RISK MANAGEMENT

POLICY

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Approved By: PME and Court
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Contents

Introduction	2
Corporate Governance	2
Purpose of this policy	2
Policy Objectives	2
Policy Statement	3
Scope of the policy	3
What is Risk?	4
The University's Approach	4
Description of Risk Responsibilities	5
Risk Review	7
Reporting significant risk	7
Definitions of significant risk	8
Risk Management Process – Roll Out	8
Appendix 1 – Categories of Risk	9
Appendix 2 – Risk Responsibilities	12
Appendix 3 – Risk Management Strategy Group	14
Appendix 4 – Gross/Net Risk Model	17
Appendix 5 – Guide to the University's Risk Register	19-21
Appendix 6 – Questions relating to risk responsibilities in Appendix 2	22

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POLICY

Introduction

Like every business the University faces numerous risks. These risks have the potential to disrupt achievement of the University's strategic and operational objectives. The University aims to use risk management to take better informed decisions and improve the probability of achieving its strategic and operational objectives.

Corporate Governance

The University is required to include in its annual financial statement a statement on internal control, including how the following broad principles of corporate governance have been applied:

- The identification and management of risk should be an continuous process linked to the achievement of the University's objectives.
- The approach to internal control should be risk based including one valuation of the likelihood and impact of risks becoming a reality.
- Review procedures must cover business, operational and compliance as well as financing risk.
- Risk assessment and internal control should be embedded in ongoing operational procedures.
- The governing body or relevant committee should receive regular reports during the year on internal control and risk.
- The principal results of risk identification, evaluation and management review of its effectiveness should be reported to, and reviewed by, the governing body.
- The governing body acknowledges that it is responsible for ensuring that a sound system of control is maintained and that it has reviewed the effectiveness of the above process.
- Where appropriate, set out details of actions taken or proposed, to deal with significant internal control issues.

Purpose of this policy

This policy is a formal acknowledgement of the commitment of the University to risk management. The aim of the policy is not to have risk eliminated completely from University activities, but rather to ensure that every effort is made by the University to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk.

Policy Objectives

To confirm and communicate the University's commitment to risk management to assist in achieving its strategic and operational goals and objectives.

To formalise and communicate a consistent approach to managing risk for all University activities and to establish a reporting protocol.

To ensure that all significant risks to the University are identified, assessed and where necessary treated and reported to the University Court in a timely manner through the University's audit committee.

To assign accountability to all staff for the management of risks within their areas of control.

To provide a commitment to staff that risk management is a core management capability.

Policy Statement

The University considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the University's strategic and operational objectives and goals.

Risk management must be an integral part of the University's decision making and routine management, and must be incorporated within the strategic and operational planning processes at all levels across the University.

Risk assessments must be conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with the University's objectives and goals. Any risks or opportunities arising from these assessments will be identified, analysed and reported to the appropriate management level. The University will maintain a strategic risk register. All Schools, Institutes and Sections will maintain operational risk registers. The University is committed to ensuring that all staff, particularly Heads of Schools, Institutes and Sections are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.

The University will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the University.

Scope of the policy

Risk is an inherent aspect of all academic, administrative and commercial business activities. Sound risk management principles must become part of routine management activity across the University.

The key objective of this policy is to ensure the University has a consistent basis for measuring, controlling, monitoring and reporting risk across the University at all levels.

The policy details the following:

- What is risk?
- The University's approach
- Risk Responsibilities and Risk Owners
- How is risk assessed?
- Risk Process
- Risks above the tolerance line
- School, Institute and Section risk management
- Project risk management
- Rollout and review of the risk policy

The appendixes provide:

- Categories of risk
- Risk Responsibilities
- Risk Management Strategy Group
- Gross / Net Tool
- Guide to the University's Risk Register
- Typical questions at a risk review

What is Risk?

Risk exists as a consequence of uncertainty and is present in all activities whatever the size or complexity and whatever industry or business sector. It is important to understand that risk is a broader concept than the traditional view of merely a threat. It also recognises the risks of taking or not taking opportunities.

Risk includes:

Threats (damaging events) which could lead to failure to achieve objectives. Opportunities (challenges) which if exploited could offer an improved way of achieving the desired objectives but which could potentially have negative impacts.

The University considers all types of risk it faces, strategic, operational, financial, reputational and regulatory and compliance risks. Appendix 1 gives a list of the different categories of risks.

