



# Risk Management Policy and Procedure

August 2021 Update

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## 1 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 risk assurance and risk management processes.

The Risk Policy is designed to enable UWE Bristol to:

- minimise the likelihood and consequence of threat risks and
- maximise the likelihood and benefit of taking opportunity risks

through prioritised and targeted risk mitigation to ensure efficient and effective use of resources.

## 2 Aims of the Policy

- a) To outline the University's underlying approach to risk assurance;
- b) To document the roles and responsibilities of the Board of Governors, the Directorate and other key committees and individuals;
- c) To outline key aspects of the risk management process;
- d) To identify the main reporting framework and procedures.

## 3 Definition of Risk Management

### 3.1 Definition of risk

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.

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.

### 3.2 What is Risk Management?

Risk management is the planned and systematic approach to identifying, analysing, evaluating and treating risks at all levels of the organisation.

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:

- objectives at all levels are more likely to be achieved;
- damaging events are less likely to occur;
- beneficial events are more likely to occur.

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.

### 3.3 Levels of risk identified at the University

- a) Strategic risks – risks that affect the institution as a whole and the delivery of strategic objectives;
- b) Tactical risks – risks related to achieving functional objectives;
- c) Operational risks – risks that are related to the delivery of departmental operations;
- d) Strategic programmes and their project outcomes – risks associated with, usually, time limited activities and medium- to long-term delivery of benefits.
- e) The University distinguishes between threat risk and opportunity risks.

## 4 Roles and Responsibilities

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.

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 tactical risks that inform the assessment of risk, which is integrated into the planning and budgeting process.

### 4.1 Role of the Board of Governors

- 4.1.1 The Board of Governors is accountable for ensuring there is an effective and proactive system of risk management in place by which risks are rigorously assessed, understood and effectively managed across the organisation. It does this by approving the framework within which risk management is conducted and is advised by the Audit, Risk and Assurance Committee on the effectiveness of the framework and its operation.
- 4.1.2 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:
  - a) the risk attitude of the University – understanding the present and foreseeable context to determine how open to risk the University should be.
  - b) the ‘risk appetite’ in relation to specific strategic risks - the evaluation of the strategic risks via the Audit, Risk and Assurance Committee also provides a regular review of the University’s risk tolerance;
  - c) what types of risk are acceptable and which are not;
  - d) the standards and expectations of staff with respect to conduct and probity in relation to risk management.
- 4.1.3 The Board of Governors is also responsible for:
  - a) determining the appropriate level of risk exposure for the University;
  - b) taking major decisions affecting the University’s risk exposure;
  - c) monitoring the management of strategic risks;
  - d) assuring itself that tactical risks (Faculty, Professional Service and Strategic Programme) are being actively managed, with appropriate and effective controls in place;
  - e) biennially review the University’s Risk Policy to ensure it remains fit for purpose.

## **4.2 Role of the Directorate**

4.2.1 The Directorate is accountable for:

- a) ensuring that strategic risk descriptions, and tactical risk descriptions for which they are responsible, are maintained;
- b) implementing policies on risk management and internal control within the areas for which they are responsible to ensure risks are managed effectively;
- c) 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;
- d) providing adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls;
- e) undertaking a review – at least annually – of the effectiveness of the system of internal control and provide a report to the Audit, Risk and Assurance Committee.

4.2.2 The Vice-Chancellor is accountable for risk management at the University.

4.2.3 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.

## **4.3 Role of Risk Owners**

4.3.1 Each risk has a risk owner. The risk owner is accountable for:

- a) ensuring the delivery of mitigating actions;
- b) keeping the risk description up to date;
- c) reporting on progress at least every 4 months to align with the Audit, Risk and Assurance Committee reporting cycle;
- d) 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.

## **4.4 Role of the Senior Management Team**

4.4.1 The Senior Management Team is responsible for:

- a) Ensuring the incorporation of risk into Strategic Planning and Faculty and Service Planning;
- b) Recommending, where appropriate, the escalation of tactical risks onto the strategic risk register.

