

- 9 The approval period requested is 5 years.



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# Risk Management Policy and Procedures

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<b>Owner:</b>	Director of Strategic Planning and Change	<b>Date updated:</b>	Sep-2023
		<b>Review Date:</b>	Sep-2028

This document has been designed to be accessible for readers. However, should you require the document in an alternative format please contact the University Secretariat.

## Overview

- 1 The purpose of this policy is to provide a framework for the effective management of risk across the University in pursuing its Mission, Vision and Strategy.
- 2 The objectives of the policy are to:
  - ensure the University adopts the highest standards in relation to risk management;
  - continuously develop institutional maturity in relation to risk management;
  - further integrate risk management into the culture and decision making of the University;
  - manage risk, reflecting the University's risk appetite and monitoring of its risk profile, in accordance with best practice; and
  - ensure that risk management processes are effective, allowing the University to make annual risk management assurance statements with confidence.
- 3 This risk policy ("the policy") forms part of the institution's internal control and corporate governance arrangements.
- 4 Risk arises where there is uncertainty of outcome and anything that could impact on the University's ability to achieve its objectives. It can arise through direct threats, leading to a failure to achieve objectives, or through the failure to capture opportunities that could provide a better way of meeting objectives. Risk management is about identifying risks, assessing their significance and taking appropriate action to manage them. It is a fundamental part of best management practice.
- 5 The management of risk at strategic, operational and programme/project levels needs to be integrated so that the levels of activity support each other. In this way the risk management process of the University will be led from the top and embedded in the normal working routines and activities of the organisation. Risk management becomes an intrinsic part of the way business is conducted.
- 6 The management of risk has to be reviewed and reported on to Council for two reasons:
  - to monitor whether or not the risk profile of the University is changing; and
  - to gain assurance that risk management is effective, and to identify when further action is necessary.

- 7 Council needs a means of being assured that risk management is being implemented appropriately. The Audit Committee is responsible for appointing Internal Auditors to obtain this assurance but it should be noted that the internal auditor is neither a substitute for management ownership of risk management nor a substitute for an embedded review system carried out by staff who have executive responsibility for the achievement of organisational objectives.
- 8 Staff should be aware of the relevance of risk to the achievement of their objectives and training to support staff in risk management should be made available. The policy provides a Guide to risk management, see Appendix 2.
- 9 This policy explains the roles and responsibilities of the Members of Council, the Audit Committee, the University Executive Team, Heads of School and Directors and other key parties. It also outlines key elements of the risk management process, and identifies the reporting procedures.
- 10 A number of supporting documents are available for information, guidance and re-assurance and are intended for employees and stakeholders. They are:
  - Strategic Risk Register – see Appendix 1;
  - Guide to Risk Management – guidance and information for all employees - see Appendix 2;
  - Glossary of Terms – see Appendix 3; and
  - Risk Management Process – guidance on the process - see Appendix 4.

## **Risk Appetite and Tolerance**

- 11 In pursuing its Mission, Vision and Strategy, the University will assess the level of risk associated with its various activities. Council will determine the appropriate risk appetite for the University, what types of risk will be tolerated and monitor the risk profile of the University to ensure it remains within acceptable levels.
- 12 The University engages in a portfolio of activities, some of which are judged to be low or medium risk and others that are higher risk. There will be occasions when taking high but calculated risks will be justified in terms of the benefits expected to accrue to the University. The University will manage the risk associated with individual activities through its risk management processes described in paragraphs 32-35 and Appendix 4.
- 13 It is recognised as critical that the University preserves its reputation for high quality teaching and research, locally, nationally and internationally. The University therefore has a low appetite for risk in the conduct of its activities that could put its reputation in jeopardy, could lead to undue adverse publicity or could lead to loss of confidence by its stakeholders and the local community.

- 14 The University places high importance on compliance and will not knowingly commit breaches in statute, regulation, professional standards, research, commercial contracts or ethics, bribery or fraud.
- 15 It is important to the University to maintain accreditations related to its courses or operations and does not wish to unwittingly put such accreditations at risk.
- 16 The University aims to maintain its long-term financial viability and its overall financial strength. It will not consider projects where they could lead to breaching its banking covenants or failing to meet its strategic financial KPIs.
- 17 Activities which are judged to be Exposed or High risk – highlighted as red within the risk profile map, see Appendix 4 – should only be activities which are important to the University in achieving its objectives and will be undertaken only where they offer benefits commensurate with the level of net risk involved and do not increase risk to an unacceptable level i.e., where an adverse outcome would seriously jeopardise the overall achievement of the University’s Strategic Plan.
- 18 Where risks are either to be tolerated above the red risk line or where mitigating actions are taken to reduce risks significantly below this level the rationale must be documented in the relevant risk register and evidenced through the appropriate governance framework (e.g. UET or Council minutes). Where the net risk remains maximal on any risk register these risks must be reported to the Audit Committee.
- 19 There may well be instances where initiatives are considered to be of sufficient importance to the University to warrant an increased risk exposure. These will typically be opportunities where the University considers a more entrepreneurial approach is warranted or the external environment has changed. These risks will be subject to rigorous review and monitoring by the UET, including inclusion within the SRR and reporting to the Audit Committee and Council.