The University's Approach

The University's approach to risk management follows several key principles:

- The Risk Management process will be as user friendly as possible and add value. For this reason considerable effort has been put into keeping the process as simple as possible.

- The University seeks to embed risk management across all Schools, Institutes, Sections and project management but its immediate aim is to ensure that it is embedded in the University's management group.

- The aim is to marry top down and bottom up assessments to produce a comprehensive picture of risk across all University activities.

- All Schools, Institutes and Sections will use a consistent and transparent approach to risk, ensuring an agreed and widely understood method and language.

- A key focus of the risk management process is the concentration on control improvements to mitigate significant risks, however there is a need to balance the cost and the effectiveness of the controls; for example where marginal improvements in control require substantial costs, the proposal may be unviable.

- Upward reporting of risk ensures that significant risks are reported and closely monitored on a regular basis at the appropriate level.

Risk Responsibilities

The key responsibilities are detailed in Appendix 2

University Court

The Court of the University has responsibility for the total risk exposure of the University and approves the risk tolerance line annually.

Principal & Vice Chancellor

The Principal, advised by the Risk Management Strategy Group is responsible for managing corporate risks.

Heads of Schools, Institutes and Sections

Heads of Schools, Institutes and Sections are responsible for the management and monitoring of risk in line with this policy within their areas of responsibility.

Staff and students

Effective risk management depends on the commitment and co-operation of all staff and students. All staff have a significant role in the management of risk, particularly within their own areas of control. Consequently all staff are responsible for and have accountability for adherence to the principles outlined in this policy.

Project Managers and Project Teams

Project managers and project teams are responsible for managing project specific risk and complete a project risk register to demonstrate that this is being done.

Director of Finance

The Director of Finance reviews the risk management process annually and reports this in an annual report on risk management to the Audit Committee. The internal audit programme is partly based on the risk registers of the University.

The Director of Finance and the Group Risk Manager manage the risk process including the roll out of the risk management programme.

Group Risk Office

The Group Risk Office is responsible for co-ordinating the risk management programme and will provide advice and guidance, including the development of standard templates and tools to assist the University in managing risk.

The Group Risk Office will develop and conduct training on the principles of risk management, risk assessment and on how to implement risk management effectively.

Where necessary, the Group Risk Office will assist Schools, Institutes and Section to conduct risk assessments on new ventures and activities.

The Group Risk Office will maintain the University's strategic risk register.

The Group Risk Office will develop a comprehensive incident reporting system and maintain information on losses or adverse events when risks eventuate.

The Group Risk Office will manage the insurance and risk financing requirements of the University.

Risk Management Strategy

There are five steps to management of risks identified in the risk register (illustrated in Appendix 5) which consists of:

1. Identifying the risks to achieving strategic and operational objectives
2. Determining the owner of the risk
3. Determining and assessing the existing controls in place
4. Assessing the impact and likelihood of the risk after taking account of existing controls to derive the net risk
5. Determining further control improvements to mitigate the risk and indicate what their impact on net risk will be when they are fully implemented.

Risk can be assessed using brainstorming sessions, SWOT analysis or risk assessment user groups. Management groups should carry out an annual review of the linkages between strategic objectives and risks to ensure that focus is maintained on priority activities.

The University uses a risk model (Appendix 4) to define likelihood and impact. Impact is the potential severity or effect of the risk. Likelihood is the frequency or probability of a risk occurring. The ratings given to impact and likelihood produce an evaluation of net risk. Both the adequacy of existing controls and net risk are denoted by a traffic light system. Any risks in the red will require explicit review and approval by the Risk Management Strategy Group.

Each level of management should use a risk register to manage identified significant risks and report these to the next appropriate level.

Project risk will be reported to the project team. Red risks for projects will be reported to the Director of Finance who will decide whether they should feature in the corporate register.

School, Institute and Section Risk Review

A formal risk review should take place at least twice a year with a review of progress on control improvements for red risks every six weeks. In the case of projects there should be a risk review at each project team meeting. During the risk review, thought should be given to each risk to ensure that the risk is still relevant and applicable and that the risk register is complete (new risks should be considered at this point). It is good practice for School, Institute and Section management groups to note emerging risks for consideration and review during their regular meetings.

It is important that the number of risks under active management does not exceed a manageable number (10-20) and where the net risk is considered very low the risk can be removed from the risk register. The list of questions in Appendix 6 should be addressed at all risk reviews.

