



BUCKINGHAMSHIRE
NEW UNIVERSITY

EST. 1891



Risk Management Policy

Effective from December 2018

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Preamble

All University formal documents relate to the policies, strategies, procedures and regulations of the University having been approved by the appropriate formally recognised and constituted body. All University employees and students are required to adhere to the formal processes and regulations of the University.

This document should not be read in isolation as other University processes/formal documents could be relevant. A full listing of all formal documents is available on the University's website.

Any interpretation of the content of this formal document will be at the discretion of the Director of Strategic Development and Planning.

All previous versions of this document as approved by Council before October 2018 shall be rescinded.

The names of committees and titles of posts may change from time to time. This shall not invalidate the powers of the equivalent successor committees or post holders.

We will consider any requests for accessible formats eg Braille, tape, disc, email or a larger font size. Please let us know what you need by contacting the Human Resources Directorate

1 Overview

- 1.1 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 Strategic Aims.
- 1.2 It builds on, updates and rationalises the University's 2011 Risk Management Strategy & Policy document and the changes made to the Strategic Risk Register since then to integrate the Strategic Planning, Performance Measurement and Risk Management processes. It also
- incorporates aspects of recent Audit Committee discussions of the risk management process;
 - addresses the movement of risks between risk registers, ensuring that risks are managed at the appropriate level, and the issue of risk escalation;
 - draws insight from discussions of risk within the Orange Book, from publications of the Office for Students, and from the Aston University Strategic Risk Management Policy (2014) ;
 - recognises the value of Net Likelihood and Net Impact ratings as the key method for arriving at Net Risk (or Residual Risk); and
 - dispenses with the current approach of a percentage reduction to reflect mitigation progress.
- 1.3 The objectives of the policy are to:
- continuously develop risk management and raise its profile across the University.;
 - further integrate risk management into the culture and decision making of the University;
 - manage risk, including the determination of the University's risk appetite and monitoring of its risk profile, in accordance with best practice; and
 - create effective risk management processes that will allow the University to make annual risk management assurance statements with confidence.
- 1.4 This risk policy ("the policy") forms part of the institution's internal control and corporate governance arrangements.
- 1.5 The OfS states in its terms and conditions for funding HEIs that there should be effective arrangements for providing assurance to the governing body that HEIs have a robust and comprehensive system of risk management.
- 1.6 Risk arises where there is uncertainty of outcome and is 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.
- 1.7 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.
- 1.8 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.
- 1.9 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.

- 1.10 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.
- 1.11 This policy explains the roles and responsibilities of the Members of Council, the Audit Committee, the Senior Management Team, Heads of School/Directorates and other key parties. It also outlines key elements of the risk management process, and identifies the reporting procedures.
- 1.12 This latest document builds on the progress made in the development of risk management at the University and its integration with the Strategic Planning and Performance Measurement processes (KPIs). It also reflects changes in the University's management structure introduced as part of the Transformation Programme.
- 1.13 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.

2 Risk Appetite and Tolerance

- 2.1 In pursuing its Mission, Vision and Strategic Aims 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.
- 2.2 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 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 Section 7 and Appendix 4.
- 2.3 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 political or industrial partners and funders.
- 2.4 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.
- 2.5 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.
- 2.6 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 Financial KPIs (Income/Surplus/Debt).

- 2.7 Activities which are judged to be Exposed or High risk highlighted as Red or Amber 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.
- 2.8 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. through Programme/Project teams, School Management teams, Directorates, SMT or Council minutes), Where the net risk remains red on any risk register these must be reported to the Audit Committee.
- 2.9 As an example, there may well be instances on programmes/projects, such as the Transformation Programme, that 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 environmental changes. These risks will be subject to rigorous review and monitoring by the SMT, including inclusion within the SRR and reporting to the Audit Committee and Council.

3 Roles and Responsibilities of the Council and its Committees

3.1 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 SMT 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 3.2 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.

3.2 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.

3.3 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.