## **Roles and Responsibilities of the Council and its Committees**

- 20 The role of Council is to:
  - Ensure that risk management policies, procedures, methodologies and tools are put in place with input from the Audit Committee and the UET and approve the University’s Risk Policy.
  - Oversee risk management within the University and its subsidiary companies and delegate part of this work, as appropriate, to the Audit Committee, see 23 below.
  - Determine the appropriate risk appetite for the University and its subsidiary companies by determining the levels of risk that will be tolerated for each area of risk.

- Approve major decisions affecting the risk profile of the University and its subsidiary companies.
- Monitor the risk profile of the University to ensure it remains within an acceptable level.
- Ensure there is a risk assurance process in place to independently test whether the risk policies, procedures and related controls are functioning as intended.
- Review the Strategic Risk Register at least annually and the risk profile of the University at each of its meetings to satisfy itself that strategic risks are being actively managed in line with the policy.
- Review the annual report of the Audit Committee to Council and approve changes to the risk policy proposed by the Audit Committee.

21 The Audit Committee's responsibilities are:

- To monitor and review the effectiveness of risk management arrangements and, in particular, to review the external auditors' management letter, the internal auditors' annual report and management responses.
- Review the Strategic Risk Register at each of its meetings to understand any changes to risk ratings in order to monitor net risk and ensure risks are controlled within tolerance levels.
- Report to Council on the effectiveness of the risk management process and make recommendations to Council on any changes to the policy and processes.

Note: The Audit Committee should not itself own or manage risks and is, as with internal audit, not a substitute for the proper role of management in managing risk.

22 The Resources Committee's responsibilities are:

- When recommending core resource strategies and budgets, provide an indication of the level of risk-taking or aversion that will inform the overall risk appetite and exposure that is determined by Council.
- Alert Council to any specific areas of concern in relation to strategic risks that arise from the work of the Resources Committee.

Note: Subsidiary companies will report to Council through their Boards of Directors on the effectiveness of their risk management processes, ensuring that all identified risks are being actively managed.

## **Roles and Responsibilities of the University Executive Team**

23 The University Executive Team (UET) has ultimate responsibility for this policy and for ensuring that it is appropriately implemented throughout the University. The Vice-Chancellor has overall responsibility for risk management within the institution and this policy, and the Deputy Vice-Chancellor/Pro Vice-Chancellor(s), Heads of School and Directors of Professional Service are responsible for risk management and the policy's implementation within their areas of responsibility.



- 24 UET should manage the strategic risks of the University by:
- Identifying, evaluating, monitoring and controlling the strategic risks faced by the University. Information, to assist with these processes, will be provided to the UET by Strategic Planning and Change as described in Section 28.
  - The current list of strategic risks is provided with the full description of the risk and latest ratings within the Strategic Risk Register (SRR) in Appendix 1.
  - Ensuring the process for updating the SRR is carried out effectively and in a timely way.
  - Reviewing the SRR on a regular basis to ensure that mitigating actions are controlling net risk within the tolerance levels for each risk and where this is not the case implementing additional mitigating actions in order to ‘manage down’ the likelihood of a risk occurring or reduce its impact to reduce net risk to within the tolerance levels for that risk.
  - When the UET identifies a new strategic risk it will be assigned a UET member to own the risk, a risk rating and an acceptable tolerance value.
  - On review, if the UET considers that a risk rating is within the specified risk appetite tolerance, it may decide to remove the risk from the SRR to be managed at a local level.
- 25 UET should ensure that there is effective reporting of risks throughout the University and, through the University Secretary and Clerk to Council, ensure that the Strategic Risk Register is updated prior to, and is available in a timely manner, for Audit Committee and Council meetings.

## **Roles and Responsibilities of Heads of School and Directors of Professional Services**

- 26 Each Head of School and Director of Professional Service will maintain a school/service risk register. This will involve identifying, assessing, monitoring and controlling the risks within their area of responsibility. The school/service risk registers will be the subject of regular review and discussion with UET line managers and between the Head of School/Director of Service and finance and HR business partners. Heads of School/Directors of Service are responsible for ensuring that where a net risk rating is above the tolerance level for that risk this is escalated for the attention of the UET member responsible with details of any further mitigating actions that are being put in place. The registers will be updated at regular intervals throughout the year and provided to Strategic Planning and Change.

