

## Risk Management Policy and Guidance

### 1. Introduction

1.1 The University's Risk Management Policy and Process is intended to support the delivery of the University's mission and Strategic Plan by ensuring that the University identifies risks, assesses them and develops controls and actions to mitigate them.

1.2 The Institute of Risk Management defines risk as:

'The combination of the probability of an event and its consequence. Consequences can range from positive to negative.'

And risk management as:

'the systematic process of understanding, evaluating and addressing these risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable.'

1.3 In addition, it should be noted that the Office for Students' Regulatory Framework for higher education in England requires higher education institutions to ensure they operate "comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the provider's operations, and its ability to continue to comply with all of its conditions of registration

1.4 The University has adopted a risk management policy and process that is integrated with the strategic and business planning process. This is where the translation of strategic objectives into annual plans occurs and an annual assessment of risks is made at institution and School and Professional Service Department (PSD) level. This is followed by regular review throughout the year of the resulting risk registers, controls and actions to address risks.

### 2. University approach to Risk Management

2.1 The following key principles outline the University's approach to risk management and internal control:

- a. Risk management is a value-added process that enables the institution to achieve its Strategic Plan and actively engages with stakeholders.
- b. The Senior Leadership Team (SLT) regularly identifies, manages and reports on risks (as required and at least quarterly).

- c. The risk management process is embedded within the strategic and business planning process with a clear reporting structure, transparent roles and responsibilities.
  - d. All risks are aligned to the priorities in the Strategic Plan and business objectives. Resource and attention is focused on the key risks that affect the achievement of strategic objectives.
  - e. The University recognises that there are risks associated with not taking certain actions or maximising opportunities, and encourages an open approach to the identification of such opportunities and their associated risks.
  - f. Heads of Schools and PSDs are responsible for ensuring good risk management practice within their departments in compliance with this Policy, and for maintaining and reviewing regularly the risk management arrangements for their School/Department.
  - g. Risk Champions are identified for each School and PSD. Their role is to support their Head of School or Director in identifying and managing risks effectively. They meet quarterly as part of the Risk Champions Working Group to ensure risk management is co-ordinated and works effectively across the institution. They are responsible for escalating risks using the line management structure as required and ensuring risks associated with fraud are included in risk assessments. The SLT receives quarterly reports on the management of risk from the Risk Champions Working Group.
  - h. The policy is co-ordinated by the Chief Operating Officer and University Secretary.
- 2.2 The roles of the Board of Governors, the Audit Committee, the Senior Leadership Team, Heads of Schools and Professional Service Directors, the Risk Champions Working Group and the Chief Operating Officer are to support the institution in the achievement of the Strategic Plan with the effective use of the risk management policy and process. These roles are elaborated in Appendix B.

### **3. Internal Control**

The Board of Governors is responsible for ensuring a sound system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to the University under the Memorandum of Assurance and Accountability.

Internal control is designed to manage rather than eliminate the risk of failing to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.

Our Internal Auditors assist the University in maintaining effective controls by evaluating the effectiveness, efficiency of controls and promoting continuous improvement.

Our external auditors ensure that the University's internal controls, processes, guidelines and policies are adequate, effective and are in compliance with governmental requirements, industry standards and company policies.

The system of internal control is informed by a continuous process to identify, evaluate and manage the University's significant risks, linked to the achievement of institutional objectives.

The effectiveness of the system of internal control is assessed in the following ways:

- The Board receives regular progress reports on Risk Management and confirms there is a clear policy and plan of risk management, which has been communicated to the Schools and Professional Service Departments (PSDs).
- The Corporate Risk Register is updated throughout the year and identifies the main risk owners and risk-mitigating actions. Risks are scored by likelihood and impact and are ranked accordingly. Risk registers are also maintained for each School and major PSD. The University has a 'Risk Champions' group of staff involved in maintaining local risk registers which meets quarterly. A report of the Risk Champions group is submitted to the Audit Committee and minutes of the Risk Champions group are reported to the Senior Leadership Team;
- The Board and Audit Committee are regularly updated regarding the review of the Corporate Risk Register and revisions to the Universities risk management procedures;
- The Senior Leadership Team conducts a quarterly review of the Corporate Risk Register. The Chief Operating Officer is the member of the Senior Leadership Team with lead responsibility for risk management;
- The Audit Committee oversees the arrangements for risk management and at each meeting receives a report on the Corporate Risk Register as well as a report on the risk management processes in place in Schools and PSDs. Members of the Board receive a report of each meeting of the Audit Committee;
- Each year the Audit Committee approves a programme of specific internal audits for the following year. The programme of internal audit is based around a structured assessment of system risks within the University's operations and is reviewed in-year to ensure that emerging issues are addressed;
- The Audit Committee receives reports from the internal auditors at each meeting. These reports provide an independent opinion of the adequacy and effectiveness of the University's arrangements for risk management and the internal control systems, together with appropriate recommendations. The internal auditors also report as a matter of course on the progress made in implementing recommendations from previous reports;
- The Audit Committee, in its annual report to the Board of Governors, provides an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance;
- The Vice Chancellor and Chief Operating Officer attend meetings of the Audit Committee and have direct and independent access to members of that Committee, as do the internal and external auditors. The Audit Committee holds a 'members only' session with the internal and external auditors at least annually.