## **4.5 Role of the Head of Business Resilience**

4.5.1 The Head of Business Resilience is responsible for:

- a) Implementation of the risk management procedures

## **5 Approach to risk management**

### **5.1 Risk and Internal Control**

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:

### **5.2 Policies**

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.

### **5.3 Reporting**

- 5.3.1 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.
- 5.3.2 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.
- 5.3.3 The strategic risk register is compiled by the Directorate and reported to the Audit, Risk and Assurance Committee. The document is discussed in full at least every 4 months in line with the Audit, Risk and Assurance 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.

### **5.4 Planning and Budgeting**

The strategic planning and annual budgeting process is used to set key objectives in support of the University's strategic 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.

Faculties and Professional Services have an essential role in the identification, assessment, treatment and on-going monitoring of tactical level risks.

### **5.5 Audit, Risk and Assurance Committee**

Audit, Risk and Assurance Committee is required to report to the Board of Governors on internal controls and alert it to any emerging issues. The Audit, Risk and Assurance 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.

## **5.6 Internal Audit**

The Chief Financial Officer 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.

## **5.7 External Audit**

The Chief Financial Officer is the Directorate member responsible for ensuring that an effective external audit process is in place.

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

## **5.8 Annual Review of Effectiveness**

The Directorate prepares a report of its review of the effectiveness of the internal control system annually for consideration by the Audit, Risk and Assurance Committee, normally as part of the returns submitted to the Office for Students in the autumn/winter.

The Audit, Risk and Assurance Committee is responsible for reviewing the effectiveness of internal control of the institution, based on information provided by auditors, senior management and the Chief Financial Officer.

For each strategic risk, the Audit, Risk and Assurance Committee will:

- review the previous year and examine the institution's track record on risk management and internal control;
- consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In so doing, the Audit, Risk and Assurance 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.

## **5.9 Setting the Risk Attitude of the University**

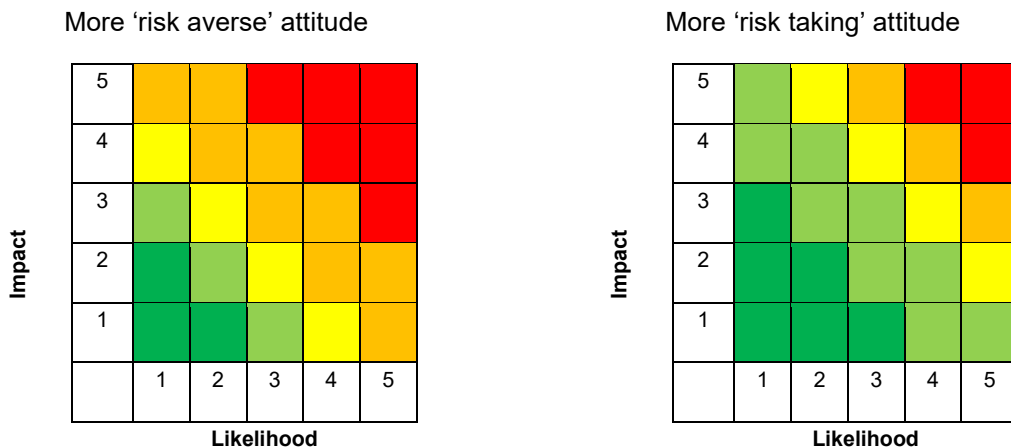
The Board of Governors sets the risk attitude of the university based on an assessment of current performance within the context of the University's operating environment including political, economic, societal, technological, legal and environmental factors. Risk attitude is reviewed annually by the Board of Governors, or following a significant event.

Risk attitude describes an organisation's overarching attitude to risk and establishes its capacity to tolerate an overall level of 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. An example is presented in Figure 1, below.

The capacity of an organisation to tolerate risk is indicated by the green and yellow zones on the heat map. The more risks that are plotted within the red and amber zone the more an organisation is exceeding its capacity to tolerate risk.

**Figure 1: Example Risk Attitude Heat Maps**



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.

## 6 Risk Management Procedure

The University's risk management procedures are approved by the Directorate.

