

# Group Risk Management Policy And Registers of Organisational Risks 2024/25

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Note that this policy is current as at the date of issue. However, the University reserves the right to make such changes as may be required in the future – the Controlled Copy will reflect the latest issue.

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## **Section A – Group Risk Management Policy**

### **1. Objective**

- 1.1. To maximise the opportunities arising from the possibility that an action or event will beneficially or adversely affect an organisation's ability to achieve its objectives through appropriate levels of identification, evaluation and cost effective control of risk.

### **2. Scope**

- 2.1. This document identifies the oversight which the University's Governance structure will provide across the Group to ensure it has assurance over the controls in place within its constituent organisations and at Group-level. The Group is defined as those organisations which are included in the aggregated University Group accounts – other organisations that are associated with the Group but which the University does not own are not classed as constituent organisations.
- 2.2. It also outlines the key aspects of risk management and identifies the main reporting requirements within the constituent organisations themselves for the control of risk within those organisations (including the University in its non-Group role and subsidiary organisations such as Bolton College).
- 2.3. The risk management policy applies to staff in all areas of the work of the University Group including its constituent organisations and forms part of its internal control and corporate governance procedures. Whilst partners or third parties will have their own risk management controls in place, staff should be assured that they do not present undue risk to the organisation.

### **3. Purpose of this document**

- 3.1. To explain the underlying approach to risk management and provide a point of reference for managers and staff at all levels within the University Group and its constituent organisations.
- 3.2. To document the roles of the Governors, the President and Vice Chancellor and other key parties.
- 3.3. To outline the processes by which evaluation of the effectiveness of the systems of internal control will take place.

### **4. Policy**

- 4.1. The University Group including its constituent organisations have risk management principles and controls in place in order to support the achievement of their mission and strategic objectives; secure, protect and enhance its academic reputation, the quality of the student experience and its intellectual property; protect against reduction in income (including lost or missed opportunities) or an increase in costs; to secure its assets; and to protect its students and staff.
- 4.2. The University Board of Governors takes overall responsibility for overseeing risk management across the University Group, and requires the University Audit Committee to monitor activity on its behalf at Group-level and report any key issues by exception.
- 4.3. The University Board of Governors also takes overall responsibility for overseeing risk management within the operation of the University (in its non-Group role), and requires the University Audit Committee to monitor such activity on its behalf and report any key issues by exception. Similarly the Board of subsidiary organisations (such as Bolton College) have

responsibility for overseeing risk management within that organisation and, if so delegated, requires its own Audit Committee to monitor activity on its behalf and report any key issues by exception.

- 4.4. For the sake of clarity, it is not the intention that the University Audit Committee should replicate the business of the Committees of the subsidiary organisations (such as the Bolton College Audit Committee), but, in its Group role, it needs assurance that the Risk Management process is operating effectively in that organisation and that any issues are appropriately escalated to Group level.
- 4.5. Operational responsibility for implementing this policy lies with the senior management team within each of the constituent organisations (such as the Executive Team within the University and the Senior Management Team within Bolton College). Each of the constituent organisations will maintain its own risk register and risk management processes including but not limited to risk management being a standard agenda item at appropriate meetings; providing appropriate risk management awareness training; maintaining appropriate incident reporting and recording with investigation procedures to establish cause and prevent recurrence; preparing contingency plans in areas with potential for an incident to have a significant disruptive effect on operating capability.
- 4.6. A Group-level risk register will also be maintained. Whilst there may be some risks from the constituent organisations' registers which may feature on a Group Register, this register should incorporate risks which span or are pertinent to the Group rather than individual institutions. A high-level summary of the constituent organisations' risk register will be shared with the other constituent organisations to inform their own evaluation of their own risks. The Assistant Vice Chancellor (Strategic Planning and Information) maintains contact with the constituent organisations and may attend relevant meetings within them to act as a conduit for escalation of risks onto the Group-level risk register. The Cabinet considers the Group-level risk register prior to submission to the University Audit Committee.
- 4.7. The President and Vice Chancellor advises the Board on risk management and fully supports and implements the principles approved by the Board and those contained in this policy.
- 4.8. This Risk Management Policy is seen as an integral part of the business planning process of the University Group and its constituent organisations and as such all potential risks and associated controls (whether associated with new initiatives or ongoing operations) are required to be considered when evaluating the justification of new projects, changes to working practices and corporate or departmental operational plans. It may, in some cases, allow the organisation to take on activities with a higher level of risk which deliver greater overall benefits, because the risks have been identified, understood and then well managed, resulting in a lower residual risk.