## **4. Reviewing effectiveness**

- 4.1 The Audit Committee is responsible for reviewing the effectiveness of risk management arrangements across the University and making recommendations for improvements to the Board and Senior Leadership Team where appropriate. The Annual Report of the Audit Committee to the Board will include its view on the effectiveness of the arrangements for risk management.

## **5. Appendices**

Appendix A: Statement of Risk Appetite

Appendix B: Roles and responsibilities

Appendix C: Risk management guidance

## Appendix A - Statement of Risk Appetite

### 1. Introduction

The University's Statement of Risk Appetite is part of the University's risk management framework. The framework comprises:

- Governance processes;
- The Risk Management Policy and Process;
- The Statement of Risk Appetite;
- The identification, evaluation and management of significant risks (e.g. through the regular review of the Corporate Risk Register and School/PSD risk registers);
- Assurance and audit processes;
- The underlying policy and control environment.

The University must take risks in order to achieve its strategic aims and deliver improved outcomes for students. Risks will be taken in a considered and controlled manner, commensurate with the potential reward and at a level deemed to be acceptable by the Board of Governors. The University will generally accept a level of risk proportionate to the expected benefits gained and with due regard to the impact and likelihood of potential harm.

The Statement of Risk Appetite specifies the amount of risk the University is willing to tolerate or accept in the pursuit of its long-term objectives. It indicates the parameters within which the University would want to conduct its activities. It is intended to act as a guide to colleagues indicating the:

- Areas where the University should 'step out' and be innovative;
- Areas where the University wishes to be conservative and compliant in its activities, and; The 'lines' across which the University would not wish to cross, and where the University's Senior Leadership Team and the Board of Governors would need to intervene.

### 2. Risk appetite: key

The University's appetite to risk will vary depending upon the nature of the activity.

The following key is used to identify the University's appetite to risk in the key Strategic Plan priority areas described in section 3.

<b>AVERSE</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
<b>CAUTIOUS</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
<b>MODERATE</b>	Inclined towards a balanced approach to achieving objectives, with exposure limited to moderate level risks and an acceptance of some resulting limitations on the level of reward/return.
<b>OPEN</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
<b>HUNGRY</b>	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.

### 3. Risk appetite levels for Strategic Plan priorities

The descriptions in the table below define the University's appetite to risk in key strategic areas, according to the strategic priorities in the Strategic Plan 2019/20-2024/25. These are likely to be modified as the Board continues to review the Strategic Plan at its mid-term.

The University's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging more risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

The need to avoid reputational, compliance and financial risk will take priority over other factors: e.g. it will be acceptable to undertake risks in activities that further the University's objectives in improving quality in education and employment outcomes, providing they do not expose the University to undue reputational or compliance or financial risks. A balanced assessment will always be taken of risks - in many cases, there are risks attached to both doing something and doing nothing.

Strategic Plan priority	Risk appetite level	Rationale
Starting with our people	<b>Cautious</b>	<ul style="list-style-type: none"> <li>Willing to accept some risks but is an area of low resilience</li> </ul>
Focusing on student success	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Willing to take more risks to be distinctive</li> <li>Challenging area but one where we feel we can make a real impact</li> </ul>
Growing our research and impact	<b>Open</b>	<ul style="list-style-type: none"> <li>Low base so able to take more risks</li> <li>Possible gains worth taking an open approach</li> </ul>
Giving back to our city	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Important to protect reputation but we are in a strong position</li> <li>Lots of potential partners</li> <li>Existing work becoming more publicised</li> </ul>
Managed growth and diversification	<b>Open</b>	<ul style="list-style-type: none"> <li>Willing to look at new initiatives at home and overseas</li> <li>Averse/cautious on compliance aspects</li> </ul>
Vibrant campuses and cutting-edge facilities	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Able to accept some risk to ensure improvements in student experience within budget envelope</li> </ul>
Sustainable finances	<b>Cautious</b>	<ul style="list-style-type: none"> <li>Remain cautious but good progress shown to date</li> <li>Robust and prudent plans in place</li> <li>Limited heroic investment plans so cash is preserved</li> </ul>