### 6.1 Risk identification

The University identifies and considers emerging risk through the following means:

- 6.1.1 Senior Management engagement in internal and external networks
- 6.1.2 PwC Higher Education Risk report
- 6.1.3 Board of Governors meetings and Strategic Away Day
- 6.1.4 Board of Governors Committee meetings
- 6.1.5 Directorate meetings
- 6.1.6 Strategic Implementation Working Group
- 6.1.7 University Management Groups
- 6.1.8 Internal Audit reviews
- 6.1.9 Deep dive strategic risk reviews
- 6.1.10 Tactical risk updates
- 6.1.11 Faculty and Professional Service exec meetings
- 6.1.12 Escalation of operational risks
- 6.1.13 Identification of risk by any individual at the University
- 6.1.14 Sector networks



## **6.2 Health and Safety Risk escalation**

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.

Health and safety risks that cannot be mitigated at the Faculty, Professional Service or other management group and / or have a residual health and safety risk score of 'high' (amber) or 'intolerable' (red) will be reported to the Head of Health and Safety who will investigate to determine if further mitigating actions can be implemented to reduce the risk level. Where further mitigation does not satisfactorily reduce the level of risk, such risks will be escalated to The Directorate and placed on to the tactical risk register.

## **6.3 Risk Registers**

The University maintains several levels of risk registers:

### **6.3.1 Strategic Risk Register**

The strategic risk register contains risks considered to be a threat or opportunity relating to the achievement of strategic objectives and is owned and reviewed by the Directorate.

### **6.3.2 Tactical Risk Register**

The tactical risk register contains risks considered to be a threat or opportunity relating to key functions of the University. Risk owners are responsible for reviewing and updating tactical risks. The tactical risk register is reported to the Directorate. Any tactical risks rated high or very-high risk are reviewed by the Directorate.

### **6.3.3 Operational Risk registers**

Operational risk registers contain risks considered to be a threat or opportunity relating to Faculty and Professional Service operational objectives. Operational risk registers are managed locally. Operational risks can be escalated to appropriate university management groups and where necessary on to the tactical risk register.

### **6.3.4 Programme and Project Risk Registers**

Programme and project risk registers contain risks considered to be a threat or opportunity relating to strategic programmes and projects. Programme and Project risk registers are maintained by the appropriate project or programme board.

## **6.4 Risk Descriptors**

All strategic and tactical risks must be adequately described using the risk descriptor template.

### **6.4.1 Threat Risks**






Threat risk descriptors identify the significant threats that are likely to cause the risk to be realised. Current controls, control gaps and further actions are identified for each threat to achieve adequate risk mitigation within risk appetite.

### **6.4.2 Opportunity Risks**

Opportunity risk descriptors identify the opportunities that need to be achieved to enable the benefits to be realised. Current controls, control gaps and further actions are identified to achieve adequate risk mitigation within risk appetite.

## 6.5 Risk Appetite

Each strategic and tactical risk has its own, specific, risk appetite statement, which is recorded on the risk descriptor. The risk appetite statements shape the extent of controls necessary to achieve the tolerable or target risk level. The target risk level relates to where on the heat map the risk must be mitigated to (see figure 1 above), which will vary depending on the risk attitude of the University.

Risk Appetite	Risk Appetite statement that shapes the extent of controls necessary to achieve...	Tolerable risk level
Risk averse	Avoidance of the risk.	
Minimal risk	Preference for ultra-safe approach with very low level of residual risk.	
Measured	Preference for safe delivery methods with low level of residual risk.	
Open to risk	Willingness to accept the risk may manifest.	
Risk taking	Full acceptance that the risk will manifest.	

Risk appetite and accompanying risk appetite statements are reviewed annually (or following a significant event) by the risk owner and the appropriate University Management Group.

If the risk appetite of the university changes, risk owners will be required to mitigate the risk to within the updated risk appetite level.

## 6.6 Risk Scoring Methodology

The level of risk is quantified using the University's risk scoring methodology (see appendix A). The risk level is calculated by multiplying the likelihood score by the impact score to give a risk level between 1 and 25, which can be plotted on a heat map (see figure 1).

