Risk Management Guide

A Higher Education Institution (HEI) can face a multitude of risks. It is inescapable and is relevant to ask ‘what is the risk of doing X?’ but also to question ‘what is the risk if we don’t?’

This guide provides a brief overview of the risk management process at City, University of London. The guide offers a number of ideas and poses questions which should be considered when updating, renewing or starting a new risk register.

Towards the end of this guide there are a number of snapshots of the documentation used at City to capture strategic risks.

1. What is Risk?
Risk concerns both opportunities and threats. An HEI may experience risks that are a threat to current activities but at the same time by being too over cautious may prevent opportunities being taken. By considering the actions and decisions that are taken by City we can start to determine how factors may be preventing us from meeting our key objectives.

Positive risk management should help City, University of London to:
- Have increased confidence in achieving its desired outcomes
- Effectively constrain threats to acceptable levels
- Take informed decisions about exploiting opportunities

‘Risk identification is partly about trying to eliminate the number of unknowns’ (CUC & the Leadership Foundation, 2009: Getting to Grips with Risk). An institution must be mindful that there are some risks that it has yet to consider and in some cases may not even know about. The list of risks that are identified should be comprehensive, consistent and complete; however, risks can arise at any point of a project lifecycle and these should also be considered.

2. Who should own your risk?
The President is responsible for the management of City, including all the risks to City. To assist the President with this challenge, there are Strategic Risk Owners identified from the University’s delegated responsibility framework and their areas of individual authority. This alignment with the delegations framework ensures that the risk owner has the authority to fulfil their responsibilities. Each level of owner has a particular set of responsibilities:
• Strategic Risk Owners – responsible for management and control of all aspects of their risks, including the implementation of measures taken in respect of each risk (whether these risks are within one particular activity or at the strategic or strategic sub-risk level, School level or programme level including business processes, operational services and projects).
• Risk Owner – responsibility for management and control of all aspects of their risks whether strategic sub-risk, School risk, operational risks and programme and project level risks.
• Action Owners - a delegated role responsible for taking actions in relation to a specific risk and for keeping the risk owner apprised of the situation.

3. What do we mean by controlling the risks?
Controls are actions or strategies that have been put in place to help to reduce, or mitigate the risk both in terms of likelihood of occurrence and severity of outcome. Remember that an institution does not want to be so risk-adverse that opportunities are not taken. However, the controls should help an institution avoid exposed decisions leading to financial loss.

4. What is the level of risk?
It is important for us to prioritise risk so that City can focus on the most important issues. At City, University of London we assess risk by considering the likelihood of a risk occurring and the impact that this would have on City. Impacts may be things like cost, time, management attention, loss of reputation and loss of market share. City also considers the risk once actions have been made. This is known as ‘net risk’ or ‘post-control risk.’ By considering where the risk was before the actions were in place (‘pre-control risk’) we are able to determine the effectiveness of the controls we are putting in place.

5. Future management of the risk
It may be appropriate that once controls have been put in place the risk is deemed tolerable and therefore no further action may need to be taken. In this case, the risk may even be taken off the risk register as an expired risk. It is, however, not appropriate to forget about this risk escalating at a later date.

If the risk is intolerable it is essential to consider further actions to reduce the risk. It is good practice to consider the consequence of the action but also to delegate the responsibility to an appropriate staff member with an intended completion date for the task. In some cases an action may be on-going and it is worth considering the action becoming a control at a later date.
6. Risk Map
Once post-control risks have been assessed for the impact and likelihood they can be plotted on a Risk Assessment Model or risk map. The Risk Assessment Model at City, University of London operates on a ‘traffic light’ system whereby the risks sitting in the red section of the map (i.e., above the University’s tolerance line) are the areas of most concern. It is the risks above the tolerance line that have been identified as being those with the biggest threat to the business of City and will be the primary concern of Council.

7. Risk reporting
Risk reporting is the key aspect of the risk management process. The Senior Team of City are reliant on the information with which they are provided. It is essential to provide the right level of detail for the smooth running of the risk management process. At City, high level risks (those above the tolerance line) are reported to Council. Those below the tolerance line at the strategic level are monitored by the risk owners and discussed at ExCo. School and programme risks are dealt with within the structure of each particular School or Portfolio. Where these operational risks become a greater risk to City they are escalated up to the strategic risk register for consideration at an institution-wide level.