Reporting significant risk

The normal reporting regime will include publication of a revised risk register for any red risks that require reporting to that level of authority or any existing controls that have been scored as red. The risk map shows the level of likelihood and impact of the net risk and the adequacy of controls.

School, Institute and Section risk management will follow a similar process to that defined for corporate risks. It is important that each School, Institute and Section nominates a member of staff to take responsibility for managing the risk management process. After defining the risks and ownership, the risk register should be populated by each risk owner as set out in this policy. The register should be reviewed at least twice a year (including consideration of new risks) by the risk owners. An annual report should be presented to the Risk Management Strategy Group and include the risk register.

The risk register will form part of the planning process for each School, Institute and Section.

Any red risks and any risk where existing controls are assessed as inadequate should be reported to the Head of School, Institute or Section for reporting to the Planning and Management Executive. The Planning and Management Executive will determine whether or not the risk should appear on the Corporate Register.

The Director of Finance will make arrangements to audit the risk process for each School, Institute and Section as part of a regular cycle of audits and will report explicitly on the risk management processes in Schools, Institutes and Sections.

Significant risk can be defined as:

Corporate Level – Any controlled red risk and any risks with existing controls assessed as inadequate will be reported to the Planning and Management Executive.

School, Institute, Section and Project Level

Major and catastrophic red risks and any risks with inadequate existing controls must be reported to the Director of Finance.

As control improvement plans are developed the Risk Management Strategy Group will need to take a view as to whether the actions being taken to mitigate the risk are adequate (including risk transfer for example insurance) or whether more could be done. As a result of this exercise it will decide whether the level of residual risk is acceptable or whether the risk should be terminated (for example ending the activity where the risk originates). In many instances the termination of the risk may not be possible.

Project Risk Management

Project risk management will follow a similar process to that defined for corporate risks. The Project Manager will take responsibility for risk management. The risk register in the format set up in this policy will be populated at the point at which permission is sought for a project to proceed.

The risk register will be updated and presented at each project meeting.

New Projects

Where a project requires approval then a full business case including a risk register must be submitted to the Director of Finance for consideration.

Risk Management Process – Roll Out

The risk process including the risk strategy and risk register have been embedded at corporate level during 2007/2008. During 2008 this will be rolled out at School, Institute, Section and Project level.

During the initial roll out there will be a review and any variation, needed for the effective running of the risk process will be made. Specifically the appropriate escalation level for School, Institute, Section and projects will be reviewed. This will be based on the review from internal audit and will take into account any operational issues which occurred during the year.

Each year the Risk Management Strategy Group will review the School, Institute and Section risk registers. The policy will be updated annually to reflect any changes. Otherwise the policy will be reviewed every three years. The next review date is October 2010.

Please contact the Director of Finance should you have any questions regarding this policy or the application of the risk management process across the University.

APPENDIX 1

Categories of Risk

This appendix provides a prompt which can be used to aid risk discussions. These can be used as a guide, a starting point or as a checklist for existing registers

Strategic Risk – Major Threats

Sources of threat that may give rise to significant strategic risk includes:

- Budgeting (relates to availability or allocation of resources)
- Fraud or Theft
- Unethical dealings
- Product and or services failure (resulting in lack of support to business process)
- Public perception and reputation
- Exploitation of workers and or suppliers (availability and retention of suitable staff)
- Environmental (mismanagement issues relating to fuel consumption, pollution etc)
- Occupational health and safety mismanagement and or liability
- Failure to comply with legal and regulatory obligations and or contractual aspect (can you sue or be sued)
- Civil Action
- Failure of the infrastructure (including utility supplies, computer networks etc)
- Failure to address economic factors (such as interest rates, inflation)
- Political and market factors (for management of risk, security etc)
- Operational procedures – adequate and appropriate
- Capability to innovate (to exploit opportunities)
- Failure to control intellectual property (as a result of abuse or industrial espionage)
- Failure to take account of widespread disease or illness among the workforce
- Failure to complete to published deadlines or timescales
- Failure to take on new technology where appropriate to achieve objectives
- Failure to invest appropriately
- Failure to control IT effectively
- Failure to establish a positive culture following business change
- Vulnerability of resources (material and people)
- Failure to establish effective continuity arrangements in the event of disaster
- Inadequate insurance/contingency provision for disasters such as fire, floods and bomb incidents.