## **5. Statement of Risk Appetite**

- 5.1. The organisation acknowledges that given its involvement (albeit to varying degrees) in a wide range of activities it is inappropriate to define its risk appetite in absolute terms. It endeavours to balance opportunities to innovate and improve with its responsibilities in terms of accountability, propriety, regularity, and value for money. The overarching aim is to ensure that its mix of risk across the Group remains tolerable, well-balanced and focussed towards delivering its desired outcomes.
- 5.2. As a charitable educational body, the Government of the day's priorities and objectives have a significant impact on the organisation's risk appetite.
- 5.3. In specific areas a cautious or even risk-averse approach is adopted, such as in matters affecting its academic quality, standards and the University's degree awarding powers and University Title; and in the governance and statutory responsibilities of the Group and its constituent organisations.

In much of its routine operational activity, it adopts a moderate appetite to risk, tending towards

modest levels of risk in order to achieve outcomes which are generally perceived as acceptable.

In certain cases, it will be open or even hungry to take on higher levels of risk, considering options or seeking original / creative / pioneering solutions to secure successful outcomes and meaningful reward. For example in re-aligning itself to meet the demands of its strategic plan and its Group-level ambitions, or the development of new academic programmes responsive to changing market needs. Projects with higher levels of risk will be expected to follow more rigorous approval and monitoring processes.

## **6. Roles and responsibilities**

### **The University Board of Governors**

- 6.1. Set out a clear policy and approach to be adopted for risk management within the University Group, reviewed annually, and ensure the continuing commitment of the President and Vice Chancellor to promoting and implementing the principles of risk management.
- 6.2. Approve major decisions affecting the risk profile or exposure, having determined the level of risk that the University will carry in relation to specific cases and when aggregated across the Group as a whole.
- 6.3. Publish assurances that there is a sound system of internal control operating across all aspects of the Group and comment on the management and mitigation of any key risk occurrences.

### **The Board of Subsidiary Organisations**

- 6.4. Ensure the principles of risk management are promoted within that organisation in accordance with the Group policy; ensure the commitment of the senior management team within that organisation to implementing the principles of risk management; and provide assurances that the organisation operates a sound system of internal control. The Board may delegate certain responsibilities to an Audit Committee as a sub-committee of the Board, as identified in the paragraphs below, or if not so delegated, should satisfy itself that sufficient controls are in place and are working effectively.

### **The Audit Committees of Constituent Organisations**

- 6.5. At least annually, undertake a review and advise the Board on the effectiveness of that organisation's approach to risk management, drawing upon assurances from the senior management of that organisation and the internal and external auditors on the status and effectiveness of the system of internal control. The annual development of the internal audit programme will be informed by the organisation's risk register. If necessary, the Committee will commission third party specialist advisors to provide consulting and reporting as required in order to satisfy the assurances required by its Board. The Committee will also consider the risk profile for the coming year and consider whether current control arrangements are likely to be effective.
- 6.6. At each meeting, review progress on the key, top level organisational risks.
- 6.7. Satisfy itself that the less significant risks are being identified and managed within that organisation and that the appropriate controls are in place and working effectively.
- 6.8. In addition, the University Audit Committee gains assurance that Risk Management processes are operating effectively in the subsidiary organisations and that any issues are appropriately escalated to Group level.

### **The President and Vice Chancellor**

- 6.9. Implement the policies on risk management and internal control within the University and ensure they are also implemented within subsidiary organisations.