8. School Risks
Operational risks at School and Portfolio level are considered as part of the Planning Round. The risks associated with achieving the school plans are considered by the Strategic Planning and Performance Unit and aggregated up so that areas of risk common across City can be identified. Schools and programmes will also have their own risks not common with others. An example of this is the fulfilment of the NHS contract in the School of Community and Health Sciences.

9. Project Risks
Risks at the project level are managed by the Programme Office and Information Services. Much of the detail of IS risk management is held within the Prince2 project management environment.

10. Annual Review
The risk register is reviewed biannually. As part of the review the controls, actions and risk significance is reconsidered. Any changes will be documented and where appropriate, risks that have escalated above the tolerance line will be reported to Council.
As part of the annual review Audit and Risk Committee will consider the University’s risk appetite and advise Council to move the tolerance line if required. The risk policy will also be monitored annually and can be changed if necessary. These exercises all form part of reporting to HEFCE in the Annual Monitoring Statement.

11. Description of controls
Controls are put in place to alleviate, or mitigate, the chances of a risk occurring. Generally, higher priority risks will have more controls in place to try to reduce the likelihood of a risk occurring. However, some risks are external to City and the level of controls may be limited as action by City may not reduce the risk.

It is important to consider the consequence of implementing controls. Controls should help to reduce the risk, not just be put in place to seem that action is being taken. Action should reduce the risk or at least maintain the level of the risk. Controls can expire if they are no longer relevant in the consideration of a risk. This can occur when City strategy is updated or policy changes are implemented.
12. **Risk Register: A brief overview**

The main body of work associated with Risk Management at City, University of London is focussed on the Risk Register. The Register identifies the major risks for City and links them to the Strategic Plan. This ensures that we consider all risks in achieving the plan. Figures 1 and 2 show the two parts of the Risk Register. Figure 1 shows the Headline Risk Register which is used as a quick guide to the risk. Figure 2 is the risk analysis sheet which provides the detail of the actions City has in place already, further actions that City intends to put in place, and the key indicators to measure the level of the risk.

![Risk Register (February 2013)](image)

**Figure 1: Part of the Headline Risk Register**
## 20. Communication risk

| Risk owner: | Director of Marketing |
| Date of last review: | Oct-12 |
| Current status: | Reducing |

**Risk:** Failure to adequately or appropriately or consistently communicate key messages externally adversely affects the delivery of Strategic Plan and prevents strengthening of brand image and awareness.

### Current issues:

### Pre-control risk scores

<table>
<thead>
<tr>
<th>Impact</th>
<th>1: Major</th>
<th>Likelihood</th>
<th>2: Likely</th>
<th>Pre-control significance</th>
</tr>
</thead>
</table>

### Controls in place:

<table>
<thead>
<tr>
<th>Control</th>
<th>Responsibility for monitoring</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Steering Group to be established to develop plan</td>
<td>Pro Vice-Chancellor</td>
<td>Yes</td>
</tr>
<tr>
<td>Project to review processes/Implement CRM</td>
<td>Dir of Marketing</td>
<td>Yes</td>
</tr>
<tr>
<td>Strategic Plan workstream to review strategy/resource allocation</td>
<td>Dean</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Post-control risk scores

<table>
<thead>
<tr>
<th>Impact</th>
<th>2: Moderate</th>
<th>Likelihood</th>
<th>2: Possible</th>
<th>Post-control significance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Management control</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
</tr>
</tbody>
</table>

### Further actions required:

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
<th>Target date</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop website development plan</td>
<td>Pro Vice-Chancellor</td>
<td>Jan-12</td>
<td></td>
</tr>
<tr>
<td>Complete CRM project procure tool</td>
<td>Dir of Marketing</td>
<td>TBC</td>
<td></td>
</tr>
<tr>
<td>Development of Marketing Strategy</td>
<td>Dean/Dir of</td>
<td>Aug-13</td>
<td></td>
</tr>
<tr>
<td>Identify resources for campaigns</td>
<td>Dean/Dir of</td>
<td>Nov-12</td>
<td></td>
</tr>
</tbody>
</table>

### Additional comments:

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**Figure 2: Detailed risk analysis**
It is important for the city to assess the level of risk it is willing to accept. When monitoring it is essential to keep the University’s Council informed of the high level risks. In order to do this, the Audit and Risk Committee recommend a risk tolerance on an annual basis. Any risk which is deemed to fall above the tolerance line, in this case into the red area of the Risk Assessment Model below, must be approved and sanctions put in place by Council, ExCo or the Work Streams. A full risk map can be viewed as part of the Risk Management documentation and would usually identify where each of the risks are plotted on the map.