Strategic/Commercial Risks

Examples of commercial risks includes

- Under performance of service relative to specification
- Management will under perform against expectations
- Collapse of contractors
- Insolvency of promoter
- Failure of suppliers to meet contractual commitments (this could be in terms of quality, quantity, and timescales on their own exposures to risk)
- Insufficient capital investment, shortfall in revenue expected / planned
- Fraud/Theft
- Partnerships failing to deliver desired outcome
- An event being non insurable or cost of insurance outweighs the benefit

Economical/Financial/Market

- Exchange rate fluctuation
- Interest rate instability
- Inflation
- Shortage of working capital
- Failure to meet project revenue targets
- Market developments will adversely affect plans

Legal and Regulatory

- New or changed legislation may invalidate assumptions upon which the activity is based
- Failure to obtain appropriate approval (e.g. planning consent)
- Unforeseen inclusion or contingent liabilities
- Loss of intellectual property rights
- Failure to achieve satisfactory contractual arrangements
- Unexpected regulatory controls of licensing requirements
- Changes in tax structure

Organisation/Management/Human Factors

- Management incompetence
- Inadequate corporate policies
- Inadequate adoption of management practices
- Poor leadership
- Key personnel have inadequate authority to fulfil roles
- Poor staff selection procedures
- Lack of clarity over roles and responsibilities
- Vested interest creating conflict and compromising the overall aims
- Individual or group interests given unwarranted priority
- Personality clashes
- Indecisions or inaccurate information
- Health and safety constraints

Political

- Change of government policy
- Change of government
- War and disorder
- Adverse public opinion/media intervention

Environmental

- Natural disasters
- Storms, flooding
- Pollution incidents
- Transport problems

Technical/Operational/Infrastructure

- Inadequate design
- Professional negligence
- Human error/incompetence
- Infrastructure failure
- Operation lifetime lower than expected
- Increased dismantling/decommissioning costs
- Safety being compromised
- Performance failure
- Residual maintenance problems
- Unclear expectations
- Breaches in statutory/information security
- Lack or inadequacy of business continuity

Operational Risks

- Lack of clarity of service requirements
- Inadequate infrastructure to provide required operational services
- Inadequate or inappropriate people available to support the required service provision
- Inappropriate contract in place and or inadequate contract management to support the required level of service provision
- Changing requirements, enabled in an uncontrolled way
- Products passed to operational teams without due consideration to implementation, handover, subsequent maintenance and decommissioning
- Unexpected or inappropriate expectations of service users
- Inadequate incident handling
- Lack or inadequacy of business continuity or contingency measures with regard to maintaining critical business services
- Failing to meet legal or contractual obligations

Extracted from Management of Risk: Guidance for practitioners

APPENDIX 2

Risk Responsibilities

It is essential that all participants in risk management are aware of their roles in the overall process and their own responsibilities.

University Court

The Court has responsibility for the total risk exposure of the University by:

- Setting the tone and influence of the culture of risk management across the University
- Determining the extent to which the University is "risk taking" or "risk averse" as a whole sets the University's risk tolerance line
- Approving major decisions affecting the University's risk profile or exposure
- Determining what types of risk are acceptable/not acceptable and monitoring significant risks and control improvements to mitigate risks
- Annually reviewing the University's approach to risk management and approving changes or improvements to key elements of the process and procedures

To aid this Court will receive

- An annual report from Internal Audit on the effectiveness of the risk management process in the University, making recommendations when necessary.

Planning and Management Executive

The Planning and Management Executive, advised by the Director of Finance, is responsible for corporate risks by:

- Identifying and evaluating the significant risks faced by the University
- Providing adequate information in a timely manner to Court on the status of risks and controls
- Participating biannually in a risk review and reporting the outcomes to Court
- Implementing policies on risk management and internal control
- Reviewing School, Institute, Section and Project red risks
- Participating in the annual review of effectiveness of the system of internal control and risk management by internal audit

Schools, Institutes and Sections

Heads of Schools, Institutes and Sections supported by their management groups are responsible for the management and monitoring of risk within their areas of responsibility. School, Institute and Section risks will be implemented in a fashion similar to that at University strategy level. Full details can be found in Appendix 3.

Risk Management Strategy Group

The risk owner has responsibility for monitoring and managing their individual risk. The strategic risk register clearly documents the risk owner along with other relevant information data on the risk and therefore each owner is required to be familiar with the risk register. The risk owner is also responsible for the implementation of the measures taken in respect of each risk.

