

# Risk Policy and Risk Management Procedures

## Preface

The University's Risk Policy sets out the University's approach to risk and its management together with the means for identifying, evaluating and treating risk in order to minimise the potential for negative impact and to enhance the potential for opportunity.

The risks considered sufficient to affect the ability of UWE Bristol to achieve its objectives are set out in the Strategic Risk Register, which incorporates actions for dealing with those risks.

The Strategic Risk Register is formally reviewed by the Directorate at least every four months and is updated on a regular basis by nominated groups to take account of the University's changing environment and circumstances.

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## Introduction

UWE Bristol encounters numerous risks that could affect any aspect of its academic, administrative or commercial business activities and it recognises that the management of risk is vital to ensure the University is able to achieve its operational aims and strategic objectives.

The Risk Policy identifies a consistent approach towards risk across the institution, defines the responsibilities of senior managers and the Governing Body and outlines the annual mechanism for reviewing risk management processes.

The Risk Policy is designed to enable UWE Bristol to minimise the frequency and effect of adverse incidents arising from risks and to identify improvements in procedures and service delivery in order to ensure the efficient and effective use of resources.

## Implementation of Risk Management

Overall responsibility for risk management within UWE Bristol lies with the Vice-Chancellor, with responsibility for implementation delegated to the Chief of Staff and Clerk to the Board of Governors / Head of Policy and Strategy.

In accordance with the University's Financial Memorandum with HEFCE, the Board of Governors is responsible for ensuring that the University has a robust and comprehensive system of risk management. It does this by approving the framework within which risk management is conducted and is advised by the Audit Committee on the effectiveness of the framework and its operation.

It should be noted that risk management is the responsibility of everyone at UWE Bristol, not just a small number of named individuals. The University maintains a register of strategic risks and all Faculties and Professional Services maintain tactical risk registers that inform the assessment of strategic risks where appropriate and are integrated into the planning and budgeting process.

# Risk Policy

## 1 Aims of the Policy

- 1.1 To outline the University's underlying approach to risk assurance;
- 1.2 To document the roles and responsibilities of the Board of Governors, the Directorate and other key committees and individuals;
- 1.3 To outline key aspects of the risk management process;
- 1.4 To identify the main reporting framework and procedures.

## 2 Definition and Approach to Risk Management

- 2.1 UWE Bristol defines risk as the possibility that an uncertain event, action or set of circumstances which, if to occur, would have a material adverse or beneficial effect on the likelihood of achieving University, Faculty, Professional Service or project objectives.
- 2.2 Risks are linked to objectives, which exist at different levels:
  - 2.2.1 Corporate/strategic risks – risks that affect the institution as a whole;
  - 2.2.2 Tactical risks – risks related to achieving Faculty and Professional Service objectives;
  - 2.2.3 Operational risks – risks that are related to the delivery of departmental operations;
  - 2.2.4 Strategic programmes and their project outcomes – risks associated with, usually, time limited activities and medium- to long-term delivery of benefits.
- 2.3 The University's intention is not to eliminate risk from its activities, but rather to enable managers to mitigate and manage it appropriately, within the established risk appetite of the University (see section 8).

## 3 Roles and Responsibilities

### Role of the Board of Governors

- 3.1 The Board of Governors is accountable for the oversight of the management of risk, part of which it delegates to its Audit Committee.
- 3.2 Through approving the Risk Policy the Board of Governors sets the tone and influences the culture of risk management within the University. This includes determining:
  - 3.2.1 the risk attitude of the University - whether the University is 'risk taking' or 'risk averse';
  - 3.2.2 the 'risk appetite' in relation to specific strategic risks - the evaluation of the strategic risks via the Audit Committee provides a regular review of the University's risk tolerance;
  - 3.2.3 what types of risk are acceptable and which are not;
  - 3.2.4 the standards and expectations of staff with respect to conduct and probity in relation to risk management.
- 3.3 The Board of Governors is also responsible for:
  - 3.3.1 determining the appropriate level of risk exposure for the University;

- 3.3.2 taking major decisions affecting the University's risk exposure;
- 3.3.3 monitoring the management of strategic risks;
- 3.3.4 assuring itself that tactical risks (Faculty, Professional Service and Strategic Programme) are being actively managed, with appropriate and effective controls in place;
- 3.3.5 biennially review the University's Risk Policy to ensure it remains fit for purpose.

