

Risk Register Guidance

Statement of Risk Appetite (Last approved by the Board of Governors on 22 November 2019)

In the pursuit of its objectives, as expressed in its Strategic Plan and elsewhere, 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.

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 action 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 reputational damage; 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; or illegal or unethical activity.

The University also recognises that an excessively risk-adverse attitude can limit its ability to make the most of opportunities or to respond effectively to changes in the external environment.

Risk Appetite Matrix

The University's general appetite for risk is demonstrated below in the Risk 'Response' Matrix (table 1). The scoring relates to the Net Risk Exposure according to the Risk Likelihood Framework (table 2) and Risk Impact Framework (table 3):

Table 1 Risk 'Response' Matrix:						
IMPACT	Catastrophic 5	Amber	Amber	Red	Red	Red
	Major 4	Green	Amber	Amber	Red	Red
	Moderate 3	Green	Green	Amber	Amber	Amber
	Minor 2	Green	Green	Green	Green	Green
	Insignificant 1	Green	Green	Green	Green	Green
<i>Risk 'Response' Matrix approved by the Board of Governors on 15 July 2016.</i>		Very Low 1	Low 2	Medium 3	High 4	Very High 5
LIKELIHOOD						

Scoring

To calculate each risk, an assessment needs to be done to evaluate the likelihood (table 2) and impact (table 3) of the risk being realised. The Risk Appetite Matrix (table 1) can then be applied to inform the extent of action required.

Likelihood

To identify the likelihood of the risk being realised using [table 2 Risk Likelihood Framework](#):

Table 2 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

To identify the impact on the University if the risk is realised using [table 3 Risk Impact Framework](#):

Table 3 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• May give rise to questions about the extent to which public expectations are being met
3 – 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
4 - 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
5 – 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

Appetite Key

In presenting this, we 'tolerate' risks that are 'Green', but we recognise that the achievement of some of our strategic aims will sometimes lead to assessments of risk that are outside of our tolerance level. This does not mean that we will stop pursuing activities that lead to 'Amber' or 'Red' risk assessment, but rather that these risks to the achievement of our Strategic Plan will face greater scrutiny and management.

There are four ways the University can respond to a 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 in another way
- Terminate (to avoid/remove the risk) the activity giving rise to the risk

Response to net risk exposure may involve the following:

- **Green** risks are within the University's appetite and can be tolerated.
- **Amber** risks are outside the University's appetite and should not be tolerated but rather should take action to reduce the risk.
- **Red** risks are (well) outside of the University's appetite and should not be tolerated. Consideration should be given to stopping the activities or where it is not within the ability of the University to completely manage the risk to a tolerable level instead to take necessary actions to reduce/remove the high levels of risk by putting in place contingency plans.

In adopting a general statement of risk appetite, we recognise that certain types of risk can be tolerated more than others:

Risk Type	Tolerance level
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	Low
Subsidiary income streams	Medium
Academic challenge and debate	High
Changes to respond to external environment / drivers	High

Risk appetite, impact and the Office for Students (OfS)

Whilst the University's risk appetite for regulatory risk is low, many higher-level risks (those classified as potentially having '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 University Secretary.

Management of risk register

Deans of School, Directors and Heads of Service use the corporate risk management framework and apply it and tailor it as required to a School and Service context. They are responsible, in consultation with their leadership teams, for identifying, managing, monitoring and reporting risks and controls through the agreed University processes and ensuring the appropriate linkages are made between operational and corporate

level risks. The University Secretary facilitates a regular process of review of all School and Service risk registers to ensure that any common issues are identified, and as part of a secondary process for escalation of any significant or emerging risks.

In order to achieve a consistent approach, risks should be recorded on the risk register template (available [online](#) or from Governance & Legal Services). Further advice should be sought from Governance@leedsbeckett.ac.uk.

School and Service risk registers should be reviewed at least quarterly. To ensure an appropriate audit trail, quarterly reviews of the risk registers should be evidenced in the minutes of leadership team or equivalent meetings.

