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Summary

1 This policy sets out the University’s approach to risk management and the mechanisms it employs to identify, analyse and manage risk. It provides guidance on responsibilities for risk management and information on how risk registers are to be compiled.

What is the Purpose of this Policy?

2 The University recognises that the management of risk is an important component of good management practice, and it has an open and receptive approach to identifying, discussing and addressing risks.

3 The University accepts that risk cannot be eliminated. The purpose of the University’s risk management policy is to support the development of a consistent approach to determining, analysing and managing risk. It does this by ensuring that all reasonable steps are taken to mitigate risk and that the level of risk accepted is balanced against the expected reward.

4 The Office for Students’ (OfS) Terms and Conditions of Funding require the University to have effective arrangements for providing assurance to the Board of Governors that the University has robust and comprehensive systems of risk management, control and corporate governance. This policy helps to ensure that the University complies with this requirement.

What is Risk Management?

5 A risk is the threat or possibility that an action or event will adversely or beneficially affect an organisation’s ability to achieve its objectives.

6 Risk management can be defined 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.

Who is Responsible for Risk Management?

7 The Vice Chancellor has ultimate responsibility for risk management. Operational oversight and implementation of this responsibility is delegated to the Executive Director of Corporate Governance.

8 The University Executive Board (UEB) is responsible for identifying, evaluating and monitoring the key risks faced by the University and for scrutinising the actions taken to manage key risks. UEB will formally review all key risks before the Corporate Risk Register is submitted to governors.
The Audit and Quality Committee is responsible for the oversight of risk management and for advising the Board of Governors upon the effectiveness of the University’s risk management processes. It provides a formal opinion upon the effectiveness and reliance that may be placed upon the University’s risk management systems via its annual report to the Board of Governors.

The Board of Governors is responsible for determining the appropriate level of risk exposure for the University, monitoring the management of key risks, and for gaining assurance that risks identified are being activity managed with appropriate controls in place that are working effectively.

The internal audit service is responsible for auditing the effectiveness of the University’s risk management processes. The internal audit service develops an annual internal audit plan that is guided by the risk profile of the University and the implications of this risk profile for the University’s business processes.

How is Risk Managed?

The University seeks to identify, assess and effectively manage all risks. The aim of risk management is to actively support the achievement of the University’s agreed objectives and not simply to avoid risk.

The University uses a system of risk registers to help to identify, quantify and manage risk. Each risk register identifies and defines each key risk; and assigns associated risk scores, controls and actions that manage the risk within the University’s risk appetite for each risk category.

Risk Appetite

The University will set a risk appetite for each of its core activities (risk categories) and these, in turn, will guide and determine the level of risk that should be accepted for these core activities within all risk registers.

Risk appetite refers to the degree of risk that the University is prepared to accept for any given risk. This will vary for each risk but must be proportionate to the potential benefits derived from accepting the level of risk involved. This risk appetite will provide the acceptable range (tolerance band) from which target risks can be set in all risk registers across the University.

The University has set a risk appetite for each risk category within a tolerance band, using the risk bands at Appendix 2. UEB will set out the appropriate risk band(s) for each category, which will then provide the parameters for identifying target risks across the University.

The University-level risk appetite associated with each risk category will be reviewed at least annually by the Board of Governors, in the light of recommendations from the University Executive Board and the Audit and Quality Committee. The University’s current risk appetite is set out at appendix 3 to this policy.

The Head of Strategic Programmes and the Executive Director of Corporate Governance will liaise regularly to ensure that risk appetites are appropriately reflected in the University’s risk registers.
Corporate Risk Register

19 The University maintains a Corporate Risk Register to identify and record the high-level key risks associated with the achievement of its strategic objectives. The Corporate Risk Register records only those risks that are likely to impede the delivery of strategic objectives and are therefore of strategic significance to the University, which may include any risks escalated from operational risk registers that sit above the agreed risk appetite of the University.

Faculty/Professional Service Operational Risk Registers

20 Each faculty and professional service will establish and maintain an operational risk register that identifies and records the key risks associated with the delivery and achievement of their delivery plans. Operational risk registers will set a target risk for each identified risk, based on the risk appetite as set out by UEB.

21 Risks identified in operational risk registers with residual risk scores that exceed the University’s risk appetite will be escalated to the Executive Director of Corporate Governance for review. The Executive Director of Corporate Governance will periodically update the University Executive Board regarding operational risks that remain above the University’s risk appetite and make recommendations where it would be appropriate for such risks to be placed on the corporate risk register.