### **Role of the Directorate**

- 3.4 The Directorate is accountable for:
  - 3.4.1 ensuring that strategic risk descriptions, and tactical risk descriptions for which they are responsible, are maintained;
  - 3.4.2 implementing policies on risk management and internal control within the areas for which they are responsible to ensure risks are managed effectively;
  - 3.4.3 Identifying and evaluating the strategic risks faced by the University – including the financial and non-financial implications of those risks – as part of its ongoing management activity, for consideration by the Board of Governors;
  - 3.4.4 providing adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls;
  - 3.4.5 undertaking a review – at least annually – of the effectiveness of the system of internal control and provide a report to the Audit Committee.
- 3.5 The Vice-Chancellor is accountable for risk management at the University.
- 3.6 The Chief of Staff and Clerk to the Board of Governors / Head of Policy and Strategy is accountable for the day-to-day operation of risk management.

### **Role of Risk Owners**

- 3.7 Each risk has a risk owner. The risk owner is accountable for:
  - 3.7.1 ensuring the delivery of mitigating actions;
  - 3.7.2 keeping the risk description up to date;
  - 3.7.3 reporting on progress at least every 4 months to align with the Audit Committee reporting cycle;
  - 3.7.4 the escalation of risks through agreed channels:
    - for project risks, through the project governance process;
    - for tactical/operational risks, through the line manager/senior manager/Directorate member, as appropriate.

### **Role of Strategic Planning and Risk Group**

- 3.8 The Strategic Planning and Risk group is responsible for:

- 3.8.1 Ensuring the incorporation of risk into Strategic Planning and Faculty and Service Planning;
- 3.8.2 Reviewing the Strategic and Tactical Risk Registers prior to reporting to Directorate;
- 3.8.2 Recommending, where appropriate, the escalation of tactical risks onto the strategic risk register.

## **4 What is Risk Management?**

- 4.1 Risk management is the planned and systematic approach to identifying, analysing, evaluating and treating risks at all levels of the organisation.
- 4.2 Risk management involves determining the acceptable level of exposure to risk, which enables the achievement of University objectives whilst achieving a balance between the level of risk exposure and the cost of mitigating actions. Risk management is a process which provides assurance that:
  - 4.2.1 objectives at all levels are more likely to be achieved;
  - 4.2.2 damaging events are less likely to occur;
  - 4.2.3 beneficial events are more likely to occur.
- 4.3 The University's approach to risk management supports the Directorate, Faculties and Professional Services in determining actions for prioritisation. The approach is aligned to the development and delivery of the University's Strategy, Strategic Programmes and Faculty and Professional Service Planning.
- 4.4 The process for Health and Safety risk and escalation onto strategic and tactical risk registers is as follows:
  - 4.4.1 The University's health and safety management system uses a comprehensive approach to health and safety risk assessment incorporating general risk assessment, COSHH, manual handling, stress and mechanical equipment.
  - 4.4.2 Health and safety risks will be escalated to tactical (Faculty and Professional Service) risk registers if there is a residual health and safety risk score of 15 or greater (high). See Annex A for details of the scoring matrix.
  - 4.4.3 Health and safety risks that cannot be mitigated at the Faculty and Professional Service level and / or have a residual health and safety risk score of 20 or greater (intolerable) will be reported to the Head of Health and Safety who will inform the Strategy Planning and Risk Group for consideration of escalation onto the strategic risk register.