- 27 The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources to Schools and Directorates. The process of allocating operational resources and the approval of project and other capital bids requires identification and consideration of risks and controls. Progress towards meeting business plan objectives is monitored regularly. For major projects or areas of high or complex risk exposure, the compilation of a separate risk register may be necessary.

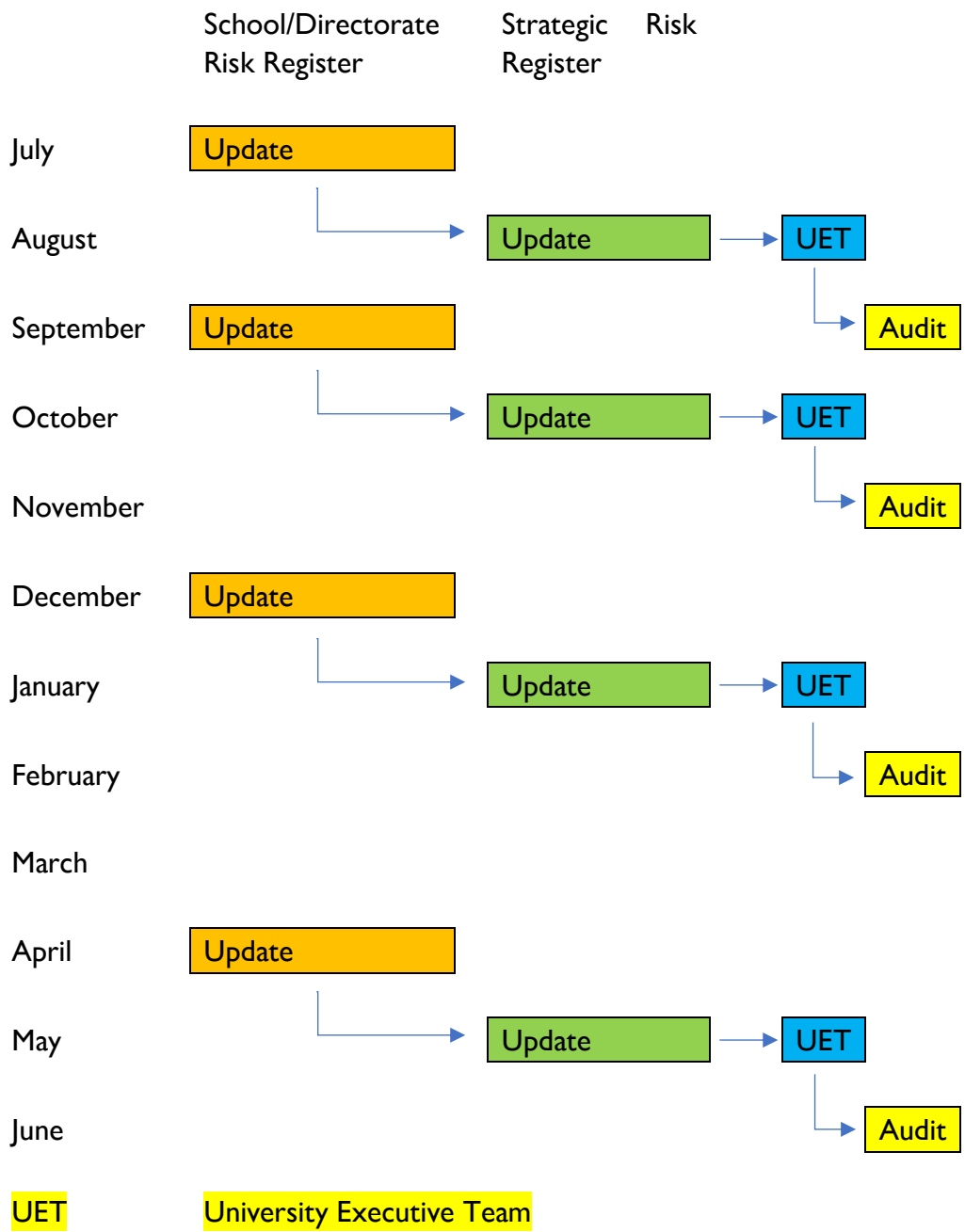
## **Roles and Responsibilities of Strategic Planning and Change**

- 28 At the specified review points, Strategic Planning and Change (SP&C) will:
- Determine whether new risks should be put forward to UET for consideration for the SRR:
    - by asking the heads of school and directors if they have identified new University-wide risks for inclusion
    - by identifying specific risks which appear in more than one LRR.
  - Pass information to UET from the LRR review, which will inform the UET's discussion on the current strategic risks.