Director of Finance

The Director of Finance and the Group Risk Manager, as the risk process owner ensures that risk is managed effectively at all levels and that risk registers are reported at an appropriate level.

APPENDIX 3

RISK MANAGEMENT STRATEGY GROUP

1 Introduction

The Risk Management Strategy group is a key tool in the management of the risk and opportunities associated with achieving the University's Strategic Plan. Strategic risk includes operational, financial and reputational risks. The strategy is based upon assessment and prevention rather than reaction and remedy.

Whilst overall corporate governance responsibility rests with The University Court, risk management will be co-ordinated and monitored by the Planning and Management Executive. The responsibility for implementation of the Risk Management Strategy is shared by all staff across the University.

2 Objective

The objective of the Risk Management Strategy Group is to establish formal mechanisms that will facilitate the timely identification and management of risk and hence ensure the delivery of the strategic plan objectives.

3 Implementation

Implementation of the Risk Management Strategy has four strands.

1. Embedding risk assessment in the strategic decision making process
2. Internal review of risk and how it is managed
3. External assessment of the effectiveness of the strategy
4. Provision of resources to implement the strategy including staff training

3.1 Embedding risk management in the strategic decision making process

The assessment of risk should be an integral part of the planning and review process. All strategic proposals should include a risk assessment both of doing and of not doing the proposed activity.

Strategic decisions are taken by the Planning & Management Executive in setting the University strategy, the three Boards in setting the Learning & Teaching, Research and Infrastructure strategies and the individual Schools, Postgraduate Institutes and Support sections in setting their strategies.

Where a strategic decision is taken or activity undertaken then the major risks associated with that decision or activity should be added to the Strategic Risk Register.

The Strategic Risk Register is a summary of the major risks associated with all Heriot-Watt University activities and decisions at the date of its latest formal review.

Decisions involving significant risk should be reported to The University Court and, where appropriate, The University Court's approval should be sought.

3.2 Internal review of risk and the risk strategy

The Strategic Risk Register will be formally reviewed by the Planning & Management Executive at 3 monthly intervals. The register will be updated at 8 weekly intervals by the risk owners and the Risk Management Strategy Group as the identified risk increases or decreases. Where risks have reduced to a level below an agreed threshold, they will be removed from the risk register.

The Planning & Management Executive will report to the Audit Committee who in turn report to the University Court.

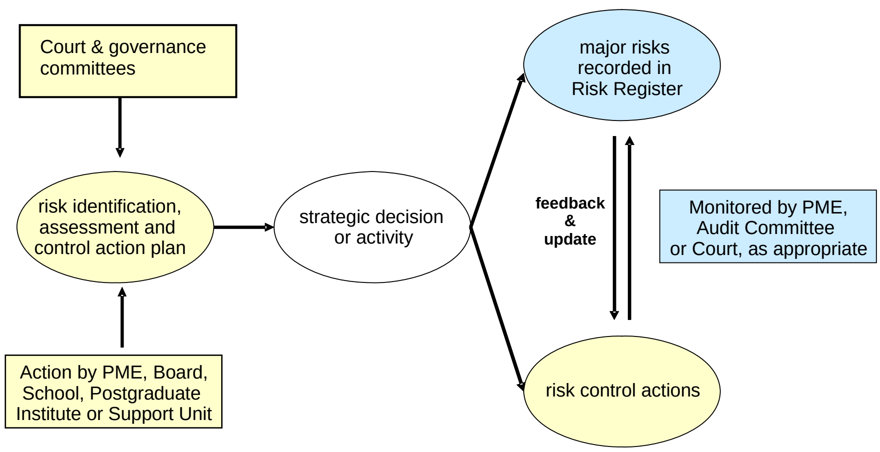
3.3 External assessment of the effectiveness of the strategy

An integral part of this Risk Management Strategy is that there should be a formal evaluation of its effectiveness. This evaluation will be undertaken annually by the Audit Committee and will report to the University Court.

The effectiveness review will determine whether risks are being properly identified, managed and reported at appropriate levels. The review will include a report on the risks identified within the Risk Register.

3.4 University Risk Management Strategy Governance Process

The process can be summarised as follows:



3.5 Resources

Resources required for the management and possible amelioration of risk associated with specific projects should be included in the business plan for each project or proposal. The costs associated with the general management of risk should be included in each budget holder's annual budget and reviewed as part of the annual planning round.

All Heads of Schools, Institutes or Sections are responsible for ensuring that staff development needs are identified including risk training of appropriate staff. This training includes the identification and management of strategic risk and of operational risk.