## **5 Risk and Internal Control**

- 5.1 The system of internal control is closely related to the planning and budgeting process and is designed to manage and mitigate the risk of failure to achieve policies, aims and objectives in an efficient, effective and economic manner. Elements of this system include:

### *Policies*

- 5.2 Related to significant risks are policies that underpin the internal control process. The policies are approved by the Board of Governors, implemented by the Directorate and are supported by written procedures where appropriate.

### *Reporting*

- 5.3 Reporting arrangements through senior line management are designed to monitor key risks and their controls. Decisions to rectify problems are made by the member of the Directorate with responsibility for the risk, with reference to other staff and University committees and the Board of Governors as and where appropriate to do so.
- 5.4 Risks associated with major University projects will be managed through the appropriate project boards adopting project management methodologies in line with the project management framework (<http://www.uwe.ac.uk/pmf/>) and have a distinct section within the risk management procedures document.
- 5.5 The strategic risk register is compiled by the Directorate and reported to the Audit Committee. The document is discussed in full at least every 4 months in line with the Audit Committee reporting cycle, and presented to each meeting of the Committee. Emerging risks are added as required, and improvement actions and risk indicators are monitored on an ongoing basis through line management structures.

### *Planning and Budgeting*

- 5.6 The strategic planning and annual budgeting process is used to set key objectives in support of the University's Strategy ambitions, priorities and enablers, agree action plans and allocate resources. As University Strategy is aligned to the risk context of the University, the targets and actions set out in Faculty and Professional Service planning documents also mitigate the risks faced by the University. The annual estimates (macro budget) presented to the Board of Governors contain an analysis of risks inherent in them and how these are mitigated.
- 5.7 Faculties and Professional Services have an essential role in the identification, assessment, treatment and on-going monitoring of tactical level risks.
- 5.8 Tactical level (Faculty and Professional Service level) risks can be escalated to the strategic risk register via the Directorate.

### *Audit Committee*

- 5.9 Audit Committee is required to report to the Board of Governors on internal controls and alert it to any emerging issues. The Audit Committee oversees internal audit, external audit and management as required in its review of internal controls. The Committee has responsibility, delegated by the Board of Governors, for governor oversight of risk assurance, ensuring that the Risk Policy is appropriately applied. It directly monitors the management of the most significant risks to the University, as recorded in the Strategic Risk Register.

### *Internal Audit*

- 5.10 The Director of Finance is the Directorate member responsible for ensuring that an effective internal audit process is in place.

In addition to its programme of probity and value for money work, internal audit is responsible for aspects of the annual review of the effectiveness of internal control systems. The internal audit plan is guided by, but not limited to, the assessment of risks identified through the University's risk management procedures.

### *External Audit*

- 5.11 The Director of Finance is the Directorate member responsible for ensuring that an effective external audit process is in place.

External Audit provides feedback to the Audit Committee on the operation of internal financial controls reviewed as part of the annual audit.

## **6 Annual Review of Effectiveness**

- 6.1 The Audit Committee is responsible for reviewing the effectiveness of internal control of the institution, based on information provided by auditors, senior management and the Director of Finance.
- 6.2 For each strategic risk, the Audit Committee will:
- 6.2.1 review the previous year and examine the institution's track record on risk management and internal control;
- 6.2.2 consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.
- 6.3 In so doing, the Audit Committee will consider:
- the University's objectives and its financial and non-financial targets;
  - the University's performance in the timely identification, assessment and reporting of significant risks;
  - prioritisation of risks and the allocation of resources to address areas of high exposure;
  - the effectiveness of the control environment.
- 6.4 The Directorate prepares a report of its review of the effectiveness of the internal control system annually for consideration by the Audit Committee, normally as part of the returns submitted to HEFCE in the autumn/winter.