Compliance Risks

22 The Executive Director of Corporate Governance shall ensure that, in addition to risks identified via faculty and professional service operational risk registers, the Corporate Risk Register adequately reflects the risks to the University that are associated with statutory and regulatory compliance and the expectations of good practice. These are risks that may result in sanction or loss of reputation if they are not managed and mitigated effectively.

Project Risk Registers

23 Major projects will establish and maintain a risk register, which shall be monitored by the relevant project board (or equivalent). Where the risks associated with a major project are likely to impact upon the strategic objectives of the University, or risks with residual risk scores that exceed the University’s risk appetite will be escalated to the Executive Director of Corporate Governance for review.
Relativity of Risk Scoring

24 Operational risk registers and/or project risk registers will frequently be operational in nature and will focus on local or project-based risks. A high score allocated to a risk cited within an operational risk register or a project risk register is context specific and will not necessarily translate to the same level of risk within the University’s higher-level corporate risk register.

How Risk is Reported

Operational Reporting of Risk

25 The designated lead (risk owner) for each faculty or professional service operating plan is responsible for ensuring that the material risks associated with their operating plan are identified, recorded, and proactively managed and mitigated in an operational risk register. All operational risk registers will be submitted and lodged at least annually, and held within a central register for oversight and assurance purposes.

26 Each faculty and professional service operational risk register will set a target risk for each risk within their risk register. If the residual risk score assigned to a risk exceeds the University’s risk appetite set for that risk then this must be reported to the Executive Director of Corporate Governance for potential escalation to UEB. Ultimately, UEB will determine the action to be taken including tolerating the risk, directing additional or reallocating resources to return the risk to a level that does not exceed the current risk appetite or potentially adjusting the University’s risk appetite.

Reporting of Risk to UEB

27 All operational risks that have a residual risk score greater than the University’s risk appetite will be discussed with the Director of Corporate Governance, who will highlight to UEB any risks that are deemed material to the delivery of the University’s strategic and/or financial objectives.

28 UEB will receive, challenge and scrutinise the Corporate Risk Register prior to its submission to the Audit and Quality Committee. As part of this process, UEB will note any new risks that have been added to the Corporate Risk Register and will also delete any risks from the Corporate Risk Register that are no longer relevant or been delegated to operational risk registers for ongoing management.

29 On the basis of UEB’s scrutiny of the corporate risk register, the Executive Director of Corporate Governance will submit a report to the Audit and Quality Committee of the Board of Governors. The report will also summarise any amendments or changes to the corporate risk register agreed by UEB.
Reporting of Risk to Governors

30 The Audit and Quality Committee will normally receive the corporate risk register at each meeting. This report will also include a summary of any amendments or changes to the corporate risk register agreed by UEB. The report will also a commentary that highlights any particular changes that are affecting a particular delivery plan or risk category. It will also include embedded links to the centrally held operational risk registers that will enable the Committee to “drill-down” into the underpinning risks to gain assurance that risk is being adequately addressed at all levels within the University.

31 The Board of Governors will receive the Corporate Risk Register at a meeting held during the first term of the academic year and thereafter at least every six months. This submission will be accompanied will also include a summary of any comments or points of scrutiny raised by the Audit and Quality Committee.

Other Channels for Reporting Risk

32 All managers have responsibility for identifying and managing risk within their own areas of accountability and must inform their respective UEB member where exposure to risk is of a material nature.

33 If the UEB member considers the risk to be materially significant then they will ensure that the new risk or the increased exposure to an existing risk is recorded within their faculty or professional service risk register. If any risk is deemed to be of high strategic impact and its resolution is time critical and cannot be managed independently by the faculty or professional service then this should be reported to UEB at the earliest possible opportunity.

Compilation of the Corporate Risk Register

34 The Executive Director of Corporate Governance is responsible for ensuring that the Corporate Risk Register is regularly updated and submitted in accordance with designated timescales for review by UEB; the Audit and Quality Committee; and the Board of Governors.

35 There may sometimes be a time lag between the submission of the Corporate Risk Register to UEB and then subsequently to the Audit and Quality Committee and to the Board of Governors. To ensure that the Corporate Risk Register maintains its currency and accuracy at any given time, the Executive Director of Corporate Governance will, in discussion with the relevant risk owner(s), update the Corporate Risk Register as required during the reporting cycle. Any changes of this nature will be noted and flagged within the Corporate Risk Register.
Format and Design of Risk Registers

36 The University uses the:

(i) Template at Appendix 1 as the framework for establishing risk registers;

(ii) Methodology at Appendix 2 for measuring and scoring risks and for identifying target risk scores;

(iii) Risk Appetite at Appendix 3 for setting target risks.