### 6.6.1 Scoring of risk likelihood

The risk descriptor is used to score the current likelihood of each significant threat or opportunity being realised (individually) based on the current level of controls, i.e., before further mitigations. The score from the highest scoring threat is used to set the overall risk likelihood level; this is to ensure that all significant threats are sufficiently mitigated before the risk level is reduced.

### 6.6.2 Scoring of risk impact and risk benefit

The risk impact or benefit is scored using a methodology incorporating the level of financial, operational and reputational impact or benefit that could be experienced taking into account the current level of controls.

## **6.7 Risk Assurance**

### **6.7.1 Board Assurance Framework**

A Board Assurance Framework is in place to ensure that assurance across the University's strategy, strategic risks and legislative/statutory requirements is captured appropriately through the responsibilities and business of the Board of Governors and its Committees.

### **6.7.2 Management Group and Committee oversight of all strategic and tactical risks**

Each strategic and tactical risk is reported for discussion to an appropriate University Management Group every four months prior to reporting to Directorate and Board of Governors Committee as appropriate. The level of reporting is recorded on each risk descriptor.

### **6.7.3 Assurance reports**

Necessary assurance reports have been identified for each strategic and tactical risk and these are recorded on each risk descriptor.

### **6.7.4 Key Risk Indicators (KRIs)**

Key risk indicators are identified for each strategic and tactical risk and these are recorded on each risk descriptor. In most cases KRIs will align to relevant Corporate Scorecard indicators.

## **6.8 Update and review**

Strategic and tactical risks are reviewed and updated every four months. Strategic risks are reviewed on a four-monthly basis by the Directorate, to consider the adequacy of risk descriptions, the external assurance processes in place, and if any new risks have been identified. In addition, where significant changes occur on a more frequent basis, revisions to the strategic risks are recommended to the Directorate for consideration and approval. Each Faculty and Professional Service is also required on a four-monthly basis to review and update their risk registers.

Where the risk, mitigating actions or the assurance of mitigating actions have not changed, Faculties and Professional Services are required to indicate that they have reviewed the risk by entering the date of review.

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.

## **6.9 Annual Deep Dive**

On an annual basis a full review of strategic risks is held with the Vice-Chancellor, the risk owner, the Chief of Staff and Clerk to the Board of Governors and the Head of Business Resilience.

## **6.10 Internal Audit**

The strategic and tactical risk registers are utilised to set the annual internal audit programme with the University's internal auditors.

## Appendix A: Risk Scoring Methodology

### Likelihood scoring

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

## Impact scoring

Generic Term	Score	Financial Impact		Operational Impact	Stakeholder / reputational impact
		Strategic Risks	Tactical Risks		
Very Low	1	Up to £1.5m (or 0.5% turnover)	Up to £0.25m	<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>No Impact on NSS / staff survey</li> <li>Little or no disruption to student experience</li> </ul>
Low	2	Up to £3m (or 1% turnover)	Up to £0.5m	<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>Unlikely to impact NSS / staff survey</li> <li>Isolated complaints</li> </ul>
Medium	3	Up to £6m (or 2% turnover)	Up to £1m	<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>Possible impact on NSS / staff survey</li> <li>Large number of complaints</li> </ul>
High	4	Up to £15m (or 5% turnover)	Up to £2.5m	<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>Probable impact on NSS / staff survey</li> <li>Disruption to student experience</li> <li>Reputational / brand damage is possible.</li> <li>May affect recruitment (1<sup>st</sup> choice)</li> <li>Regulatory / contractual intervention possible</li> </ul>
Extreme	5	Over £15m (or 5% turnover)	Over £2.5m	<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 the benefits of activity.</li> </ul>	<ul style="list-style-type: none"> <li>Almost certain negative impact on NSS / staff survey</li> <li>Potential for loss of credibility with stakeholders</li> <li>Significant disruption to student experience</li> <li>Likely reputational / brand damage</li> <li>Regulatory / contractual intervention likely</li> </ul>