

Risk Appetite

Last approved by the Board of Governors on 14 July 2023

Statement of Risk Appetite

In the pursuit of its [strategic objectives](#), the University will accept a level of risk proportionate to the benefits expected to be gained, and the impact and likelihood of any damage that may arise should risks materialise.

The University recognises that an excessively risk-averse attitude can limit its ability to make the most of opportunities or to respond effectively to changes in the external environment. We will not necessarily stop pursuing activities that lead to risks materialising where those activities are fundamental to the achievement of our strategic objectives, although they will face greater scrutiny and closer management.

In assessing whether or not a particular level of risk is proportionate, the University will have regard to two guiding principles:

- The University has a relatively high appetite for risk in the context of encouraging and promoting critical enquiry, academic freedom, freedom of expression, and open debate. In these areas, however, it is still expected that appropriate and proportionate mitigating actions will be taken to minimise both the impact and likelihood of any risk occurring.
- The University has a low appetite for risk where there is a likelihood of significant and lasting damage to the provision of excellent education, student experience or research; significant financial loss or detriment; harm to students, staff, collaborators, partners or visitors; illegal or unethical activity or of significant and lasting reputational damage.

Responding to Risks

There are four ways the University can respond to an identified risk:

- Tolerate (to accept the risk)
- Treat (to control the risk) by constraining the risk to an acceptable level
- Transfer (to insure the risk) by giving the risk to a third party
- Terminate (to avoid/remove the risk) the activity giving rise to the risk

Risk appetite

In adopting a general statement of risk appetite, we recognise that institutional risk appetite will be different for different types of risks. In relation to the strategic planning framework, we have identified a number of risk themes, identified in table 1.

Table 1 Risk Theme / Appetite	
Risk Theme	Risk appetite
Health & Safety of staff, students and visitors	(Very) Low
Reputational	Low
Core income streams	Low
Student Experience	Low
Information Security	Low
Business Continuity	Low

Regulatory Compliance	Low
Subsidiary income streams	Medium
Use of technology	Medium
Research and Innovation	Medium
Academic challenge and debate	High
Changes to respond to external environment / drivers	High

Corporate Risk Register

The Corporate Risk Register reflects the most significant risks that the University is currently facing. It shows the raw (untreated) and residual (after application of control measures) risk rating as a colour (red/amber/green).

For each risk on the Corporate Risk Register a risk tolerance is identified. Guided by risk appetite and other relevant live contextual information, risk tolerance is agreed as high, medium or low. Where a mitigated risk is still outside an agreed tolerance, an action plan will be formulated with the aim of reducing the risk to within tolerance. Audit Committee pays close attention to the delivery of action plans to bring corporate risks back to within tolerance.

Risk Ratings

To calculate a rating for each risk, an assessment needs to be made to evaluate the likelihood (table 3) and impact (table 4) of the risk being realised. These tables are contained within appendix 1. When considering risk appetite and risk tolerance, the Risk Rating Matrix (table 2) will be used.

Reportable Events

Many higher-level risks (those classified as potentially having a ‘major’ or ‘catastrophic’ impact) bring with them regulatory expectations regarding reporting. Consequently, the University has in place a [process relating to OfS-defined ‘Reportable Events’](#). Under that process, any risks classified with ‘major’ or ‘catastrophic’ impact that then materialise should be considered as potential reportable events through that process. Advice should be sought from the Registrar and Secretary’s Office.

Appendix 1 – Risk Rating / Likelihood / Impact Frameworks

Risk Rating / Likelihood / Impact Frameworks

IMPACT	Catastrophic 12	Amber	Amber	Red	Red	Red
	Major 8	Green	Amber	Amber	Red	Red
	Moderate 4	Green	Green	Amber	Amber	Amber
	Minor 2	Green	Green	Green	Green	Green
	Insignificant 1	Green	Green	Green	Green	Green
		Very Low 1	Low 2	Medium 3	High 4	Very High 5
		LIKELIHOOD				

Likelihood

The likelihood of the risk being realised is assessed using table 3 Risk Likelihood Framework:

LIKELIHOOD	SCORE	DESCRIPTION
Very Low	1	Extremely unlikely to occur, or virtually impossible
Low	2	Unlikely to occur
Medium	3	Fairly likely to occur
High	4	More likely to occur than not
Very High	5	Almost certainly will occur

Impact

The impact on the University if the risk is realised is identified using table 4 Risk Impact Framework:

Impact	Description
1 – Insignificant	<ul style="list-style-type: none"> • Would have only a marginal effect on the achievement of some aspects of key performance indicators • Would have only marginal financial consequences • Would be managed with existing systems/procedures • Little impact on public perceptions
2 – Minor	<ul style="list-style-type: none"> • Would hinder the achievement of some aspects of key performance indicators • Would have financial consequences that could be managed with existing budgets • May necessitate some changes to University systems/procedures

	<ul style="list-style-type: none"> • May give rise to questions about the extent to which public expectations are being met
4 – Moderate	<ul style="list-style-type: none"> • Would hinder the achievement of some key performance indicators • Would have financial consequences that could be managed by flexing existing budgets • May necessitate some changes to the University’s structure and/or priorities • Would necessitate some changes to University systems/procedures • Local media coverage: some short-term perception of not fully meeting public expectations
8 - Major	<ul style="list-style-type: none"> • Would seriously hinder the achievement of key performance indicators • Would have serious financial consequences that may require significant reallocation of university resources • Would necessitate some changes to the University’s structure and/or priorities • Would necessitate significant changes to University systems/procedures • Sustained local and/or some national media coverage: longer term perception of not meeting public expectations
12 – Catastrophic	<ul style="list-style-type: none"> • Would pose a serious threat to the University’s survival • Would prevent the achievement of key performance indicators • Would have very serious financial consequences that may not be manageable with existing university resources • Would necessitate very significant changes to the University’s structure, priorities, and systems/procedures • Sustained national media coverage: perceived total loss of public confidence