This information may help the UET to assess new risk ratings, to determine the efficacy of existing mitigations and to determine other mitigations required. The UET will then judge whether a risk can be removed from the strategic risk register and be managed locally.

## **Risk Management Process**

- 29 The UET will review the SRR, informed by the risk registers of Schools and Directorates, regularly and review and report on strategic risks through their normal monthly and termly reporting cycle and provide an assessment of strategic risks to each meeting of the Audit Committee.
- 30 Subsidiary companies will report through their Boards of Directors.
- 31 The following diagram illustrates the overall process for updating risk registers with indicative timelines for the review of local risk registers across the University and the updating of the SRR and review by the UET.
- 32 Further guidance on the risk management process is provided in Appendix 4.



# Appendix 1 Strategic Risk Register

CD Commercial Director  
 CFO Chief Financial Officer  
 DVC Deputy Vice Chancellor  
 PVC Pro Vice Chancellor (Student Experience)  
 Sec Secretary  
 SPVC Senior Pro Vice Chancellor  
 VC Vice Chancellor

Key:	Scale for Risk Rating	Likelihood	Impact
	1 to 5 - Low	1. Very low	1. Very low
	6 to 15 - Medium	2. Low	2. Low
	16 to 20 - High	3. Moderate	3. Moderate
	21 to 25 - Exposed	4. High	4. High
		5. Very high	5. Very high

**Pillar 1: Support students to succeed**





Risk No.	Risk	Risk appetite notes	Risk appetite score	Risk Owner	Existing Mitigation / Treatment	Gross Likelihood	Gross Impact	Gross Risk	Gross Risk Trend	Planned Mitigation/Treatment	Net Likelihood	Net Impact	Net Risk	Net Risk Trend
1	<b>Adoption of new curriculum disrupts learning and student experiences</b> Either through administrative disruption caused by the transition to curriculum 23, or through effects on the quality of delivery, the student experience is impaired by the adoption of the new curriculum	The impact of the disruption must be managed to moderate levels, even if the likelihood that some student groups will be adversely affected is high	12	DVC	1. Programme team supporting transition, particularly for students progressing from level 0 or retaking level 4	5	3	15		1. Capacity of individual opportunity modules increased, through online delivery in some cases	4	3	12	

**Pillar 2: Deliver knowledge and skills**





Risk No.	Risk	Risk appetite notes	Risk appetite score	Risk Owner	Existing Mitigation / Treatment	Gross Likelihood	Gross Impact	Gross Risk	Gross Risk Trend	Planned Mitigation/Treatment	Net Likelihood	Net Impact	Net Risk	Net Risk Trend
2	<b>Inability to recruit internationally to required standard</b> Either due to UKVI restrictions on BNU, to UK trends in international mobility, or to BNU's ability to attract international students, the University is unable to secure growth in international enrolments	Growth is crucial to the University strategy and a failure to increase international numbers would undermine the 10,000 fte target. Global factors that are outside the university's control can increase the likelihood of this to very high levels, and the university must manage the impact to moderate levels	15	CFO	1. Increased IELTS requirements protect University's BCA statistics and UKVI compliance	4	3	12		1. December intake - prior to new VISA rules restricting demand 2. Exploration of foundation / pre-sessional routes to enable recruitment of students with lower IELTS points and the ability to be successful 3. New agents in new markets	2	3	6	

**Pillar 3: Become a fit and agile organisation**

Risk No.	Risk	Risk appetite notes	Risk appetite score	Risk Owner	Existing Mitigation / Treatment	Gross Likelihood	Gross Impact	Gross Risk	Gross Risk Trend	Planned Mitigation/Treatment	Net Likelihood	Net Impact	Net Risk	Net Risk Trend
3	<b>University's financial prospects restrict investment</b> The aggregated effects of subdued growth mean that the University struggles with rapidly increasing costs and a fixed cap on income per student, leading to a reduced operating surplus and reduced confidence to invest in the institution's ambitions	Political uncertainty regarding the HE funding model make likelihood a minimum of moderate for the foreseeable future. The University must manage the risk to a moderate level.	9	CFO	1. Investment in the University's subject footprint 2. Early adoption of new HE qualifications	3	3	9		1. Student number plan to 2028 against which investment decisions can be mapped 2. Tribal exercise to monitor costs	3	3	9	
4	<b>Breach of cyber security disrupts operations</b> Availability of accurate operational data is impaired by a data breach, sensitive data is exposed	Likelihood must be kept to a low level as any breach has the potential to have a high impact. The financial impact	8	VC	1. Cyber security strategy being implemented	2	4	8		1. Phase 2 of the Cyber Security Programme delivery plan is	2	3	6	

