C:\Users\Ad\Desktop\LOGO-TIFF.jpg**HE Update**   
**Common risk themes in institutional risk registers**

May 2017

Risk management is at the heart of good governance – the Financial Reporting Council requires companies to articulate their most significant risks in their annual accounts; the Committee of University Chairs Code of Governance sets out a requirement for the governing body to assure themselves that there are effective systems of control and risk management; HEFCE require institutions to undertake risk management and they follow this up as one of the aspects of their five yearly Assurance Review visits. When operating effectively, risk management can be a key element of an organisation’s strategic and operational planning processes – supporting targeted interventions to enable the institution to meet its strategic ambitions.

We are undertaking a detailed benchmarking exercise looking at a range of aspects of risk management, including where the greatest value is obtained from risk management systems in institutions and how they maximise the benefits of the activity. As an initial output from this work we have undertaken a desk top review of risk registers from institutions that are either members or clients of Uniac; as these range from small specialist providers to a large Russell Group institution some of the risks will be more specific to a particular institution, however this work has shown that there are many that are shared between all institutions, wherever they sit in the sector. The full benchmarking exercise will cover a wider group of institutions.

The table below details the outcomes of the desk top review of risk registers. It shows risk themes – we have not captured risks that are clearly institutionally specific and we have anonymised the actual wording in some cases. Where appropriate, we have also added comments highlighting, for example, emerging risks and / or where the headline risks are being broken down into further detail.

The risk registers reviewed were those submitted to each institution’s Audit Committee, or equivalent, over the Spring 2017 cycle – i.e. meetings held in February and March 2017.