Risk Management and Investment Proposals

37 All investments carry opportunity costs for the University and an assessment of the relative risks versus the relative rewards of investment proposals may be useful in some circumstances. The following matrix may help to guide such assessments:

<table>
<thead>
<tr>
<th></th>
<th>Perceived High Reward</th>
<th>Perceived Low Reward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived High Risk</td>
<td>Pursue with Caution</td>
<td>Avoid</td>
</tr>
<tr>
<td>Perceived Low Risk</td>
<td>Prioritise</td>
<td>Safe to Pursue</td>
</tr>
</tbody>
</table>

Training

38 UEB has agreed that training in risk management should be available to all staff but is mandatory for staff with management roles or responsibility for strategic and operational planning. The training will be organised and delivered by the Human Resources Department and the Office of the Executive Director of Corporate Governance via the University’s staff development programme.

Review of this Policy

39 The OfS’s Terms and Conditions of Funding require that systems of internal control should be reviewed at least annually. This policy forms part of the University’s systems of internal control and shall be reviewed and approved annually by the Board of Governors. This requirement shall usually be addressed at the first meeting of the Board of Governors held in each academic year.
### APPENDIX 1

to Risk Management Policy 2023/24

<table>
<thead>
<tr>
<th>Risk ID</th>
<th>RISK EVENT</th>
<th>RISK DESCRIPTION</th>
<th>RISK IMPACT (Because of)</th>
<th>RISK CATEGORY (The effect would be)</th>
<th>INHERENT RISK SCORE (Taken from risk appetite)</th>
<th>TARGET RISK (Based on Uni’s risk appetite)</th>
<th>RISK ACTION OWNER</th>
<th>MITIGATING ACTION (Should reduce likelihood and/or impact)</th>
<th>RESIDUAL RISK SCORE (Likelihood x Impact NB post-mitigation)</th>
<th>LAST REVIEW</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Students withdraw or fail to progress</td>
<td>resulting in a decline in retention rates</td>
<td>with the consequence that students do not fulfil their potential</td>
<td>Student Outcomes</td>
<td>(L = 4) (I = 4)</td>
<td>12</td>
<td>Senior DVC</td>
<td>Strengthened strategies for communication with continuing students</td>
<td>(L = 3) (I = 4)</td>
<td>Sept 2021</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Financial Stability</td>
<td>TOTAL = 16</td>
<td></td>
<td></td>
<td>Use of blended learning to strike an appropriate balance between face-to-face and remote learning</td>
<td>TOTAL = 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Regulatory compliance</td>
<td></td>
<td></td>
<td></td>
<td>Delivery of an attractive blended learning offer that encourages students to return at the start of the 2021/22 academic year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Column Heading</td>
<td>Description</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Identifying the Risk</td>
<td>This is split into three sections to help risk owners to fully articulate the nature and implications of the risk: (i) event; (ii) description; and (iii) impact.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Category</td>
<td>The risk owner should seek to identify the risk category from the University’s risk appetite that the risk relates to. If the risk is relevant to a number of categories risk owners should either select just one (based on the mitigating activity) or split out the risk to highlight the individual categories if there are multiple, but discrete, mitigations.</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Inherent Risk Score</td>
<td>The impact and likelihood of the risk occurring should be scored using the criteria provided at Appendix 2. The two scores should then be multiplied to determine the inherent risk score (between 1 – 25).</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Target Risk Score</td>
<td>This should identify the target score for the level of risk deemed acceptable for the activity (this should be based within the relevant range associate with the risk appetite). If the residual risk is higher than the risk appetite score then further controls should be implemented to reduce the risk. Conversely, if the residual risk is significantly lower than the risk appetite score then this might indicate that controls can be relaxed.</td>
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</tr>
<tr>
<td>Risk action owner</td>
<td>This should identify the individuals, committees or other bodies who have oversight of the risk</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Mitigating Action</td>
<td>State here the controls that are currently in place to manage or to mitigate the risk. The control should reduce the likelihood that a risk will occur and/or the impact were it to occur. The time, effort and expense of managing the controls should not outweigh potential benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual Risk Score</td>
<td>The impact and likelihood of the risk occurring should be scored again, this time to reflect the level of the risk with the stated controls in place. The score will determine whether the residual risk is reduced to the target risk and/or sits within the University’s risk appetite.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review Date</td>
<td>Identifies when the risk was last reviewed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status</td>
<td>This should record whether the risk is open (‘live’) or closed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
METHODOLOGY FOR SCORING RISKS

The term ‘likelihood’ refers to the probability that a risk will occur. The score for the likelihood of the risk occurring is determined by using the following for guidance:

<table>
<thead>
<tr>
<th>RAG</th>
<th>Score</th>
<th>Likelihood of the Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>5</td>
<td>Extremely likely to occur (&gt; 80% probability)</td>
</tr>
<tr>
<td>Orange</td>
<td>4</td>
<td>Likely to occur (51% - 80% probability)</td>
</tr>
<tr>
<td>Yellow</td>
<td>3</td>
<td>Possible to occur (21% - 50% probability)</td>
</tr>
<tr>
<td>Brown</td>
<td>2</td>
<td>Unlikely to occur (5% - 20% probability)</td>
</tr>
<tr>
<td>Green</td>
<td>1</td>
<td>Highly unlikely to occur (&lt; 5% probability)</td>
</tr>
</tbody>
</table>

The term ‘impact’ refers to the consequences for the University if the risk were to occur. The score for the impact if the risk occurs is determined by using the following scale for guidance:

<table>
<thead>
<tr>
<th>RAG</th>
<th>Score</th>
<th>Impact of the Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insignificant</td>
<td>1</td>
<td>Implications would have a very low impact and can be managed locally, or via minor revision of planned outcomes, or with little effect upon delivery timescales</td>
</tr>
<tr>
<td>Minor</td>
<td>2</td>
<td>Implications would have a low impact and can be managed within any contingency funding set, or would detract slightly from the quality of outcomes, or would delay elements of the activity without impacting on the overall timescale for delivery.</td>
</tr>
<tr>
<td>Moderate</td>
<td>3</td>
<td>Implications would have a medium impact and would exhaust or exceed any contingency funding set, or would detract from the quality of outcomes but not detract from the overall purpose of the activity, or lead to slightly extended timescales that would not materially affect desired outcomes.</td>
</tr>
<tr>
<td>Major</td>
<td>4</td>
<td>Implications would have a high impact and could not be met within approved budgets, or would significantly detract from the quality of outcomes and reduce the viability of the activity, or lead to greatly extended timescales with outcomes later than required to obtain maximum benefit</td>
</tr>
<tr>
<td>Significant</td>
<td>5</td>
<td>Implications would be critical and increased costs would negate the benefits of the activity, or the quality of outcomes would be reduced to such an extent that the benefits of the activity would be negated, or extended timescales mean that outcomes are too late and negate the benefits of the activity</td>
</tr>
</tbody>
</table>

The overall risk score is calculated on the following basis

\[
\text{Likelihood} \times \text{Impact} = \text{Overall Risk Score}
\]

So, for example, if the likelihood of the risk occurring is 3 and the impact of risk occurring is 3 then the overall risk rating is 9.

The overall risk score is then applied to the following matrix to determine whether the risk should be categorised as blue, green, low amber, high amber or red:
Risks that are categorised as low, medium, high or extreme may require mitigation to bring them in line with the University’s risk appetite. When prioritising mitigation activity, risk owners should focus on any risk with an impact score of 5, as this reflects a “critical impact” on activities.

The University’s objective for risk management is to optimise its control of risk. This involves ensuring that the most cost-effective controls are in place for each risk and that a cost-benefit analysis of the controls is considered. This may mean that certain risks are not fully mitigated (and continue to have a high residual score) because the cost of reducing the risk still further may be higher than the potential cost incurred if the risk occurred.

There will be occasions when factors outside of the University’s control limit the control measures that can be implemented to manage a risk. Examples might include government policies on student funding or student visa controls. In such cases, it should be recognised that it may not be possible to significantly reduce the level of residual risk to the University.
## University’s Risk Appetite

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risk appetite</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation &amp; image</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Statutory &amp; regulatory compliance</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Financial sustainability</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Research &amp; innovation (quality &amp; impact)</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Student recruitment</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Student experience</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Student outcomes</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Staff (attract, retain &amp; manage)</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Safety (staff, students &amp; partners)</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Security (staff, students &amp; partners)</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Physical estate</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Digital estate</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
<tr>
<td>Environmental sustainability</td>
<td>Review risk</td>
<td><strong>UEB risk appetite</strong> Escalate risk</td>
</tr>
</tbody>
</table>

**Notes:**

**UEB risk appetite:** Target and residual risks should aim to be within UEB’s risk appetite range in operational risk registers.

**Review risk:** If residual risk is below UEB’s risk appetite, risk holders should review the risk; could more risk be taken to bring higher reward (i.e. are we being too cautious?) or are mitigating resources being overcommitted?

**Escalate risk:** If residual risk is above UEB’s risk appetite, risk holders should liaise with the Director of Corporate Governance to determine an appropriate course of action.