## **7 Risk Management Procedures**

- 7.1 The University's risk management procedures are approved by the Directorate.
- 7.2 The University maintains a strategic risk register and tactical risk registers for each Faculty and Professional Service. These registers record non-project risks.
- 7.4 Each Faculty and Professional Service is required on a four monthly basis to review and update their risk registers.
- 7.5 Risks are identified as follows:
- 7.5.1 An externally commissioned Market Insights report sets out the University's external and internal environment. The report includes: a PESTLE analysis<sup>1</sup> to assess the external environment; and a SWOT analysis<sup>2</sup> to assess the internal environment. This report is reviewed in full on an annual basis by the Directorate and Faculty and Service Executive Teams. The Market Insights report is used in risk workshops to assist with the identification of risks.
- 7.5.2 Risk Workshops are held at two levels:

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<sup>1</sup> Political, Economic, Social, Technological, Legal and Environmental analysis

<sup>2</sup> Strengths, weaknesses, opportunities and threats analysis

- In addition to its ongoing responsibility for the identification of risks, the Directorate has risk sessions to review the strategic risk register and consider if any new strategic risks have been identified, the adequacy of risk descriptions, and whether the referral of risks and/or causes of risks for escalation onto the strategic risk register by the Strategy Planning and Risk Group, is justified.
- Tactical level risk workshops are held in each Faculty and Professional Service to review their risk register, consider if any new risks have been identified, and develop and review risk descriptions.

- 7.6 All strategic and tactical risks must be adequately described, using the risk description template, mitigating actions provided, a date by which they will be implemented (or become embedded within core activities) and who is responsible for managing the risk and /or specific actions. They must also include risk indicators, a change to which might signal a positive or negative moment in the University's exposure to a particular risk.
- 7.7 Where the risk, mitigating actions or the assurance of mitigating actions has not changed, Faculties and Professional Services are required to indicate that they have reviewed the risk by entering the date of review.
- 7.8 The Director of Professional Service or Pro Vice-Chancellor / Executive Dean is responsible for their risk register, but may delegate the maintenance of the register to another member of the management team.
- 7.8 Where appropriate, risks identified by Faculties and Professional Services should be mapped to Strategy 2020.

## **8 Risk Attitude and Risk Appetite**

### *8.1 Risk Attitude*

8.1.1 Risk attitude describes an organisation's overarching attitude to risk. The University uses a heat map to describe its risk attitude. A risk averse organisation will present a heat map with more zones coloured red and amber, with less green. A risk aggressive organisation will present a heat map with more green and yellow zones. An example is presented in Figure 1, below.

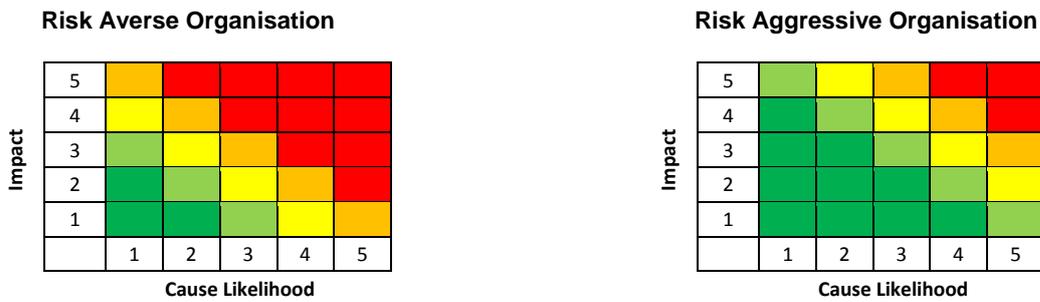
8.1.2 Directorate and Audit Committee review the University's risk attitude annually.

8.1.3 The University's risk attitude is recorded in the risk appetite statement, which is accessed internally from the risk SharePoint site.

<https://teams.uwe.ac.uk/sites/uwerisk/SitePages/Home.aspx>

8.1.4 The University's current risk attitude is presented on each risk description.

Figure 1: Risk Attitude



8.2 Risk Appetite

8.2.1 The University sets a specific risk appetite for 20 categories of risk, as listed in figure 2, below.

8.2.2 Risk appetite is set as either: very high, high, medium, low or very low.

8.2.3 Risks are mitigated to the appropriate zone on the heat map, as directed in the table below.

Appetite	Mitigation Zone
Very high	Red
High	Amber
Medium	Yellow
Low	Light Green
Very low	Dark Green

8.2.4 Directorate and Audit Committee review the University’s risk appetite at least annually or following a significant event or incident.

