 **Risk Appetite Statements**

The University’s risk appetite has been defined following consideration of the University’s strategic objectives. Risk appetite levels will vary, in some areas it will be ‘averse’ or ‘cautious’, in others it will be ‘open’ or ‘eager’ for risk where we are willing to accept more risk in the pursuit of these objectives.

The University’s risk appetite statements guide organisational activity and decision making, and we aim to operate organisational activities at the levels defined below. Where activities are projected to exceed the defined levels, this must be highlighted through appropriate governance mechanisms. Additional controls and actions will be implemented to address where risk appetite is projected to exceed agreed levels.

**Risk Appetite Level and Risk Tolerance**

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| **Risk Appetite Level** | **Description** | **Risk Tolerance** |
| **Averse** | Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is a key objective. Activities undertaken will only be those considered to carry low risk. | The University will accept risk with a residual score of 1 – 4 |
| **Cautious** | Preference for safe options that have a low degree of risk and may only have limited potential for reward (potential for benefit/return is not a key driver). Activities will only be undertaken where they have a moderate degree of risk. | The University will accept risk with a residual score 5 – 9 or lower. |
| **Open** | Willing to consider all potential options and choose one most likely to result in successful delivery while providing an acceptable level of benefit (reward and value for money). Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of risk that is deemed controllable to a large extent. | The University will accept risk with a residual score of 10 – 16 or lower. |
| **Eager** | Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk. | The University will accept risk with a residual score of 20-25 or lower. |

**Risk Assessment Matrix**

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|  | **Likelihood** | | | | |
|  | **1** | **2** | **3** | **4** | **5** |
| **Impact** | **Rare** | **Unlikely** | **Moderate** | **Likely** | **Almost Certain** |
| **1 Insignificant** | **1 – low** | **2 – low** | **3 – low** | **4 – low** | **5 – moderate** |
| **2 Minor** | **2 – low** | **4 – low** | **6 – moderate** | **8 – moderate** | **10 – high** |
| **3 Moderate** | **3 – low** | **6 – moderate** | **9 – moderate** | **12 – high** | **15 – high** |
| **4 Major** | **4 – low** | **8 – moderate** | **12 – high** | **16 – high** | **20 – very high** |
| **5 Extreme or Catastrophic** | **5 – moderate** | **10 – high** | **15 – high** | **20 – very high** | **25 – very high** |

**Risk Categories and Risk Appetite Descriptions**

1. **Campus and Estates [Property] –** Risks relating to the University’s campus and estate, which may have a fundamental impact on the institution’s ability to deliver teaching and research. This may include maintenance risks, building-specific health and safety risks, or longer-term building/estate plans. Risks may arise from the increasing cost of maintaining facilities, property deficiencies, poor value for money from inadequate space planning or management, poorly designed, ineffective or inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money. | Requirement to follow strict policies and adopt agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money. | Consider benefits of a range of solutions for purchase, rental, disposal, construction, and refurbishment that meeting organisational requirements. | Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements. |

The University’s appetite for campus and estates [property] risks is to operate within the risk tolerance position – **open**

1. **Commercial or Partnership –** Risks arising from weaknesses in the management of partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, inadequate due diligence and/or failure to meet business requirements or objectives.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Zero appetite for untested commercial agreements or pertnerships. Priority for close management controls and oversight with limited devolved authority. | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators. | Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control. |

The University’s appetite for commercial or partnership risks is to operate within the risk tolerance position – **open**

1. **Data and Information Management –** Risks arising from a failure to produce robust, suitable and appropriate data or information and to exploit data or information to its full potential.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Lock down data and information. Access tightly controlled, high levels of monitoring. | Minimise level of risk due to potential damage from disclosure.  Accept need for operational effectiveness with risk mitigated through careful management limiting distribution. | Accept need for operational effectiveness in distribution and information sharing. | Level of controls minimised with data and information openly shared. |

The University’s appetite for data and information management risks is to operate within the risk tolerance position – **cautious**

1. **Environmental Sustainability –** Risks arising from the direct impact of environmental events or conditions on the University’s assets, operations or suppy chain. Examples include natural disasters and the long-term impact of climate change such as extreme weather patterns or floods. Also risk associated with transition to a low-carbon economy and the adoption of sustainable business practices such as shifts in consumer preferences, technological advancements, changes in government policy and promoting environmental sustainability.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. | Tendency to stick to the status quo, innovations generally avoided unless necessary. | Innovation supported, with clear demonstration of benefit. | Innovation pursued – desire to ‘break the mould’ and challenge current working practices. |