5	<b>University is unable to fulfil reporting obligations under Data Futures</b> The increased requirements for external reporting cannot be fulfilled leading to a breach of the University's conditions of registration with the OFS.	Impact would normally be moderate due to consequential audits and an impaired OFS relationship and likelihood should be managed to a moderate level	9	VC	1. Separate RAID log operated by working group 2. Internal audit into governance - satisfactory 3. Upgrades to Thesis administered 4. Successful exploration of automated data entry processes 5. Early deadlines achieved	5	2	10		1. Implementation of data management recommendations including creation of a Data Governance Officer role	2	3	6	
6	<b>University data management impedes operations</b> Systems and processes around data management are inadequate to support smooth efficient operations and to satisfy reporting obligations. The Nexus programme addresses this but carries its own risks.	The University is in a high-risk period following rapid expansion in registrations and the delayed replacement of its student record system. The objective must be to manage likelihood to a low level as impact will be high.	8	VC	1. 5 strands of nexus programme include data management, continued use of existing student record system, and adoption of a new SRS 2. Data repair shop aims to address root cause of inadequate record-keeping	5	3	15		1. Implementation of data management recommendations 2. Adoption of new student record system	5	2	10	

**Pillar 4: Support our places and partners**

Risk No.	Risk	Risk appetite notes	Risk appetite score	Risk Owner	Existing Mitigation / Treatment	Gross Likelihood	Gross Impact	Gross Risk	Gross Risk Trend	Planned Mitigation/Treatment	Net Likelihood	Net Impact	Net Risk	Net Risk Trend
7	<b>Partner business practices damage the University's reputation</b> Standards around recruitment, admissions, attendance or assessment are found to be falling short at a university partner, resulting in reputational damage	Both likelihood and impact must be mitigated to low levels in order to protect the University's reputation.	4	CD	1. Suspension of recruitment at partner college central to allegations 2. Audit of processes relating to admissions, delivery & assessment 3. Partner risk assessments 4. Additional appointments to oversee relationships	2	3	6		1. Reduced recruitment levels, controlled by BNU and without referral scheme. 2. Continuous monitoring of key signals relating to student address and travel times 3. Annual schedule of scheduled visits 4. New academic partnerships framework	2	2	4	
8	<b>Lack of suitable student accommodation</b> University activity is reduced by a shortage of suitable accommodation for students in the area, leading to shortfalls in recruitment, increases in attrition and impaired student engagement	High likelihood can be tolerated if there are sufficient alternative arrangements that can mitigate a shortage of availability	8	CD	1. Promise to new entrants fulfilled 2. Acquisition of Alexandra House	4	3	12		1. Options to manage locally-owned rental properties 2. New University-managed accommodation 3. temporary accommodation	4	1	4	

## Appendix 2 Guide to Risk Management

### What is risk management?

Though the Higher Education Funding Council for England (HEFCE) has been replaced by the Office for Students, HEFCE's circular 01/28 "Risk management - a guide to good practice for higher education institutions" still provides a useful framework for higher education institutions to understand approaches to risk management. The circular defined risk as "the threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives".

This definition links risk to achieving the University's objectives and also identifies that risk management is not just about recognising and mitigating a negative risk but also enables the identification of risk-taking opportunities that may lead to positive benefits.

Risks exist at different levels:

- Corporate or strategic level
- Academic school or service department level
- Project level

HEFCE defined risk management as "a process which provides assurance that objectives are more likely to be achieved; damaging things will not happen or are less likely to happen; and beneficial things will be or are more likely to be achieved."

The risk management method enables:

- the identification of risks
- the evaluation of risks
- the setting of acceptable risk thresholds
- the identification and mapping of controls against those risks
- the identification risk indicators that give early warning that a risk is becoming more serious or 'crystallising'

Where risks are identified and the current level of risk is assessed to be too high, internal 'controls' are used to reduce the risk level to one that we are able to tolerate.

Internal controls are a range of:

- strategies, regulations, procedures, policies and guidance that the University, Schools and Directorates use to govern their work
- any additional controls or mitigating actions taken to deal with a particular situation

The aim of risk management is to ensure that these controls are effective in identifying,

monitoring and controlling the risks the University faces in its day-to-day activities or any future ventures.

What follows are a series of steps that are recommended as good practice in risk management and which are already followed at a strategic level at the University.

### **Identify the risks and decide upon an appropriate management medium**

This is where the range of risks that may affect a particular new activity, existing operational activity or projects is listed. These risks may be identified as part of an existing planning framework, using for instance SWOT analysis, or within the project initiation phase. The subsequent management of these risks may also be developed as objectives and reviewed within those plans. At a strategic level risks are identified and managed using the format shown in Appendix 1 of this document. Major capital projects should maintain a risk register and Schools, Directorates and project managers also find this to be an appropriate medium. What is however important is that a method of identifying and managing risks is agreed in accordance with this policy and that the method used is appropriate to the structure, culture, complexity and criticality of the area or project concerned. Where there is doubt, a member of the University Executive Team or Strategic Planning and Change will be able to give advice.