## **Appendix B - Roles and responsibilities**

### **1 Role of the Board of Governors**

- 1.1 The Board of Governors has a fundamental role to play in the management of risk. Its role is to:
- a. Set the tone and influence the culture of risk management within the University.
  - b. Approve major decisions affecting the University's risk profile or exposure.
  - c. Regularly review (at least quarterly) the Corporate Risk Register and associated risk management report, following consideration by the Senior Leadership Team and the Audit Committee.
  - d. Approve changes to the University's Risk Management Policy and Process following review by the Audit Committee.
  - e. Approve revisions to the University's Statement of Risk Appetite following review by the Audit Committee.

### **2 Role of the Audit Committee**

- 2.1 The Audit Committee of the Board of Governors takes an active role in the management of risk by:
- a. Receiving regular reports from the Senior Leadership Team, internal audit and others on the effectiveness of risk management arrangements.
  - b. Supporting and challenging the Senior Leadership Team on how it manages risk across the University.
  - c. Monitoring the management of significant risks to reduce the likelihood of unwelcome surprises.
  - d. Satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively
  - e. Reviewing changes to the Risk Management Policy and Process prior to their review and approval by the Board of Governors.
  - f. Reviewing revisions to the University's Statement of Risk Appetite recommended by the Senior Leadership Team.
  - g. Reporting annually to the Board on the adequacy and effectiveness of the arrangements for risk management as part of the Committee's annual report.

### **3 Role of the Senior Leadership Team**

- 3.1 Key roles of the Senior Leadership Team (SLT) are to:
- a. Take the lead in developing and implementing effective policies and processes on risk management and control.

- b. Annually review the University's Statement of Risk Appetite.
- c. Regularly identify and evaluate risks associated with the Strategic Plan and provide assurance and reports for consideration by the Audit Committee and Board of Governors.
- d. Regularly review (at least quarterly) the Corporate Risk Register and associated risk management report.
- e. Identify emerging risks during the year, making an assessment and identifying appropriate actions and providing reports as required.
- f. Provide adequate information in a timely manner to the Board of Governors and its committees on the status of risks and controls.
- g. The University is committed to providing appropriate levels of training and guidance to support this policy. The Chief Operating Officer is the member of the SLT with responsibility for the co-ordination of risk management arrangements across the University and advising the Board, Audit Committee, the Senior Leadership Team and Vice Chancellor on all risk management issues.
- h. Training: in their role as risk management lead the Chief Operating Officer is responsible for ensuring that all relevant staff are appropriately inducted and trained. Upon appointment to the Risk Champions Working Group training will be delivered to new members by the Risk Champions' training lead (to be identified by the working group annually). Induction training will include:
  - i) Risk Management policy including the Statement of Risk Appetite
  - ii) The University's approach to risk management
  - iii) Roles and Responsibilities
  - iv) Role and Purpose of the Risk Champions' Working Group
  - v) Provision of and guidance on the use of the template including worked examples, and;
  - vi) Reporting

Training for SLT will be delivered by the Chief Operating Officer (COO) to SLT as part of the quarterly review of the Corporate Risk Register. The COO will identify any specific training needs and liaise with the Centre for Professional and Educational Development (CPED) as appropriate.

#### **4 Role of the Risk Champions Working Group**

4.1 Key roles of the Risk Champions Working Group are to:

- a. To support the institution in managing the implementation of University policies and processes on risk management and control.
- b. Meets quarterly to review risk management actions at University, School/professional service department and programme levels.



- c. Identify and evaluate emerging risks, escalating issues to the Chief Operating Officer where necessary.
- d. Considers good practice and makes policy and process improvement recommendations based upon improving performance.