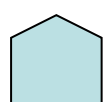
- 6.10. Appoint a member of the management as the designated co-ordinator of risk management activity. The Assistant Vice Chancellor (Strategic Planning and Information) currently acts as Group Risk Manager with responsibility for oversight and assurance of the University and subsidiary risk registers and the Group Risk Register and the escalation mechanisms. The Assistant Vice Chancellor (Strategic Planning and Information) is supported by designated personnel within the subsidiary organisations.
- 6.11. Identify, evaluate and control risks within the University Group; highlight emerging risks and 'risk gaps', balancing risk against reward, and allocate responsibility for control mechanisms; and ensure management information systems cater for the monitoring of risks through relevant key risk indicators and early warning mechanisms.
- 6.12. Provide adequate information in a timely manner to the Board and its committees on the status of risks and controls.
- 6.13. Ensure that the process of day to day risk management is adequately embedded and documented, including crisis management and business continuity plans, with appropriate ownership and adequate training and resources to ensure that the policy can be implemented in substance and spirit.
- 6.14. Ensure that any new members of senior staff (whether appointed via promotion or external appointment) and new Governors receive an awareness briefing about the Risk Management Policy within their induction programme.
- 6.15. Undertake an annual review of the Group's approach to risk management and its effectiveness and provide an assurance report for review by University Audit Committee, on behalf of the Board.

## Section B - Method of Assessment of Risk

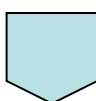
The risks in the tables in the appendices have been assessed for their severity on the basis of the following matrix. The risk rating is a score between 1 and 9, calculated by multiplying ratings which reflect the anticipated likelihood and impact of the risk materialising, and represent net risk (rather than gross risk, i.e. the resulting risk that remains once the existing controls have been applied):

Risk Matrix		Likelihood		
		Low (1)	Medium (2)	High (3)
Impact	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3

Additionally, colour coded control / movement indicators show how the risk and associated actions have altered since the previous update. The colour coding also essentially indicates divergence from the appetite, for instance a risk may be scored high but still have a green indicator:



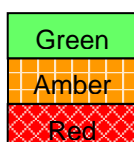
Risk increased  
since last update



Risk reduced  
since last update



Risk similar level  
to last update



- Residual risk remains, but currently well under control
- Risk remains significant, although controls being implemented
- Further intervention required

Impact	Score	Indicative Examples
High	3	<b>Major impact such as:</b> <ul style="list-style-type: none"> <li>Financial implications in excess of 5% of the organisation's budget</li> <li>Health &amp; Safety impact could result in extensive injuries, long term illness or even potential disabilities</li> <li>Significant impact on availability of assets</li> <li>Interruption more than one week; critical systems unavailable for more than one day</li> <li>Impact to brand; recovery will be at a cost</li> </ul>
Medium	2	<b>Moderate impact such as:</b> <ul style="list-style-type: none"> <li>Financial implications are between 1-5% of the organisation's budget</li> <li>Health &amp; Safety impact could result in minor injuries or short term illness</li> <li>Minor loss or damage to assets</li> <li>Interruption less than one week; critical systems potentially subject to a series of incidents</li> <li>Negative but manageable publicity; resources required to be deployed for recovery</li> </ul>
Low	1	<b>Minor impact such as:</b> <ul style="list-style-type: none"> <li>Financial implications are less than 1% of the organisation's budget</li> <li>Health &amp; Safety impact could result in minor personal injury</li> <li>Little damage to assets</li> <li>Interruption less than one day; critical systems potentially subject to minor disruption</li> <li>Minor negative publicity; no action required for recovery</li> </ul>

Likelihood	Score	Indicative Examples
High	3	<b>Probable occurrence:</b> <ul style="list-style-type: none"> <li>Strong possibility that it may occur at some point say within the next 5 years, or moderate possibility that it will occur within the next 12 months</li> <li>History of occurrence or new event with limited controls available to reduce likelihood; or potentially outside the organisation's ability to control</li> </ul>
Medium	2	<b>Possible occurrence:</b> <ul style="list-style-type: none"> <li>A reasonable probability that it may occur at some point say within the next 5 years</li> <li>Potential previous occurrences; some measures taken to reduce the likelihood</li> </ul>
Low	1	<b>Unlikely to occur:</b> <ul style="list-style-type: none"> <li>May occur in exceptional circumstances</li> <li>Limited or no previous occurrences, or if it has happened sufficient controls have now been put in place</li> </ul>