4 Roles and Responsibilities of the Senior Management Team

- 4.1 The Senior Management Team (SMT) 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, Heads of School and Directors of Service are responsible for risk management and the policy's implementation within their areas of responsibility.
- 4.2 SMT should manage the strategic risks of the University by:
- Identifying, evaluating, monitoring and controlling the strategic risks faced by the University. The current list of strategic risk areas 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.
- 4.3 SMT should ensure that there is effective reporting of risks throughout the University and, through the 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.

5 Roles and Responsibilities of Heads of School and Directorates

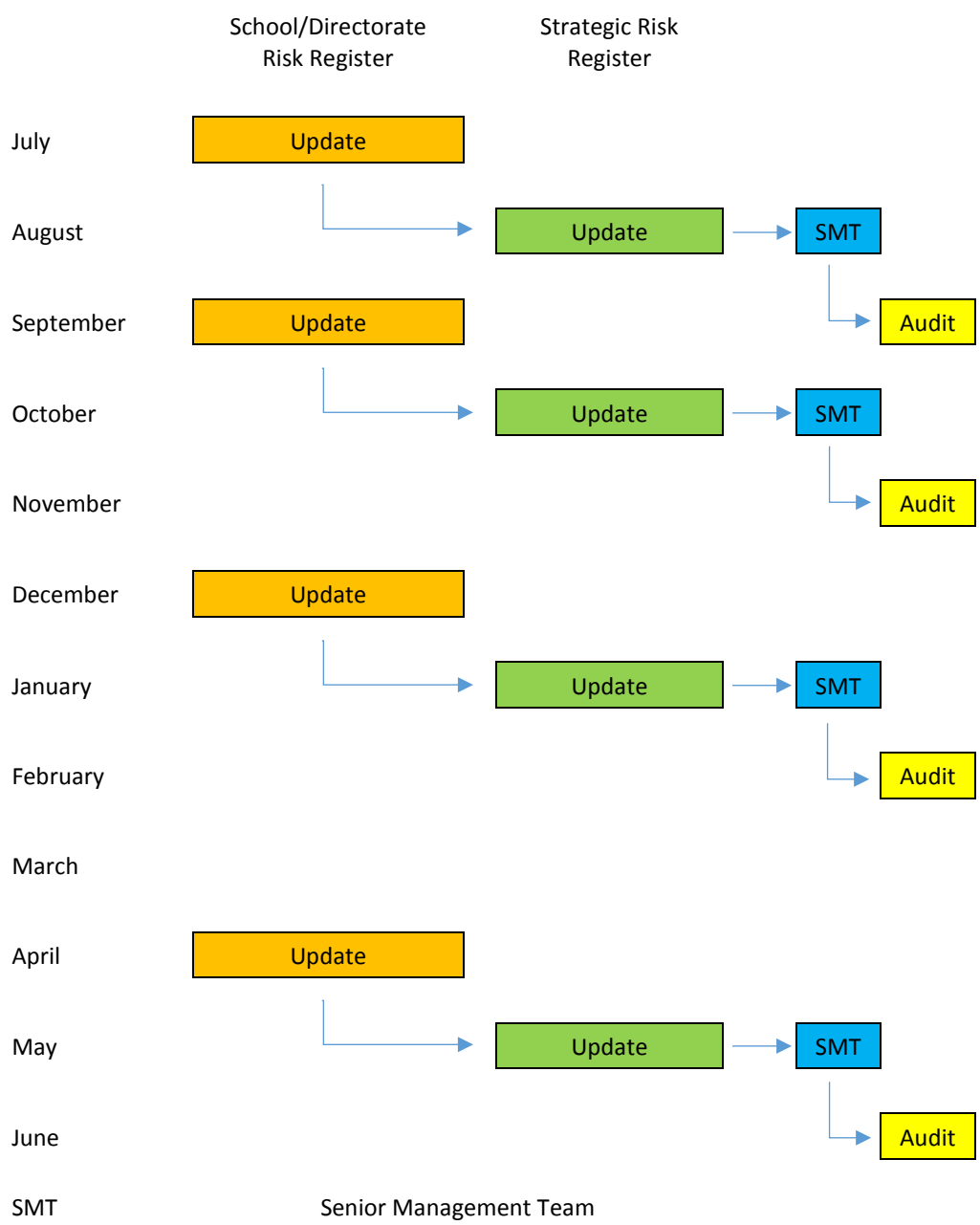
- 5.1 Each Head of School and Director of Service will maintain a school/service risk register. This will involve identifying, assessing, monitoring and controlling the risks within their area of responsibility. The school/service risk registers will be the subject of regular review and discussion with SMT 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 SMT 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 Development and Planning.
- 5.2 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 risk register may be necessary.