## **5 Role of Risk Champions**

### **5.1 Key roles of Risk Champions are to:**

- a. To work with their Head of School/Director to develop and manage their risk register and associated actions on an annual basis as part of the annual business planning cycle, and ensure that at least quarterly reviews of the risk register take place, aligned to the cycle of meetings of the Risk Champions Working Group.
- b. To ensure that major School/PSD risks which have a University-wide impact are reported to the Chief Operating Officer.
- c. To attend the quarterly meetings of the Risk Champions Group to present the updated local risk register.
- d. Risk champions are required to make recommendations for mitigations to emerging risks.
- e. At meetings of the Risk Champions Group, to review the major risks in all School, PSD and programme risk registers in a constructive manner. The Group shall consider in particular:
  - Consistency of scoring
  - Appropriateness of further mitigation actions
  - Progress on achieving further mitigations

## Appendix C - Guidance on how to complete the Risk Register Template

1. Risk & Owner	2. Risk Cause & Consequences	3. Gross risk		4. Existing Controls	5. Sources of Assurance & Early warning flags	6. Current risk		7. Change in status	8. Risk Proximity	9. Actions for Year X of Strategic Plan	10. Action owner	11. Due date/ completion status		12. Net risk	
		Impact	Likelihood			Impact	Likelihood					Impact	Likelihood		
<i>Headline risk, risk owner and then key support to deliver on plans</i>	<i>What might cause the risk to occur and what are the possible consequences?</i>			<i>What existing strategies, processes or controls are in place to manage the risk?</i>	<i>How do we know that these controls are efficient and effective? What are our sources of assurance over the controls for this risk? What would indicate that the likelihood or the impact of the risk is increasing?</i>			↔	<i>The expected lifecycle for the risk, i.e. when the risk is most likely to happen and after what time it will cease to be a risk</i>	<i>What key actions are underway as part of the Strategic Plan?</i>	<i>Details of the owners for actions identified in 'actions for Year X of Strategic Plan' column</i>	<i>When is the action due for completion? Alternatively mark if completed.</i>			
<b>EXAMPLE PLEASE DELETE PRIOR TO COMPLETION</b>															
Headline risk No power for more than one day Risk Owner: COO Director of Estates Support: Estates & IT	Risk Cause: Capacity of the national grid Local power outage  Risk Consequence: Unable to access buildings Security concerns	4	2	8	Back-up power generators  Battery back-up for Security systems  Insurance cover for potential losses	3	2	6	↔	4	COO  Director of Estates	31/12/2021  28/02/22	2	1	2

From the template, each column is separately defined, as follows.

### 1 'Risk and owner'- identification of risks and risk owners

- 1.1 This column should provide details of the headline risk, allocate a risk owner and provide details of the key support staff that have been identified to deliver on plans
- 1.2 The first step in the risk management process is risk identification.
- 1.3 A variety of methods can be used for identifying risks. For example, brainstorming sessions or workshops involving key stakeholders are common approaches. At project level, risk identification may be carried out using standardised checklists which identify risks commonly associated.
- 1.4 In the Corporate Risk Register, risks should be those considered to be risks to the achievement of the University's Strategic Plan; in local risk registers, they should be risk to the objectives of the School, PSD or programme. Local School, PSD and

programme objectives should connect to one or more of the priorities in the Strategic Plan.

1.5 The Board of Governors approved the Strategic Plan 2019/20- 2023/24 establishing the following priorities:

I. **People**

II. **Student Success**

III. **Research and Impact**

IV. **Giving back to our city**

V. **Managed growth and diversification**

VI. **Vibrant campuses and cutting-edge facilities**

VII. **Sustainable finances**

1.6 Each of these priorities have targets and milestones and these will be used to identify risks reflected in the Corporate Risk Register.

1.7 The linking of the institution's identified risks to the achievement of these priorities provides an opportunity to focus on the major risks and the development and implementation of actions, thereby enabling the risks to be managed.

1.8 The overall owner of risks will be the relevant Senior Leadership Team member (for risks in the Corporate Risk Register) or Director/Head of School (in the case of local risk registers). However, specific risks, with the associated controls, monitoring and management actions required, might be delegated to other staff and in particular to a dedicated project manager. The member of staff concerned should be identified as the risk owner for that risk. The Senior Leadership Team member or Director/Head of School will be responsible for ensuring that management actions are completed by the agreed date and for reviewing the actions taken to keep risk at a tolerable level. Any risks which move from 'yellow' to 'red' should be immediately reported to the relevant Senior Leadership Team member or Director/Head of School.