APPENDIX 4

Gross/Net Risk Model

This model explains how we assess risk and the effectiveness of the controls established to mitigate it.

Gross Risk (G) is the risk of an uncontrolled event. For example, if one of our labs operates heavy machinery then there is a probability that badly installed equipment is not maintained properly and is then operated by an untrained person who is then injured.

However, the University, like most organisations has established procedures that are put in place to mitigate the likelihood and impact of such events. This is what we term “Existing Response” in the model. In our example above, this might include the following controls to reduce the likelihood of the event occurring:

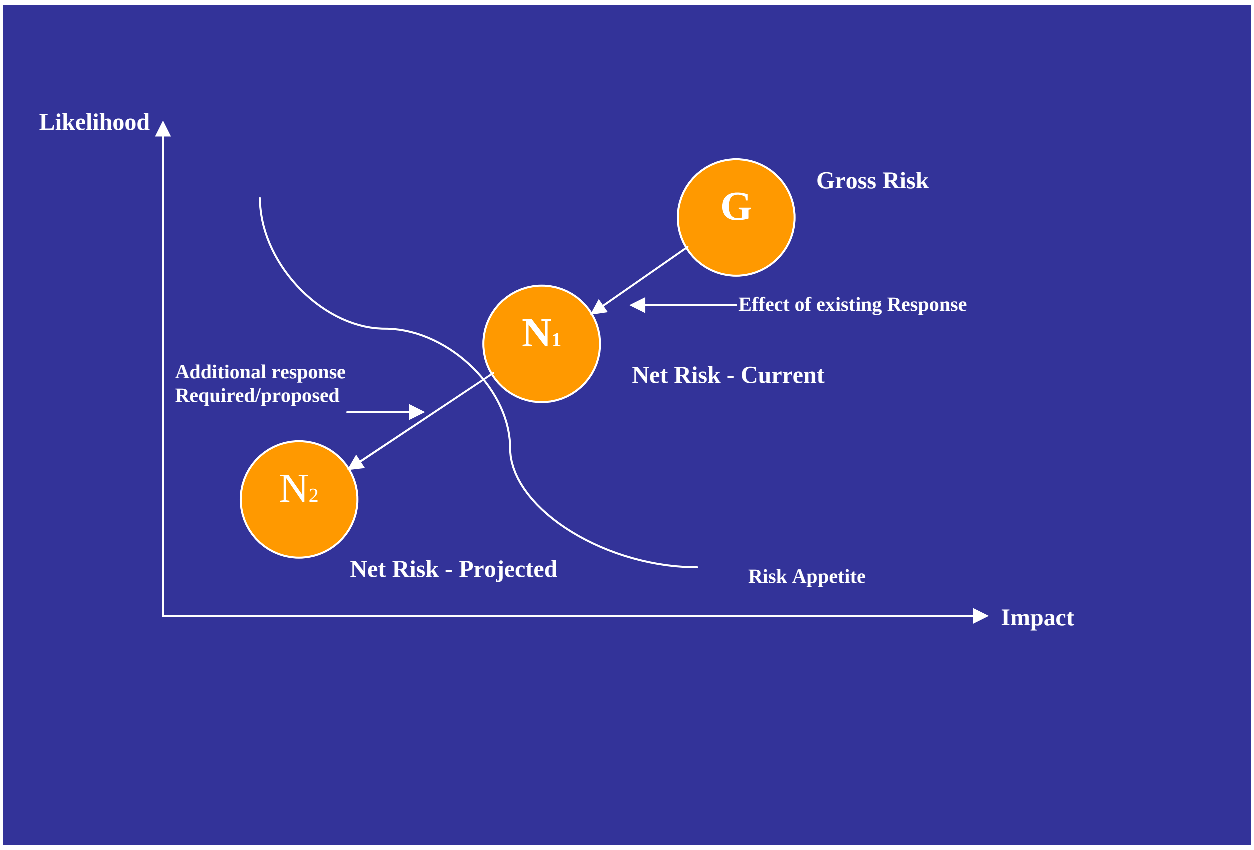
1. Procurement services specify that suppliers should be qualified.
2. School engineering technicians check the installed equipment against manufacturer’s installations instructions and test it before approving it for use.
3. Technicians schedule regular inspection and maintenance procedures.