### **Identify risk owners**

Risk owners are individuals who assess and monitor a particular risk. Risk owners for those risks that affect the whole University level tend to be members of the University Executive Team. At a school, directorate or project level it will be necessary to determine where the risk lies, i.e. is it a departmental risk or is it a risk that affects the whole school. It is then possible to identify who the risk owner should be. Risk owners should be identified in risk registers or other plans and documentation.

### **Evaluate the risks**

Having identified the risks and the risk owner, the risk should then be evaluated for impact and likelihood and a guide is provided at the end of this document showing the scales used by the University Executive Team in the strategic risk assessment, where impact and likelihood range from 1 to 5, giving a maximum 'score' of 25 when these are multiplied together. The same evaluation of risk takes place at school and directorate level.

Other business and operational risks, assessed and monitored through more local registers or plans, will use a RAG (Red, Amber, and Green) rating on the following basis. This is an appropriate method to assess the impact and likelihood of the risk emerging, and taking account of the level of risk exposure that the risk owner is willing to tolerate, but without the need to engage in a complex scaling of financial impacts that is applied in our strategic risk register.

A RAG rating can be used as an indication of the level of confidence that an action plan will meet its objectives, or in the case of an operational risk to indicate whether the risk is controlled at an acceptable level given the potential impact. This is a subjective assessment, but can be validated on the basis of the assurances used by the area in making the assessment. A reasonable guide to the RAG system of assessment would be where:

- Red = Not on target to deliver objective or a risk of significance that is unacceptably high; additional actions, not yet fully planned, will be required to recover this and the position will need regular monitoring;
- Amber = Objective is not yet on track or risk is still not fully controlled, but actions are planned or underway that will recover or achieve that position;
- Green = On target to achieve this objective or control this risk with existing controls or actions.

### **Set acceptable levels of risk**

The overall level of risk or 'exposure' that an organisation or part of an organisation is prepared to tolerate needs to be determined. This level may be different for different risks and the level may change depending on circumstances. Once determined, risk thresholds provide triggers for action, changes in monitoring regime and can help determine what information is escalated to senior management or board level.

### **Identify suitable responses to risk (Risk Treatment)**

During this stage a range of practical responses to each significant risk in the plan or the risk register should be identified. There may be a number of responses in each case.

There is a range of responses (controls) to a risk:

- Reduce or Treat: taking action to reduce either the likelihood of the risk crystallising further, or its impact.
- Accept or Tolerate: when the likelihood and impact are low producing a total risk score below 7, or when it would be too expensive to mitigate a risk.
- Transfer: transferring the risk to a third party, e.g. insurance.
- Terminate: identifying actions to eliminate the risk such as withdrawing from the activity.
- Contingency: having a plan of action to be implemented when a risk crystallises further or passes through a risk threshold or goes beyond the global threshold.
- Prevent: identifying measures to prevent a risk having an impact on an organisation.

What is most important is that the response should be proportional, and suited to the risk.

### **Implement controls or actions**



During this stage the most appropriate responses to each risk should be selected and implemented. The risks that have the highest priority should be dealt with first. Once implemented the responses should be monitored to see if there are any knock-on effects on other activities and amended as necessary. Responsibility for risks and the responses to risk should be clearly allocated in order to ensure the responses reduce the overall risk exposure. It should be noted here that the implementation of responses or controls may have financial costs and adequate resources should be made available.

### **Gain assurances about effectiveness – risk reporting**

Having taken action or put controls in place, they should be monitored for effectiveness at a frequency that is suited to the risk exposure. Again, some guidance is provided in the risk scoring guide at the end of this document. Where other planning frameworks are used it may be that you are monitoring performance against target objectives that were originally identified within a SWOT analysis or risk identification session.

Clearly, where monitoring reveals that the situation has not improved, or indeed has worsened; additional actions or controls should be instigated. Conversely, monitoring may reveal an improvement and some or all controls may be relaxed accordingly.

### **Embed and review**

Having gone through all the stages above the management of risk should become part of the way the organisation works, appearing in a range of planning, strategic, project and operational documents either explicitly or implicitly.

Risk management arrangements at the strategic level are reviewed and reported to Council on an annual basis including a review of the strategic risk register. Schools and Directorates should consider their own arrangements on a similar basis, perhaps as part of their business planning process.