8.2.5 The University’s risk appetite is recorded in the risk appetite statement, which is accessed internally from the risk SharePoint site.

<https://teams.uwe.ac.uk/sites/uwerisk/SitePages/Home.aspx>

8.2.6 The risk appetite for each strategic and tactical risk is identified on each risk description.

Figure 2: Risk Appetite Categories

Ref	Risk Category
	<b>Financial</b>
1	Lack of availability (or unacceptable cost) of adequate funds to fulfil strategic plans
2	Insufficiently robust procedures for correct allocation of funds for strategic investment
3	Inadequate internal financial control environment to prevent fraud and control credit risks
4	Inadequate funds to meet historical liabilities (including pensions) and meet future anticipated liabilities
	<b>Infrastructure</b>
5	Inadequate senior management structure to support organisation
6	Insufficient people resources, skills and availability
7	Inadequate physical assets to support the operational and strategic aims of the University
8	IT infrastructure has insufficient resilience and/or data protection

9	Business continuity plans are not sufficiently robust minimise disruption after loss
10	Travel and access arrangements for customers and stakeholders are unreliable
	<b>Reputation</b>
11	Poor public perception or potential damage to the brand of the University
12	Insufficient attention to ethics / corporate social responsibility, environmental and equality standards
13	Poor governance and /or legal compliance with standards and regulations
14	Concerns over quality of teaching, learning or professional services
	<b>Marketplace</b>
15	Insufficient student recruitment in marketplace or inadequate return on investment
16	Highly competitive marketplace with aggressive competitors and high customer expectations
17	Lack of economic stability, including exposure to interest rate fluctuations and foreign exchange rates
18	Marketplace requires constant innovation and/or product technology is rapidly developing
19	Supply chain is complex and lacks competition and/or costs are volatile
20	University is exposed to potential for international disruption because of political risks, war, terrorism, crime or pandemic

### 8.3 *Relationship between Risk Attitude and Risk Appetite*

- 8.3.1 Strategic and tactical risks are assigned a risk category from figure 2, together with the corresponding risk appetite.
- 8.3.2 Risks are to be mitigated to within the risk appetite of that category of risk. This is represented as the colour zone on the heat map the risk should be mitigated to.
- 8.3.3 If the risk appetite of the university changes, risk owners will be required to mitigate the risk to within the updated risk appetite level.
- 8.3.3 If the risk attitude of the university changes, the heat map will be updated to be either more risk averse or more risk aggressive. Risk owners will be required to establish the actions required to mitigate the risk to the level appropriate to within the revised heat map.

## Annex A: Reporting Framework

- A1 The University uses SharePoint to host its strategic and tactical risk registers.
- A1.1 The strategic risk register contains the top level corporate risks.
- A1.2 The tactical risk registers are the risk registers for each Faculty and Professional Service.
- A2 The risk registers are composed of two distinct parts.
- A2.1 The risk register itself is a one page document that contains quick reference management information to enable the reader to see for each risk the current risk exposure, progress against key mitigating actions and effectiveness against key performance indicators. Any areas of concern are clearly highlighted via RAG colouring. If the reader has concerns they can then refer to the risk description for that risk (see 5.2.2 below).
- A2.2 Each risk has a risk description that describes the risk in detail:
- Risk Analysis:
    - the consequences and causes of the risk (see section 5.3 below);
    - the inherent and current scores for likelihood and consequence (see section 5.3 below).
  - Risk Evaluation:
    - the risk appetite for the risk;
    - risk tolerance.
  - Risk Treatment:
    - the controls in place and further actions required aligned to each cause and consequence to achieve the tolerable level of risk;
    - assignment of responsibilities and timescales for actions.
  - Risk Monitoring:
    - description of progress against each action;
    - key risk indicators.
- A3 Risk score is calculated using two elements: the likelihood of occurrence and the impact of the risk occurring. Risk owners are responsible for determining the likelihood and impact of the risk, using the tables below.