Completing a School / Service risk register

Risk registers are not time-bound and should include current risks and future risks identified as part of the strategic planning process. Closed risks should be recorded on the 'closed' tab on the register template and should retain their unique risk ID number.

The risk register template is incorporated onto a spreadsheet. Each section should be completed using the following guidance:

- **Risk No.** - a unique ID number should be used to identify the risk (e.g. GLS01, GLS02) and the risk should keep this number permanently. When adding new risks to the register a new risk ID should be created.
- **Risk** - the name of the risk should be an event/risk.
- **Risk Description** - consider the risk in terms of 'if' to describe the event/risk that could occur; 'caused by' describing the things that may cause the risk to occur; and 'then' outlining the consequence. If there is an obvious financial impact to the risk, then this should be stated.
- **Risk owner** - the named individual who will be responsible for the risk at a School/Service leadership level.
- **Gross risk score** - (sometimes referred to as the 'inherent risk') represents the assessment of a risk before control measures are put in place to mitigate or manage it. Apply the [Risk Likelihood Framework](#) (table 2) and [Risk Impact Framework](#) (table 3) to score the risk.
 - *Gross risks that are within the University's risk appetite can be tolerated without further treatment. If no further action is taken the gross risk value will become the net risk value.*
 - *Gross risks that are outside of the University's risk appetite will be treated, transferred or terminated (see appetite key).*
- **Control measures** - the current controls in place should relate to the causes of the risk, giving a brief description of the current controls that are being used to constrain the risk.
- **Net risk score** - the "residual net risk" or "residual risk exposure" is the remaining level of risk (scored by applying the [Risk Likelihood Framework](#) (table 2) and [Risk Impact Framework](#) (table 3)) after control measures have been exercised. The exposure in respect of that risk should now be acceptable and justifiable.

- *Where a net risk is outside the University's risk appetite urgent actions need to be taken to treat, transfer or terminate the risk (this should be recorded in the 'Actions Planned and Commentary on Progress Control measures' section). If the risk is not tolerable, either identify a contingency plan in case the risk/event occurs or identify further actions or decisions required to reduce or remove the risk.*
 - *The net risk score will automatically calculate in line with the Risk 'Response' Matrix. This will autofill the 'Overall indicator' section.*
- **Assurances** – should indicate how you will know and be able to evidence that the controls are working. These assurances should be documented and set out the evidence of controls in place.
 - **Early Warning Indicators** - may indicate that the controls are not working or indicate that the cause of the risk is materialising.
 - **Actions Planned and Commentary on Progress Control measures** - the further controls/actions to be undertaken to constrain the risk should relate to the causes of the risk and any action needed to address gaps in the management of the risk and who is responsible for this. A deadline date for each action should also be included. Wherever possible actions to mitigate risk should be set out using SMART (specific, measurable, achievable, relevant, and time-bound) principles and any supporting action plans that sit outside the risk register should also be set out using SMART principles. Progress on each action should be reported in this section.
 - **Date Risk Last Reviewed** - a specific date of when the risk was last reviewed by the leadership/management team.
 - **Next Review Date** - a specific date of when the risk will next be reviewed by the leadership/management team; this should be at least quarterly.
 - **Current Status** - select status from drop down box in the cell. This will autofill the *'Overall indicator'* section.
 - **Overall Indicator** - The overall indicator will automatically calculate using the net scoring and 'current status' in line with the risk appetite matrix. This will feed into the 'Risk Profile' tab. The grey sections can be manually updated following each review of the risk register to help monitor and track changes.

Please do not copy cells or information over the 'Current Status' column or 'Overall Indicator' column, as this may corrupt the formula calculations. *If you experience problems with formulas, please contact Governance and Legal Affairs.*

Further information

The [Risk Management Policy](#) is available publicly [online](#).

For further support or information, please contact Governance & Legal Services.