Risks are classified as primarily financial, operational or reputational and should be considered within the framework of a pyramid of risk:

Horizon Scanning	Ongoing review of the internal and external environment for any activity or inactivity that may generate previously unidentified risk.
Strategic	Risks associated with achievement of strategic objectives, new initiatives and the development of services and funding streams
Project Risk	Depending upon the scale of the project, these risks may feature either as part of the organisational register or within local registers
Operational	Risks associated with on-going day to day operations, including systems, processes and resources
Local Risks	Examples include those that arise from the specific objectives set for the coming year's activities within Schools / Centres / Units. These are the objectives that are captured within local plans and monitored via the University's internal regular planning and review processes

Should local or project risks become sufficiently significant, they should be escalated to the organisational level register, via the regular planning and review process.

These are then aggregated for reporting purposes into a matrix illustrating visually the key corporate risks scoring between 6 and 9, which incorporates control/movement indicators from the previous Audit Committee update, together with a key risk summary which gives a fuller description of the key corporate risks scoring between 6 and 9, and a current update on progress/actions. On the basis that the key corporate risks should mirror the matters being discussed at the executive or SMT team meetings at any given time, this latter document is presented to and considered by the executive / SMT team members for rolling updates of any risk issues and control measures which are routinely documented.

The registers will be updated as risks are identified by the executive / SMT team members (by way of the Risk Management Group or via other key committees), or when new risks are otherwise identified and notified to the Group Risk Manager or the constituent organisation's Risk Co-ordinator. The organisational level risk register reviewed by the executive / SMT before each meeting of the Audit Committee. All changes that have taken place during the interim period shall be identified in the risk register by way of colour coding and the risk register (and the key risk summary and matrix) shall be presented to the Audit Committee at its following meeting for its approval. A 'blank sheet' approach is taken at least once each academic year which is then cross-checked against the previous register.

After the Audit Committee (and subject to its comments) the colour coded changes in the risk register shall be accepted and the 'clean' risk register shall form the basis of the revised document going forward.

## Key elements of consideration of risk

The nature of the risk will determine the procedure to be adopted in the consideration of risk, however in all cases a multi-stage approach is adopted as follows:-

### Identification

- Determine how the assets or the earning capacity of the organisation may be threatened. This is integral to the planning and budgeting process and is embedded into usual working practices including the justification for any new scheme, investment or project.

### Measurement

- Evaluate the nature of the risk, considering the impact of the risk and the likelihood of the risk occurring. The principal objective here will be to measure the relative importance of the risk, which enables decisions to be made on priorities, and the most appropriate form of risk control adopted.

### Loss Reduction

- Ascertain how it may be eliminated, reduced or contained and controlled. Where this is not strategically or commercially acceptable, or where the risk has not been identified prior to the loss arising, the focus will be on control and damage limitation. Controls and early warning mechanisms should be identified, documented, monitored and responsibility allocated to a named individual. It is the responsibility of the President and Vice Chancellor to ensure that staff are prepared in advance to deal quickly and effectively with any loss situation through the activation, in part or in whole, of the institutionally approved Crisis Management Plan and Business Continuity Plan.

### Non Insurance Risk Transfer

- Risks may be controlled by contractual transfer where this is cost effective to do so, where there is confidence that the transferee has appropriate measures in place and where the occurrence of the risk post transfer will not hinder business continuity. If this is not likely to be the case, the Group or its constituent organisation should retain control over the risk.

### Residual Risk

- All the above opportunities should be exhausted so far as is reasonably practical and economically viable, before any level of residual risk is accepted. The risk can then be retained or the financing of the risk transferred to the insurance market (assuming that cover is available).