6 Roles and Responsibilities of Strategic Development and Planning

- 6.1 Strategic Development and Planning (SDAP) will maintain the University's Strategic Risk Register (SRR) and will be responsible for its update prior to review by the SMT. To enable the update to take place the owners of each risk and action leads will be responsible for providing any updates to SDAP on the mitigating actions. The risk owners will also be responsible for discussing and agreeing with SDAP any changes to the risk ratings; both likelihood and impact for gross (or raw) ratings and the same for net (residual) risk ratings taking account of the mitigating actions that have been implemented.
- 6.2 SDAP will be responsible for identifying any matters shown on local risk registers which could impact strategic risks in terms of their ratings. Where mitigating actions result in net risk which is not within the tolerance level for that risk the risk owner is responsible for identifying additional mitigating actions in order to 'manage down' the likelihood of a risk occurring or reduce its impact so as to reduce the net risk to within the tolerance levels for that risk. These additional actions will be clearly differentiated in the register until they have been implemented at which point the ratings for the risk will be reassessed. Once this process is complete the SRR will be reviewed by SMT and a final version produced to reflect any changes arising from the review prior to submission to the Audit Committee.

7 Risk Management Process

- 7.1 The Senior Management Team will review 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.
- 7.2 Subsidiary companies will report through their Boards of Directors.
- 7.3 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 SMT.
- 7.4 Further guidance on the risk management process is provided in Appendix 4.



Prepared by:	Chair of Audit Committee, Deputy Vice Chancellor and Finance Director	Date:	August 2018
Final Approval by:	Audit Committee, September 2018 Council November 2018		
Review Date:	September 2019		

Appendix 1 Strategic Risk Register

Buckinghamshire New University - Strategic Risk Register Termly Assessment August 2018

Key:	Scale for Risk Rating	Likelihood	Impact	Risk Trend	Risk - threat or possibility that actions or events will adversely or beneficially affect our ability to achieve objectives
	1 to 5 - Low	1. Very low	1. Very low	↑ = Increasing	Gross Risk - the gross or raw level of risk faced before the identified mitigation controls commence.
	6 to 15 - Medium	2. Low	2. Low	↔ = Stable	Risk Trend - how the level of risk changed since last assessment (comparative register November 2017)
	16 to 20 - High	3. Moderate	3. Moderate	↓ = Decreasing	Mitigation/Treatment - what approach and actions are being taken to lower the risk level.
	21 to 25 - Exposed	4. High	4. High		Monitoring Indicators - what will tell us whether mitigation actions are having the desired effect.
		5. Very high	5. Very high		Net Risk - current assessment of risk level based upon current controls and mitigation progress.