| Risk Themes | Comment |
| --- | --- |
| Student Recruitment:   * Aggressive competition from other universities and providers – enhanced due to the removal of the student number cap * Demographic trends leading to a reduction in the numbers of applicants, with even greater impact on low and medium tariff institutions * Threat from alternative provision * Degree Apprenticeships impact on recruitment of under-graduate students in fields of nursing, engineering and education * That the University is unable to recruit to and achieve its ambitious student numbers growth targets * Government removes or further reduces support for university-based ITT * Changes to funding for NHS or STEM subjects / not responding effectively to changes in NHS funding * Failure to deliver alternative modes of delivery, including part time, distance learning and continuing professional development, to support expansion plans * Not responding effectively to expansion of higher level apprenticeships / apprenticeship levy. | The majority of institutional risk registers include a risk or risks relating to student recruitment, in one form or another. For some institutions, the risks are around their ability to recruit sufficient students in the ever-changing higher education marketplace. Other institutions focus in on particular disciplines that have undergone significant changes to their funding models over recent years (Nursing and ITT being the most frequently cited).  References to the emerging opportunity or threat, depending on the institution’s view-point, of higher-level apprenticeships appear in a small number of institutional risk registers; this is a relatively new area to be included in risk registers as government policy has been finalised and institutional responses have been developing over recent months.  As recruitment of students is so fundamental to the sustainability of institutions – either through the very direct financial impact of reduced recruitment and / or through institutions needing to drop entry grades if recruitment doesn’t go to plan, with the subsequent implications e.g. for league table metrics, any risks need to be specific to enable the institution to ensure that mitigations are targeted appropriately. A number of the risks articulated here are very vague, giving the institution and its Governors a general understanding that recruitment is a potential issue but not setting out where the risk really lies – e.g. UG, PG or expanding out of the region, and therefore the actions being taken to mitigate the risk. |
| Student Engagement & Academic Experience   * Failure to deliver a high-quality student experience across the University * Student satisfaction falls with rising expectations * Failure to manage student retention within the University’s target * Inadequate facilities, equipment and accommodation at campuses. | Risks relating to the breadth of the student experience appear on many institutional risk registers – although the form varies depending on the institution. Institutions with particular issues, such as student retention, tend to state these as explicit risks; others that have a more general concern to ensure that the student experience is optimised, have more generally stated risks. |
| TEF:   * Meeting Teaching Excellence Framework requirements * Poor 'score' on the TEF which may affect recruitment and/or funding | Meeting TEF requirements and / or the implications of a TEF rating appear as relatively new risks on some institutional risk registers. |
| Finance:   * That the University is unable to maintain a financially sustainable position * Diversifying income * That cuts in public funding undermine the University's ability to deliver its strategic aim | Financial sustainability / the diversification of income to underpin such sustainability, appears on a number of risk registers. In some this is a very stark risk; others link it to their ability to deliver on their institutional strategy or key capital projects. |
| International recruitment   * Failure to retain UKVI Highly Trusted status * UKVI policy and political rhetoric have a negative impact on international student recruitment * Tighter immigration control/visa requirements affecting international student volume (especially PGT). | Risks relating to the ability to continue to recruit international students, either at the current level or in keeping with strategies for growth, appear on a large number of risk registers. Some focus more on their ability to retain UKVI Highly Trusted status, others more on policy changes and the potential perception that international students are not welcome. |
| HEFCE Quality Assessment | The changes to the quality assessment regime have been picked up in some institutional risk registers. The unknown element of how the new regime will work in practice is of particular concern to institutions with an upcoming HEFCE Assurance Review.  As risks relating to academic quality are often included on institutional risk registers, there would be merit in evidencing joined up governance by linking to the institutional risk register within academic related reports to the Board. |
| Reputation / Profile   * League table position adversely influences student choice / NSS results adversely impact / Percentage of "good degree" outcomes remains below national average * Profile not sufficiently high in locality / region * That student behaviour is such that it has an impact on the reputation of the University * That the international reputation of the University is compromised through the actions of either the institution, its individuals or a third party. * That the University enters into or is unable to exit an inappropriate contractual relationship at home or overseas * Failure to develop a powerful and distinctive Brand | The majority of risk registers include a risk(s) relating to the University’s reputation and / or profile. As can be seen from the examples given, the form of these risks vary from those relating directly to the institution’s position in league tables through to the reputation in the locality / internationally. |
| Brexit   * That the UK’s decision to withdraw from the EU and associated political instability that this has generated creates uncertainty for the University in terms of funding and political standing * Changes to funding for Research grants and eligibility to apply for grants and European Structural Funds * Potential negative impact on student and staff recruitment * Brexit adversely affects the University through its impact on: Staff retention, recruitment and morale (staff from the EU), European research collaboration Grants, Student recruitment from the EU. | The various potential implications of Brexit, and the uncertainty that it has and will continue to cause, are picked up on by many institutions. Some have chosen to have a separate Brexit risk register while others have decided to capture it within the institution’s main register – either through a specific risk or woven into the risks they already have.  Although the mitigations are often limited at this stage in the process, acknowledging that Brexit is likely to cause significant changes for institutions is certainly good practice, ensuring that as more details become apparent the institution is ready to act. |
| Estate:   * Quality of the estate * Failure to optimise utilisation of the physical estate and equipment – including outside the core teaching weeks * Failure to deliver the Estate masterplan to budget/planned performance. | The importance of the Estate, and therefore the potential risk / opportunity that it can bring, is recognised by many institutions by inclusion of an estate related risk in their institutional risk registers.  With a number of institutions in the process of investing significantly in their Estate, either through a major campus masterplan or individual new build, many risk registers have a specific risk(s) relating to the project rather than a generic estate related risk. |
| Data:   * Regulatory failure in relation to data responsibilities * Failure to maintain student related data quality, management, control and resilience. | A number of institutions have a risk relating to data quality on their institutional risk register – perhaps those who have had issues in data audits in the recent past see it as a matter of particular concern.  The proactive use of the data that they hold is a wider opportunity for many institutions; universities hold a wide range of data that could be used to help drive their strategic objectives, some institutions are starting to make good use of this data, however it would be worth all exploring the value of their data if they are to keep up with their competitors. |
| Research:   * That the University does not achieve its research ambitions * That the University may experience cuts in QR income or other reductions in research income * University fails to increase annual research and enterprise income as conventional funders shrink and competition grows * Failure to enhance research volume and quality – REF 2021 * That the University fails to recruit sufficient number and/or high calibre research students. | Risks around achievement of all, or elements of, the institution’s research strategy are present on the majority of institutional risk registers. A significant sub-set of these risks are focused on the income from research / enterprise activity, a particular concern in the current funding climate and with the changes to the way that the research councils are structured. |
| Pensions:   * That changes to the pension schemes subscribed to by the University result in significant financial losses and result in significant HR implications * Failure to manage the University’s pensions liabilities. | There is an increasing prevalence of risks relating to pension liabilities. |
| IT / Cyber attacks:   * That the University's IT systems are insufficiently robust and may be subject to security breaches * Failure of information security leads to the theft and misuse of sensitive data, operational disruption and/or regulatory fine * Risk that the University is unable to fully define and articulate it's future IT requirements, and invest in the infrastructure to support these requirements and meet the university's ambitions. | IT related risks, particularly those relating to breaches of IT security remain on the majority of institutional risk registers, although more are now also seeing the positive influence IT can have in supporting delivery of the institutional strategy as an areas of risk / opportunity. |
| Legislative breach:   * That the University fails to comply with a legal or regulatory requirement * Failure to comply with / adequately implement the Prevent Duty and that the measures arising are balanced with the appropriate safeguards for academic freedom of speech and research * Failure to comply with the expectations of the Competition and Markets Authority (CMA). | A small number of institutions include a risk around failing to comply with a legal or regulatory requirement – some using it as a broad catch-all for risk relating to all areas, others with more specific focus on a particular new issue or one where they have challenges with implementation of new requirements.  With the range of new legislation of relevance to the sector many institutions have either got, or have had, compliance with Prevent and / or CMA requirements on their risk registers. |
| Government Policy:   * That the University is not well positioned to respond to changes in national policy * Changes to OFFA criteria. | A number of registers make reference to the uncertainty caused by the ongoing changes to Government Policy and the potential implications for their institutions.  One institution has a separate risk register for risks at a sector level and in the main outside of the institution’s control – where the key actions are often lobbying and keeping up-to-speed with developments so that mitigations can be planned as and when appropriate. |
| Staff:   * That the University fails to attract staff of sufficient quality and reputation * Failure to retain staff of sufficient calibre * Failure to drive, and incentivise, high performance and innovative behaviours from staff * Failure to develop a more performance-oriented culture * That the University's employee relations are undermined by national industrial relations policies or activities * Risk of disruptive industrial action. | Many institutions have staff high on their institutional risk registers – recognising the importance of high calibre staff, and ongoing good employee relations, to the institution’s performance in other areas. |
| Business Continuity:   * Risk of major incident, with major impact on business continuity and reputation. | Some strategic / institutional risk registers include a business continuity or major incident type of risk. The risks are usually very broad and can be more of a placeholder for the wide range of major incidents that could occur.  In many cases the mitigations include business continuity and emergency management plans, in addition to activities to enhance areas such as Health and Safety and Cyber Security.  One institution has a list of the types of incidents to ensure that mitigations are relevant across all potential scenarios. |

**How can we help?**

For further information on how we can help or any other aspect of Uniac’s internal audit and assurance service please do get in touch.



Jean Brown  
Senior Assurance Consultant

t: 0161 247 2851

e: [jbrown@uniac.co.uk](mailto:jbrown@uniac.co.uk), [www.uniac.co.uk](http://www.uniac.co.uk)