*Table 1: Likelihood scoring matrix*

Generic Term	Measure	Score
Very Unlikely	Almost certain not to happen	1
Unlikely	Less than 50 / 50	2
Possible	50 / 50	3
Likely	More than 50 / 50	4
Almost Certain	Almost certain to happen	5

Table 2: Impact scoring matrix

Generic Term	Score	Finances	Delivery of Operations	Stakeholders
Very Low	1	<ul style="list-style-type: none"> <li>Financial implications of the risk are <b>very low</b> and are comfortably within the ability of the risk owner to manage locally.</li> </ul>	<ul style="list-style-type: none"> <li>Minor impact to services or objectives.</li> <li>Risk occurring would represent a minor revision to planned outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Little or no Impact on student / staff satisfaction.</li> <li>Short-term and/or localised environmental harm.</li> </ul>
Low	2	<ul style="list-style-type: none"> <li>Financial implications of the risk are <b>low</b> (&lt;10% of the budget or Faculty/ Service turnover). It remains within any contingencies set.</li> </ul>	<ul style="list-style-type: none"> <li>Some limited impact on services or objectives.</li> <li>Risk occurring may detract slightly from the desired quality of the outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Isolated complaints.</li> <li>Some impact on student / staff satisfaction.</li> <li>Notable contributor to environmental harm.</li> </ul>
Medium	3	<ul style="list-style-type: none"> <li>Financial implications of the risk are <b>medium</b> (10% - &lt;25% of the budget or Faculty/ Service turnover). It may exhaust or be larger than contingencies made but can be managed without additional funds.</li> </ul>	<ul style="list-style-type: none"> <li>Short-term disruption to services.</li> <li>Risk occurring would detract from the desired quality of the outcomes but not detract from the overall purpose of the activity.</li> </ul>	<ul style="list-style-type: none"> <li>Large number of complaints.</li> <li>Wider impact on student / staff satisfaction.</li> <li>Notable external stakeholder dissatisfaction (neighbours, employers, partners).</li> <li>A significant contributor to environmental harm.</li> </ul>
High	4	<ul style="list-style-type: none"> <li>Financial implications of the risk are <b>high</b> (25% - &lt;50% of the budget or Faculty/ Service turnover). It is not possible to meet the cost within the approved budget and further funding would be required.</li> </ul>	<ul style="list-style-type: none"> <li>Significant disruption to critical services.</li> <li>Key Faculty / Service objectives affected.</li> <li>Risk occurring would significantly detract from the original desired quality of the outcomes and may reduce the viability of the activity as outcomes require revision.</li> </ul>	<ul style="list-style-type: none"> <li>Significant impact on student / staff satisfaction.</li> <li>Reputational / brand damage is possible.</li> <li>May affect recruitment (1<sup>st</sup> choice).</li> <li>A major contributor to significant environmental harm.</li> <li>Regulatory / contractual intervention possible.</li> </ul>
Extreme	5	<ul style="list-style-type: none"> <li>The impact on finance is <b>critical</b> (&gt;50% of the budget or Faculty/ Service turnover). Increased cost would negate benefits of activity and may destabilise the reporting unit.</li> <li>Impacts upon UWE achievement of EBITDA target.</li> </ul>	<ul style="list-style-type: none"> <li>Total and sustained disruption to critical services.</li> <li>Significant impact on key University objectives.</li> <li>Risk occurring would reduce quality of desired outcomes to such an extent that it negates benefits of activity.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of credibility with stakeholders.</li> <li>Critical impact to staff / student experience.</li> <li>Likely reputational / brand damage.</li> <li>Likely to affect recruitment (1<sup>st</sup> choice).</li> <li>The major contributor to significant environmental harm.</li> <li>Regulatory / contractual intervention likely.</li> </ul>

A4 Risk description templates and detailed guidance are stored on the Risk SharePoint site.