Risk No.	Risk	Risk Area(s)	Gross Likelihood	Gross Impact	Gross Risk	Gross Risk Trend	Risk Owner	Existing Mitigation / Treatment	Planned Mitigation/Treatment	Action lead	Monitoring Indicators	Net Likelihood	Net Impact	Net Risk	Net Risk Trend
1	Teaching and Learning Outcomes Failure to deliver student success outcomes, including retention and completion targets, rendering poor performance against KPIs including relevant external benchmarks, such as NSS and TEF. Causes: 1. Poor support for students 2. Poor student experience and weak response to student need 3. Lack of student engagement 4. Poor employment outcomes 5. Teaching quality below benchmark standards	Reputation, Financial sustainability, Compliance	3	3	9	↓	DVC	1. Implement University-wide retention strategy 2. NSS targets set at unit level 3. Greater data gathering and analytics capabilities to support TEF. 4. Develop greater support for student employability	1. Programme of targetted interventions in schools where outcomes remain poor 2. Implement predictive analytics 3. Implement HE Teaching Apprenticeship.	Heads of School, Director for Student Success	KPIs 1-6 TEF metics of non-continuation, teaching, employment; TEF rating. Take up of HE teaching apprenticeship; proportion of staff with teaching qualifications.	2	3	6	↓
2	Partnerships University fails to support and oversee academic quality and student experience or fails to meet growth targets for income generation and outputs for research and enterprise. Causes: 1. Partnership quality and services not well-supported and monitored. 2. University fails to establish and manage employer and academic partnerships to develop research and enterprise. 3. Inadequate due diligence and contract monitoring leading to poor income generation and loss of opportunity. 4. University fails to establish and capitalise on its role as an anchor institution with key regional partners.	Reputation, Financial sustainability	5	4	20	↑	PVC, DVC	1. New Partnerships Board established. 2. Developing improved partnership support services and relationship management. 3. Developing improved costings for new contracts with negotiation, legal and service delivery expertise. 4. Identifying key regional stakeholders and partners, embedding into BEST strategy and developing account management process. 5. On-going development of apprenticeship standards		PVC, DVC, Director of Academic Registry, CEO BEST	KPI 11 Income from Partnerships. KPIs 12-13 Income from Research and Enterprise. Increase in co-funded projects and research.	4	4	16	↑
3	Academic Programmes Programmes do not deliver key graduate attributes, employment skills and experience opportunities. Causes: 1. Programmes and graduates fail to meet demand from local, regional and national employers. 2. Programme content and delivery are not flexible in delivery and University fails to act with agility to external market challenges (e.g. NHS environments, competition amongst HEIs).	Reputation, Financial sustainability	4	4	16	↔	DVC	1. Programme of continual portfolio review 2. Approval process for new reduces time to bring new courses to market 3. Advisory boards developed ensuring employer engagement in programme design and aspects of delivery. 4. Strong degree apprenticeship offer based on evidence from employers. 5. Targetted interventions where graduate outcomes remain poor		Academic Planning Committee, Heads of School, Directors for Student Success, Academic Registry, Marketing and Student Recruitment.	KPI 5-6 Employability and Highly Skilled Employment, KPIs 7-10 FTE growth. Feedback from employer forums, new apprenticeship income.	3	3	9	↔

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4	Academic Standards and Requirements Provision fails to meet academic standards. Causes: 1. University cannot demonstrate self-governance and compliance with QAA and other quality standards resulting in poor reputation 2. Programmes fail to meet student expectations leading to queries over CMA compliance 4. OFS regulatory standards 5. OIA complaints and poor reputation	Reputation, Compliance	3	4	12	↔	DVC	1. SAMMS policy and process reviewed 2. Education Committee monitoring plans to improve student satisfaction and other outcome measures. 3. CMA group developing content management processes to monitor materials and address non-compliance. 4. Education Committee monitoring reports from partners for risks to quality assurance.		Heads of School, Directors of Academic Registry, Marketing and Student Recruitment.	External quality reviews, level of complaints and CMA review.	2	3	6	↔
5	Student Recruitment University fails to recruit target numbers. Causes: 1. Programme portfolio is not sufficiently attractive to potential applicants and not sufficiently agile and flexible to respond to changing market conditions. 2. University brand and marketing materials and approach fail to attract students. 3. Poorly targeted international strategy and monitoring lead to poor recruitment, loss of UKVI BCA and/or reputation overseas.	Financial sustainability	4	5	20	↓	DVC PVC	1. New portfolio for Sep 18 and introduction of January intakes and multi-site offer 2. Further development of portfolio to tap new markets and develop existing. 3. Targetted support led by SDAP in research and development of programmes in new and existing subject areas 4. Develop profile with effective digital and personalised marketing. 5. Implement CRM to better manage applicant relationship and recruitment cycle. 6. Development of Degree Apprenticeships. 7. Prioritise relationship management with NHS Trusts and providers of statutory placements.		Heads of School and Director of Marketing & Student Recruitment	KPIs 7-10 Applications and FTE enrolments, conversion rates, International student numbers, BCA monitoring.	4	4	16	↓
6	Research and Enterprise Activity University fails to meet income targets and delivery of strategy for growth. Causes: 1. Research and enterprise strand is not clearly understood and academic staff fail to engage fully or produce outputs of sufficient quality. 2. University is unable to compete successfully for research and consultancy contracts and work. 3. Publications and impact profile are poor leading to poor REF, lack of reputation and ability to compete.	Financial sustainability	4	4	16	↔	PVC	1. Bucks Academic Framework to set expectations for staff objectives for research and enterprise. 2. Further centralise research and enterprise development and support, coordinate staff development related to these areas of activity.	1. Cross-disciplinary research clusters, increase and monitor publication and support bids.	HRD, Director of Enterprise and Research	KPIs 10 Doctoral Student FTEs, and 12-13 income from research and enterprise. Proportion of staff under new framework and judged to be producing outputs.	3	4	12	↔