Clearly the possibility of the adverse event occurring has reduced and the potential impact has also reduced because it can be demonstrated that the University took reasonable steps to reduce the risk. This allows us to map the Net Risk-Current (N_1) in the model.

There is still a residual, uncontrolled, risk because the equipment is being operated by untrained staff and students. This is flagged to the risk management group who determine that an appropriate control would be to introduce training. Once the training is complete, the Net Risk-Projected, N_2 will reflect both lower probability of occurrence and lower impact.

When the risk is identified, it is assessed at position N_1. From the time the training intervention (the new management control) is agreed and the programme has started, the likelihood and impact will start to decrease. However, a review of the situation at any time before all of the people are trained will produce a risk assessment that can be managed somewhere on the line $N_1 – N_2$.
The assessment of risk is dynamic and therefore the register must reflect that dynamic situation by reflecting the latest risk evaluation as Net Risk-Current, N_1, and the latest projected risk, once the additional controls are firmly in place, as Net Risk-Projected, N_2.

Situations change and Net Risk-Current, and Net Risk-Projected could increase or reduce between reviews, requiring additional controls to be introduced or existing controls to be strengthened. Consequently the position of N_1 and N_2 in the model should be re-assembled at each risk management review meeting.


Likelihood
Gross Risk
G
Effect of existing Response
N1
Net Risk - Current
Additional response
Required/proposed
N2
Net Risk - Projected
Risk Appetite
Impact

APPENDIX 5 Guide to the University's Risk Register

LIKELIHOOD

Event is expected in most circumstances - Chance > 90%	**Almost Certain. 5**	5	10	15	20	25	
Event will probably occur in most circumstances - chance 50 - 90%	**Likely. 4**	4	8	12	16	20	Dark blue circle signifies the Current Net Risk prior to actions to reduce probability and to mitigate consequences
Event should occur at some time – Chance 30 - 50%	**Possible. 3**	3	6	9	12	15	
Event could occur at some time – Chance 10 - 30%	**Unlikely. 2**	2	4	6	8	10	Light blue circle represents the Projected Net Risk after considering the actions to reduce probability and to mitigate the consequences
Event may occur only in exceptional circumstances - Chance 10%	**Rare. 1**	1	2	3	4	5	
		1	2	3	4	5	
		Insignificant	Minor	Moderate	Major	Catastrophic	
		IMPACT					
		Resolution would be achieved during normal day to day activity	Resolution would require coordinated input from Schools	Resolution would require input from PME team	Resolution would require the mobilisation of a dedicated project team	Resolution would require input from Court	
	Surplus	< £0.3m	£0.3m < £0.5m	£0.5m < £1.0m	£1m < £2.0m	> £2.0m	
	Turnover	up to £1m	£1m - £2m	£2.1m - £3m	£3.1m - £10m	> £10m	

The 5 steps of the Risk Register

Step 1		Step 2	Step 3			Step 4		Step 5		
Number	Risk Description	Risk Owner	Impact	Likelihood	Net Risk - Current	Actions to reduce probability	Status and impact of actions	Actions to mitigate consequences	Target Completion Date	Map the Net Risk Projected
Unique risk identification number	Name the risk briefly stating the cause and effect of the risk. Assess the Net Risk - Current with regard to Likelihood and Impact. Describe key management controls	The risk owner is the best person placed to manage and monitor the risk	Assess potential impact considering controls currently in place	Assess probability of occurrence considering controls currently in place	Risk level Green Yellow or Red. Map Net Risk on to chart	Details of proposed controls for example any method, plan or measure which addresses the risks and challenges. Set target date for controls to be in place.	Reflect progress towards completing Actions to Reduce Probability	Planned action to mitigate the impact if risk crystallises, or exploit challenges by:transfering the risk, treating the risk, tolerating the risk, terminating the risk	Enter target date by which control should be put in place	Indicate the planned impact of the control improvement on the net risk once the actions have been fully implemented

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Strategic Risk Criteria

Methodology

- Uses descriptive scales
- Shows relative risks graphically
- Enhances understanding & acceptance

Quantification Criteria for Likelihood

	Description	Chance		Score
Likelihood	Event is expected in most circumstances	>90%	**Almost Certain**	**5**
	Event will probably occur in most circumstances	50 - 90%	**Likely**	**4**
	Event should occur at some time	30 - 50%	**Possible**	**3**
	Event could occur at some time	10 - 30%	**Unlikely**	**2**
	Event may occur only in exceptional circumstances	<10%	**Rare**	**1**