**If you have questions or concerns in relation to risk management please contact Strategic Planning and Change, or a member of UET who will be happy to guide or assist you.**

### **Guide to impact and likelihood scoring**

#### **Impact**

<b>Scale</b>	<b>Description</b>	<b>Definition</b>
1	Very low	Will have little or no impact on achieving outcome objectives

2	Low	Will have a minor impact on achieving desired results, to the extent that one or more stated outcome objectives will fall below goals but well above minimum acceptable levels
3	Moderate	Will have a moderate impact on achieving desired results, to the extent that one or more stated outcome objectives will fall well below goals but above minimum acceptable levels
4	High	Will have a significant impact on achieving desired results, to the extent that one or more stated outcome objectives will fall below acceptable levels
5	Very high	Will have a severe impact on achieving desired results, to the extent that one or more of its critical outcome objectives will not be achieved

### Likelihood

Scale	Description	Definition
1	Very low	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.
2	Low	Not expected, but there's a slight possibility it may occur at some time.
3	Moderate	The event might occur at some time as there is a history of casual occurrence at the University and/or similar institutions.
4	High	There is a strong possibility the event will occur as there is a history of frequent occurrence at the University and/or similar institutions.
5	Very high	Very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence at the University and/or similar institutions.

### Monitoring Guide

Total Score	Description	Definition
0 to 5	Low	Should not require much attention, but be reviewed annually
6 to 15	Medium	Should be monitored and reviewed on a quarterly basis
16 to 20	High	Should be monitored monthly and be reviewed on a quarterly basis
21 to 25	Exposed	Should be constantly monitored and reviewed monthly

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15

	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Impact						

### Appendix 3 Table of Definitions

<b>Audit Committee</b>	A committee appointed to support the Council in monitoring the corporate governance and control systems in the organisation including risk management.
<b>Exposure</b>	The consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised.
<b>Gross or Raw Risk</b>	The current risk level given the existing set of controls, which may be incomplete or less than ideal.
<b>Internal Control</b>	Any action, originating within the organisation, taken to manage risk. These actions may be taken to manage either the impact if the risk is realised, or the likelihood of the realisation of the risk.
<b>Likelihood</b>	The condition of being likely or probable; probability.
<b>Monitoring Indicators</b>	Any measure that tell us whether the mitigating actions are having the desired effect. e.g. KPIs
<b>Net or Residual Risk</b>	The exposure arising from a specific risk after mitigating action has been taken to manage it and making the assumption that the action is effective. <del>(Note this is reflected on the SRR as a Mitigated Risk Rating.)</del>
<b>Probability</b>	The probability of something happening reflects how likely it is to happen, sometimes expressed as a fraction or a percentage, with 0 probability meaning the event is certain not to happen, and 1 meaning the event is certain to happen. 0.5 or 50% probability means the event is as likely to happen as not.
<b>Risk</b>	Uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. It is the combination of likelihood and impact, including perceived importance.
<b>Risk Action Lead</b>	The person responsible for implementing a mitigating action.
<b>Risk Appetite and Tolerance</b>	The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.
<b>Risk Assessment</b>	The evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised (See Gross Risk and Net Risk).
<b>Risk Management</b>	All the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them,

	and monitoring and reviewing progress.
<b>Risk Management Assurance</b>	An opinion, based on evidence gained from review of the effectiveness of an organisation's management of risk.
<b>Risk Owner</b>	The person who is ultimately responsible for managing the risk.
<b>Risk Profile</b>	The documented and prioritised overall assessment of the range of specific risks faced by the organisation.
<b>Risk Trend</b>	How the level of risk changed since the last assessment – increasing, stable or decreasing.

## Appendix 4 Risk Management Process

The risk management process involves identifying, analysing, assessing, prioritising, managing, monitoring and reporting on risks. The approach to each step and the methods and tools used are described below.

### Identification of Risks

The identification of risks is derived from both a 'top down' (Strategic) and a 'bottom up' (School and Directorate) process of risk assessment and analysis resulting in coverage of the whole University. The focus is on identifying 'key' or 'significant' risks that would impact on the achievement of key objectives. Risks can be identified by anyone, at anytime and anywhere and be put forward for evaluation.

### Risk Analysis

The information that is gathered about the risk is analysed and a description of the risk produced to ensure a clear understanding of the root cause of the risk and consequences if it is realised.

### Risk Assessment and Profiling

The evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised. This is carried out using a 5x5 matrix using the following definitions:

<b>Likelihood</b>	<b>Impact</b>
1 Very Low	1 Very Low
2 Low	2 Low
3 Moderate	3 Moderate
4 High	4 High
5 Very High	5 Very High

A risk rating is then derived by multiplying the likelihood of the risk occurring by the impact of the risk if it is realised. The scale for the risk rating is then determined from the table below.