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	16 to 20 - High	3. Moderate	3. Moderate	↓ = Decreasing	Mitigation/Treatment - what approach and actions are being taken to lower the risk level.
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7	Financial Sustainability University fails to control costs, grow income and invest in the future. Causes: 1. Reduction in tuition fee income through low recruitment or changes in policy and funding, and lack of diversification in other potential sources of income. 2. Budget cuts and spending restrictions not achieved or impact upon academic delivery, facilities and services. 3. Failing to generate a sufficient recurrent surplus to sustain the University's infrastructure and academic activities. 4. Political and regulatory changes leading to an impact on fees, grants, income opportunity and balance sheet.	Financial sustainability	4	5	20	↓	FD	1. Improve budget development and monitoring processes. 2. Prioritise investment opportunities, review contracts and train staff to have a better financial understanding. 3. Co-ordinated external engagement and scenario planning against changes to SORP. 4. TP contains a set of supporting actions aimed at delivering a step-change in the University's financial sustainability. 5. Early engagement with the bank on covenant performance including paying back the RCF over year end and charging an amount of cash to the bank.	1. Align portfolio development plans and engagement activity towards areas of highest potential for income growth and monitor KPI performance. 2. Sale of Missenden Abbey 3. Benchmarking of the University's organisational units by size and cost	Senior FP&A Manager	KPIs 15-20 income, costs, surplus, borrowing and cash. Budget monitoring and cash flow forecasts	3	4	12	↓
8	Human Resources University fails to deliver the organisational change set out in the Bucks strategy. Causes: 1. Poor leadership capacity, strength and communication. 2. Poor recruitment, retention and succession planning of staff 3. Staff capacity and skills are not consistent with the more rapidly changing capacity and capability requirements of the University resulting in change overload and poor execution of required transformational change. 4. Opposition to scale and pace of change to ways of working and the arrangements that underpin them.	Organisational effectiveness	3	5	15	↓	HRD	1. People Strategy Working Group formed to refresh this strategy. 2. Refresh the vision, values, design and implement the Bucks Leadership journey to develop collective leadership. 3. Plan to develop, manage, empower and reward employees. 4. Implement project for the Bucks Academic and PSE frameworks. 5. Staff survey to be implemented by December 2018, and develop other processes to strengthen employer / employee relations.	1. Undertake a robust annual resource planning process. 2. Benchmarking of the University's organisational units by size and cost	HRD	KPI 14 Staff engagement, HR monitoring metrics to VCSG, Bucks Academic Framework project plan progress.	3	4	12	↓
9	Corporate Systems and IT University fails to deliver an IT strategy to deliver fit-for-purpose corporate systems and technology identified in plan. Causes: 1. University fails to invest in and deliver corporate systems and IT capacity and capability to support the academic, student service and corporate needs of the University. 2. Corporate systems and IT services fail to provide the highest levels of information security, resilience and reliability. 3. Failure to meet changing requirements associated with information security, with associated financial, business and reputational risks.	Organisational effectiveness	4	5	20	↔	DVC	1. IT governance groups and project governance groups 2. Prioritising investment in IT strategy around core systems. 3. Building integrated student-centric business information systems. 4. Implementing modernised and secure IT Infrastructure. 5. Improving IT governance, information and network security and business continuity planning. 6. New GDPR Working Group established, and Code Panel initiated.		Director of IT, Directors of Services as appropriate	IT strategy plan monitoring, corporate systems project plans, systems and network downtime.	4	4	16	↔