The University’s appetite for environmental sustainability risks is to operate within the risk tolerance position – **open**

1. **Financial risks –** Risks relating to the financial sustainability of the University. This may include income, student recruitment, budget allocation and management, current liabilities, borrowing facilities, compliance with the terms of credit agreements or loan covanants, or other elements that impact on the institution’s financial sustainability. Risks may arise from loss of a major market, not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets and liabilities or to obtain value for money from the resources deployed, failure to comply with covenant conditions in respect of private placement provision, and/or non-compliant financial reporting.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Avoidance of any financial impact or loss, is a key objective. | Seek safe delivery options with possibility of very limited financial impact if essential to delivery or if it could yield upside opportunities. | Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels | Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place). |

The University’s appetite for financial risks is to operate within the risk tolerance position – **open**

1. **Legal and compliance risks –** Risks arising from a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that could result in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Governance and control environment is designed and operated to avoid the risk of any legal challenge | Activities will be considered where the risk of any successful legal challenge to the University has a very significant likelihood of failure, based on legal advice. | Activities will be considered where the risk of any successful legal challenge to the University will most probably fail, based on legal advice. | Potentially very contentious activities due to conflicting legal advice/case law, but significant benefits could be released. |

The University’s appetite for legal and compliance risks is to operate within the risk tolerance position – **cautious**

1. **Student delivery/Service Delivery risks –** Risks arising from inadequate, poorly designed, ineffective or inefficient internal processes and services resulting in an impaired experience for the student population or poor value for money.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Defensive approach to service delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators. | Innovation supported, with clear demonstration of benefit. Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control. |

The University’s appetite for student service delivery risks is to operate within the risk tolerance position – **open.**

1. **People –** Risks relating to the recruitment, retention, support and motivation of staff. Risks may arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Priority to maintain close management control and oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only | Seek safe and standard people policy. Decision making authority generally held by senior management.  Development investment generally in standard practices. | Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control. |

The University’s appetite for people risks is to operate within the risk tolerance position – **open**

1. **Project/Programme –** Risks that change programmes and projects are not aligned with strategic priorities and do not successfully deliver requirements and intended benefits to time, cost and quality.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. | Innovation supported, with demonstration of benefits or improvements. Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control. |

The University’s appetite for project/programme risks is to operate within the risk tolerance position – **open**

1. **Security/Cyber Security –** Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information. Risks could relate to the University’s IT infrastructure, including cyber security, non-compliance with General Data Protection Regulation requirements, and adherence to Foreign, Commonwealth and Development Office (FCDO) travel restrictions.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| No tolerance for security risks causing loss or damage to property, assets, information or people. Stringent measures in place, including:  • Adherence to Foreign, Commonwealth and Development Office (FCDO) travel restrictions  • Controls limiting staff and visitor access to information, assets and estate.  • Use of staff personal devices restricted. | Limited security risks accepted to support business need, with appropriate checks and balances in place:  • Adherence to FCDO travel restrictions  •Controls managing staff and limiting visitor access to information, assets and estate.  •Staff personal devices may be used for limited official tasks with appropriate permissions. | Considered security risk accepted to support business need, with appropriate checks and balances in place:  • Permission may be sought for travel within FCDO restricted areas.  • Controls limiting visitor access to information, assets and estate.  • Staff personal devices may be used for official tasks with appropriate permissions. | Willing to accept security risk to support business need, with appropriate checks and balances in place:  • Travel permitted within FCDO restricted areas based on detailled risk assessments.  • Controls limiting visitor access to information, assets and estate.  • Staff personal devices permitted for official tasks |

The University’s appetite for security risks is to operate within the risk tolerance position – **cautious**

1. **Strategy risks –** Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. | Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. | Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. | Guiding principles or rules in place that encourage considered risk taking in organisational actions and the pursuit of priorities. |

The University’s appetite for strategy risks is to operate within the risk tolerance position - **open**.

1. **Technology –** Risks arising from technology not delivering the expected services due to inadequate or deficient system/ process development and performance or inadequate resilience.

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| **Risk Appetite Description** | | | |
| **Averse** | **Cautious** | **Open** | **Eager** |
| Only essential systems / technology developments to protect current operations. | Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered. | Systems / technology developments considered to enable improved delivery. Agile principles may be followed. | New technologies viewed as a key enabler of operational delivery. Agile principles are embraced. |

The University’s appetite for technology risks is to operate within the risk tolerance position - **open**