## **2 Risk Cause and Consequence**

The **Risk Cause**: describes project decisions or conditions that may give rise to the Risk Event. This provides context information about the risk.

The **Risk Consequence**: the anticipated effects on the project's ability to execute planned activities and successfully achieve its objectives

## **3 Gross risk**

The level of **risk** faced by the University before any internal controls are applied.

A judgement based upon the experience and knowledge of staff should be made to provide a gross risk score

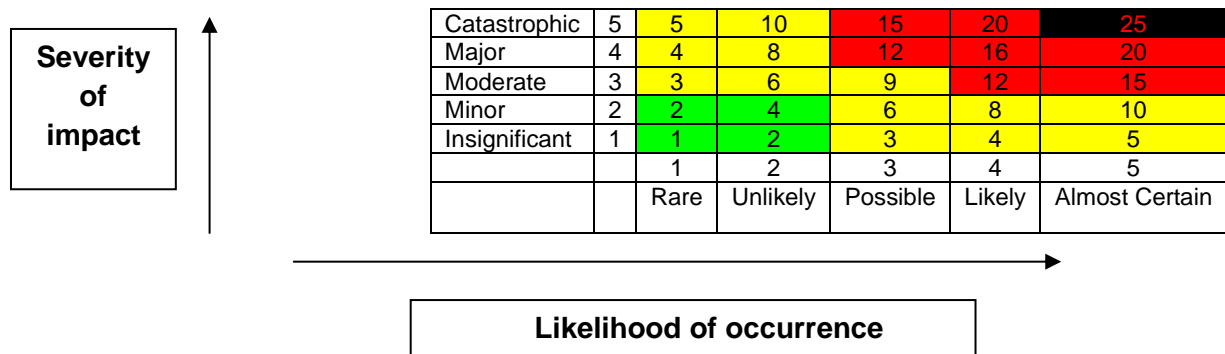
Likelihood of occurrence ('L') should be graded on a scale of 1 to 5 (rare/ unlikely/ possible/ likely/ almost certain).

Severity of impact ('I') should be graded on a scale of 1 to 5 (insignificant/ minor/ moderate/ major/ catastrophic).

The gross risk score ('IxL') is calculated by multiplying the likelihood of occurrence and severity of impact scores.

3.1 The matrix used to consider whether or not a risk is at a tolerable level is shown below.

**Figure 1: Scoring matrix**



3.2 Risk score is calculated using two elements: the likelihood of occurrence and the impact of the risk occurring. Risk owners are responsible for determining the likelihood and impact of the risk, using the guidelines below.

Table 1: Likelihood scoring matrix

Likelihood term	Measure	Score
Rare	Almost certain not to happen	1
Unlikely	Less than 50/50	2
Possible	50/50	3
Likely	More than 50/50	4
Almost certain	Almost certain to happen	5

Table 2: Impact scoring matrix

Impact term	Score	Finances	Delivery	Stakeholders
Insignificant	1	Financial implications of the risk are very low and are comfortably	• Minor impact to services or objectives	• Little or no impact on student / staff satisfaction. • Short-term and/or localised

		within the ability of the risk owner(s) to manage locally.	<ul style="list-style-type: none"> <li>• Risk occurring would represent a minor revision to planned outcomes</li> </ul>	environmental harm.
Minor	2	Financial implications of the risk are low (<10% of the PSD budget or School turnover). It remains within any contingencies set.	<ul style="list-style-type: none"> <li>• Some limited impact on services or objectives</li> <li>• Risk occurring may detract slightly from the desired quality of the outcomes.</li> </ul>	<p>Isolated complaints.</p> <ul style="list-style-type: none"> <li>• Some impact on student / staff satisfaction.</li> <li>• Notable contributor to environmental harm.</li> </ul>
Moderate	3	Financial implications of the risk are medium (10% - 20% of the PSD budget or School turnover). It may exhaust or be larger than contingencies made but can be managed without additional funds	<ul style="list-style-type: none"> <li>• Short disruption to services</li> <li>• Risk occurring would detract from the desired quality of the outcome but not from the overall purpose of the activity.</li> </ul>	<p>Large number of complaints.</p> <ul style="list-style-type: none"> <li>• Wider impact on student / staff satisfaction.</li> <li>• Notable external stakeholder dissatisfaction (neighbours, employers, partners).</li> <li>• A significant contributor to environmental harm.</li> </ul>
Major	4	Financial implications of the risk are high (25% - <50% of the PSD budget or School turnover). It is not possible to meet the cost within the approved budget and further funding would be required.	<ul style="list-style-type: none"> <li>• Short disruption to critical services</li> <li>• Key School/ PSD objectives affected</li> <li>• Risk Occurring would significantly detract from the original desired quality of outcomes and may reduce the viability of the activity as outcomes require revision.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant impact on student / staff satisfaction.</li> <li>• Reputational / brand damage is possible.</li> <li>• May affect recruitment</li> <li>• A major contributor to significant environmental harm.</li> <li>• Regulatory / contractual intervention possible.</li> </ul>