<b>Scale for Risk Rating</b>
1 to 5 - Low
6 to 15 - Medium
16 to 20 - High
21 to 25 - Exposed

Once the risk assessment is complete for all risks on a register then the ratings can be mapped onto a risk and tolerability matrix as illustrated below to show the risk profile. The following example is based on the SRR for September 2023 using the gross risk ratings.

<b>BNU RISK PROFILE: GROSS RISK RATINGS September 2023</b>						
<b>Likelihood</b>	5	5	10: R5	15: R1, R6	20	25
	4	4	8	12: R2, R8	16	20
	3	3	6	9: R3	12	15
	2	2	4	6: R7	8: R4	10
	1	1	2	3	4	5
		1	2	3	4	5
	<b>Impact</b>					

### **Risk Action Planning**

For each risk a decision needs to be made as to whether to treat, transfer, terminate or tolerate the risk.

**Treat** – It is usually possible to mitigate a risk by ‘managing down’ the likelihood, the impact, or both. Any control measures must reflect the potential frequency, severity and financial consequences of the risk event. These risks are then managed through the development of appropriate risk mitigation plans. There is a requirement to measure progress with mitigating actions and to highlight to management when mitigating actions are off track.

**Transfer** – Some risks can be transferred to another body or University i.e. insurance, contractual arrangements, outsourcing, partnerships etc. It is however important to note that some risks e.g. reputation can never be transferred.

**Terminate** – It may be able possible to eliminate a risk by ending all or part of a particular activity or project.

**Tolerate** – Some risks may have to be tolerated as they are inherent in the activity and

cannot be treated, transferred or terminated. In addition, there are some risks over which we can have no control and some for which any management actions would be prohibitive in terms of resource. The important point is that these risks are identified, are clearly understood and are acknowledged. If the risk is tolerated then the situation must still be monitored to make sure that the risk does not move beyond an acceptable level of likelihood or impact. Where a risk is beyond the management's control and has a high impact then a contingency plan should be created, e.g., a disaster recovery plan for DTS to enable business continuity.

As part of the reporting process risk owners must escalate any risks that are rated red (Exposed) and where they exceed the agreed tolerance levels and no further mitigating action has been identified. The UET member responsible for the area must then decide what action to take which may mean managing the risk directly and including the on the SRR. This process will enable the movement of risks between risk registers so that risks are managed at the appropriate level.



## Appendix 5: Equality Impact Assessment

<b>1. What is changing and why?</b>				
The Risk Policy was last updated in 2018 and the current revision contains management team name changes (UET instead of SMT) and directorate name changes. Also, a correction to Gross Risk in the Definitions section to reflect the definition used in the University and other institutions rather than using inherent risk (the risk level if no mitigations are applied). The rest of the text is exactly as it was before.				
<b>2. What do you know?</b>				
<b>3. Assessing the impact</b>				
	<b>Could benefit</b>	<b>May adversely impact</b>	<b>What does this mean?</b> <i>Impacts identified from what you know (actual and potential)</i>	<b>What can you do?</b> <i>Actions (or why no action is possible) to advance equality of opportunity, eliminate discrimination, and foster good relations</i>
a) How could this affect different ethnicities? <i>Including Gypsy, Roma, Traveller, Showmen and Boaters, migrants, refugees and asylum seekers.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
b) How could this affect cisgender and transgender men and women (including maternity/pregnancy impact), as well as non-binary people?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
c) How could this affect disabled people or carers? <i>Including neurodiversity, invisible disabilities and mental health conditions.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
d) How could this affect people from different faith groups?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group.</b>	

			<b>Managing risk in the University is equally beneficial to all.</b>	
e) How could this affect people with different sexual orientations?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
f) How could this affect different age groups or generations?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
g) How could this affect those who are married or in a civil partnership?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
h) How could this affect people from different backgrounds such as: socio-economic disadvantage, homeless, alcohol and/or substance misuse, people experiencing domestic and/or sexual violence, ex-armed forces, looked after children and care leavers.	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
i) How could this affect people with multiple intersectional experiences?	<input type="checkbox"/>	<input type="checkbox"/>	<b>It will not affect anyone in this group differently from anyone in any other group. Managing risk in the University is equally beneficial to all.</b>	
<b>4. Overall outcome</b>				
No major change needed <input checked="" type="checkbox"/>		Adjust approach <input type="checkbox"/>		Adverse impact but continue <input type="checkbox"/>
Stop and remove <input type="checkbox"/>				
<b>5. Details of further actions needed</b>				
None				
<b>6. Arrangements for delivery and future monitoring</b>				

<b>None</b>				
<b>7. EIA Completed by:</b>	Catriona Plummer	Change Officer	<b>Date</b>	<b>20/06/2023</b>
<b>8. Signed off by:</b>	Matt Hiely-Rayner	Director of Strategic Planning & Change	<b>Date</b>	<b>19/09/2023</b>



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