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10	Safe and Secure Environment University fails to ensure the safety and security of students and staff. Causes: 1. University fails to identify and manage potential threats to the health, safety and wellbeing of students and staff. 2. University fails to develop and manage enhanced policies, training and procedures required under Prevent.	Compliance	2	5	10	↔	FD / HRD / DVC	1. Health and safety policy under regular review. 2. University will continue to develop policies with emergency and safeguarding procedures and training in response to PREVENT (through DVC). 3. Timetabling of skilled staff in Technical Resources team has been reviewed.		Health and Safety Manager and nominated PREVENT co-ordinator	Health and safety monitoring. Incident monitoring.	1	4	4	↔
11	Infrastructure and Support Services University fails to deliver value for money, high quality services and facilities. Causes: 1. Failing to ensure that our infrastructure and administration are effective, efficient and fit for purpose. 2. Failing to invest appropriately in student academic and support facilities, the estate and professional services.	Financial sustainability, Organisational effectiveness	4	4	16	↔	FD DVC	1. Number of reorganisations of central areas completed, in progress or being planned.	1. Tribal Benchmarking have been procured to undertake a comprehensive review of service areas. 2. Implementing plan for further service improvement and greater efficiency with multiple delivery points. 3. Review resource requirements and co-investment opportunities against income potential and feedback to develop sustainable resource and service plans.	Director for Student Success, Directors of Academic Registry, Estates and Facilities	Change project plan monitoring, SLA metrics developed and monitored. Investment levels.	3	4	12	↔

Appendix 2 Guide to Risk Management

What is risk management?

HEFCE, in its circular 01/28 "Risk management - a guide to good practice for higher education institutions", defines 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 defines 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 review 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 (in excess of £500,000) 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 Senior Management Team or Strategic Development and Planning 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 Senior Management 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 Senior Management 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 Development and Planning, or a member of SMT who will be happy to guide or assist you.

Guide to impact and likelihood scoring

Impact

Scale	Description	Definition
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 &/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 &/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 &/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 Glossary of Terms

Audit Committee	A committee appointed to support the Council in monitoring the corporate governance and control systems in the organisation including risk management.
Exposure	The consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised.
Gross or Raw Risk	The exposure arising from a specific risk before any (or Inherent Risk) action has been taken to manage it.
Internal Control	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.
Likelihood	The condition of being likely or probable; probability.
Monitoring Indicators	Any measure that tell us whether the mitigating actions are having the desired effect. e.g. KPIs
Net or Residual Risk	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. (Note this is reflected on the SRR as a Mitigated Risk Rating.)
Probability	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.
Risk	Uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. It is the combination of likelihood and impact, including perceived importance.
Risk Action Lead	The person responsible for implementing a mitigating action.
Risk Appetite and Tolerance	The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.
Risk Assessment	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).
Risk Management	All the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.
Risk Management Assurance	An opinion, based on evidence gained from review of the effectiveness of an organisation's management of risk.
Risk Owner	The person who is ultimately responsible for managing the risk.
Risk Profile	The documented and prioritised overall assessment of the range of specific risks faced by the organisation.
Risk Trend	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:

Likelihood	Impact
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.

Scale for Risk Rating
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 August 2018 using the gross risk ratings.

BNU RISK PROFILE:GROSS RISK RATINGS August 2018						
Likelihood	5	5	10	15	20: R2	25:
	4	4	8	12	16: R3, R6 & R11	20: R5, R7, & R9
	3	3	6	9: R1	12: R4	15: R8
	2	2	4	6	8	10: R10
	1	1	2	3	4	5
		1	2	3	4	5
	Impact					

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 IT 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 SMT 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.