Catastrophic	5	The impact on finance is critical (>50% of the PSD budget or School turnover). Increased cost would negate benefits of activity and may destabilise the reporting unit.	<ul style="list-style-type: none"> <li>• Total and sustained disruption to critical services.</li> <li>• Significant impact on key University objectives.</li> <li>• Risk occurring would reduce quality of desired outcomes to such an extent that it negates benefits of activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of credibility with stakeholders.</li> <li>• Critical impact to staff / student experience.</li> <li>• Likely reputational / brand damage.</li> <li>• Likely to affect recruitment</li> <li>• The major contributor to significant environmental harm.</li> <li>• Regulatory / contractual intervention likely.</li> </ul>
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#### 4 Existing Controls

This section of the Risk Management template should be used to identify existing strategies, processes or controls in place to manage the risk identified.

#### 5 Sources of Assurance & Early warning flags

Details should be provided of indicators that the risk controls are efficient and effective, along with sources of assurance over the controls for this risk. Details of what would indicate that the likelihood or the impact of the risk is increasing should be listed.

#### 6 Current Risk

- 6.1 A judgement should then be made on the effectiveness of the existing controls and therefore the impact of those controls on the risk.
- 6.2 Some controls will be designed to reduce the likelihood of the risk occurring (for example, backing-up computer files to reduce the risk of loss of data). Others will be designed to reduce the severity of the impact (for example, insuring against the risk). Both the likelihood and severity should be assessed after taking into account the mitigating effect of controls in place. The multiplication of these revised figures gives the current risk.

#### 7 Change in status

Arrows should be used to indicate whether the current risk score has remained the same, increased or decreased when compared with the previous iteration of the risk register.

## 8 Risk Proximity

Proximity is also an important factor to consider when evaluating risk.

This is the expected lifecycle for the risk, i.e. when the risk is most likely to happen and after what time it will cease to be a risk. Some risks will be predicted to be further away in time than others, meaning that attention can be focused on the more immediate ones. The proximity should be scored as below;

Proximity	
1	0-3 months
2	3-6 months
3	6-12 months
4	1 year +

## 9 Actions for Year 'X' of Strategic Plan

This column should be used to identify the actions that will be undertaken as part of the current year of the University's Strategic Plan to mitigate the risk further.

## 10 Action Owner

This column should provide the details of the owners for each of the actions identified in 'Actions for Year 'X' of the current University Strategic Plan.

## 11 Due date/ completion status

Details of when each of the identified actions are due for completion, alternatively mark as complete. Completed actions should only be listed as such for one reporting cycle, following this, completed actions should be removed from the register or listed in the 'existing controls' column as appropriate.

## 12 Net Risk

Net risk is the amount of score identifying the amount of risk that is expected to remain after current controls and actions identified for the current year of the strategic plan are accounted for using the risk scoring matrix previously provided under section three 3 'gross risk'.

### Deciding whether net risk is at a tolerable level

Ideally, activities with a residual risk score of 12 (i.e. those in 'the red') or more would not be tolerated; however, the University is operating in a fast-changing environment and faces a number of significant challenges both at a sector level and specific to London Met. The University is therefore prepared to tolerate activities with a residual

risk rating up to and including 20, provided controls and actions to reduce the risk are in place and are monitored regularly for their effectiveness.

### **Net risk tolerability and reporting**

**Green** activities require no further action.

**Yellow** activities should be monitored and managed down to green where it is considered practical and cost-effective.

**Red** activities require immediate attention and should be reported to the Senior Leadership Team or Risk Champions Group as appropriate, to ensure that controls and actions to reduce the risk are in place. The activity may be allowed to continue given the current environment the University operates in.

**Black** activities must immediately be referred to the Vice Chancellor who will then escalate to the Chair of the Board of Governors.