Quantification Criteria for Impact

Overall Impact Rating	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
Surplus	< £0.3m	£0.3m < £0.5m	£0.5m < £1.0m	£1m < £2.0m	> £2.0m
Turnover	up to £1m	£1m - £2m	£2.1m - £3m	£3.1m - £10m	>£10m
Management Time	Resolution would be achieved during normal day to day activity	Resolution would require coordinated input from Schools/ Institutes / Sections	Resolution would require input from PME team	Resolution would require the mobilisation of a dedicated project team	Resolution would require input from the Court
Health & Safety	On-site exposure, immediately contained	On-site exposure, contained after prolonged effect	On-site exposure, contained with outside assistance	Prolonged/Major incident with serious casualties	Major incident with multiple fatalities
Reputation	Letters to local / sector press	Series of articles in local press	Extended negative local / sector media coverage	Short term negative national media coverage	Extensive, sustained negative national media coverage
Regulatory & Legal Action	Minor breaches by individual staff members	No fine, no disruption to courses / research	Fine but no disruption to teaching / research	Fine and disruption to teaching / research	Significant disruption to courses / research over an extended period of time
Staff Impact (Morale, Recruitment, Retention)	No evidence of adverse reaction	Staff complaints, possible comment by Union Members	General discontent evident across multiple groups of staff	Significant adverse impact, significant concerns to University	Disaster management process required. Trade Unions in conflict mode
Management effort	An event which can be absorbed through normal activity	An event the consequences of which can be absorbed but mgt effort required to minimise the impact	A significant event which can be managed under normal circumstances	A critical event which, with proper management can be endured	A disaster with potential to lead to the collapse of the University
Impact					

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Operational Risk Criteria

Methodology

- Uses descriptive scales
- Shows relative risks graphically
- Enhances understanding & acceptance

Quantification Criteria for Likelihood

	Description	Chance		Score
Likelihood	Event is expected in most circumstances	>90%	**Almost Certain**	**5**
	Event will probably occur in most circumstances	50 - 90%	**Likely**	**4**
	Event should occur at some time	30 - 50%	**Possible**	**3**
	Event could occur at some time	10 - 30%	**Unlikely**	**2**
	Event may occur only in exceptional circumstances	<10%	**Rare**	**1**

Quantification Criteria for Likelihood

Overall Impact Rating	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
Surplus	<£30K	£30 - £50K	£51 - £100K	£101 - £200K	>£200K
Turnover	Up to £100K	£100 - £200K	£201 - £300K	£301 - £1m	>£1m
Management Time	Resolution would be achieved during normal day to day activity	Resolution would require coordinated input from Schools / Institutes / Sections	Resolution would require dedicated input from School, Institute, Section or project team	Resolution would require escalation to PME	Resolution would require action from PME
Health & Safety	On-site exposure, immediately contained	On-site exposure, contained after prolonged effect	On-site exposure, contained with outside assistance	Prolonged/Major incident with serious casualties	Major incident with multiple fatalities
Reputation	Letters to local / sector press	Series of articles in local press	Extended negative local / sector media coverage	Short term negative national media coverage	Extensive, sustained negative national media coverage
Regulatory & Legal Action	Minor breaches by individual staff members	No fine, no disruption to courses / research	Fine but no disruption to teaching / research	Fine and disruption to teaching / research	Significant disruption to courses / research over an extended period of time
Staff Impact (Morale, Recruitment, Retention)	No evidence of adverse reaction	Staff complaints, possible comment by Union Members	General discontent evident across multiple groups of staff	Significant adverse impact, significant concerns to University	Disaster management process required. Trade Unions in conflict mode
Management effort	An event which can be absorbed through normal activity	An event the consequences of which can be absorbed but mgt effort required to minimise the impact	A significant event which can be managed under normal circumstances	A critical event which, with proper management can be endured	A critical event requiring external action
Impact					

APPENDIX 6

These questions should be read with reference to the risk responsibilities in Appendix 2.

1. Brief review of individual risk ownership.

   Is the ownership still appropriate?

   Should the risks be delegated?

   Is the risk a risk or a sub risk?

2. Each risk owner should discuss their individual risks as presented on the risk register.

   Introduction to each risk.

   Challenge by other staff.

   Consider the controls in place.

   Does anything need to be done to improve the controls further?

   Are there resources available to implement controls?

3. Review of overall risk map and comparison to the previous risk exercise.