



Risk Management Policy 2021-22

1.	Purpose	1
2.	What is Risk Management	2
3.	Risk Management Responsibilities.....	2
3.1	Role of the Board of Trustees	2
3.2	Audit and Risk Committee (ARC)	3
3.3	Senior Leadership Team	3
3.4	Academic Faculty, Registry and Professional Services	3
3.5	NMITE Risk Manager	4
3.6	Staff	4
4.	Risk Appetite Statement	4
5.	Managing Risk.....	6
6.	Risk Management in Projects and Operations	9
7.	Appendix 1 – Level 1 Risk Register example	10
8.	Appendix 2 – Level 2 Risk Register example	11

1. Purpose

- 1.1 It is the policy of NMITE to adopt good practices in the identification, evaluation, and cost-effective control of risks in line with the requirements of the Office for Students and our Validating Partner and follows good practice in risk management.
- 1.2 This policy sets out NMITE’s approach to risk management. NMITE recognises that to progress and succeed the organisation needs to strike a balance between innovation and stability and in a changing and sometimes challenging environment, risk management helps to create and act on opportunities in a managed way. NMITE aims to embed a culture where risk management is a key component in all its decision-making. This will enable individuals and groups to take the right risks in an informed manner.
- 1.3 Risk management is vital to good management practices and forms part of the corporate governance arrangements of NMITE. NMITE’s Board, Audit and Risk Committee, and Executive Board need a mechanism through which they can gain assurance regarding the ability to meet the organisations objectives.



- 1.4 The aim of this policy is to ensure risk management is being used by everyone with operational and management responsibilities across NMITE as well as those involved in Internal Audit and other governance committees.

2. What is Risk Management

- 2.1 Risk is defined as the threat or possibility that an action or event will adversely or beneficially affect the organisations ability to achieve its objectives.
- 2.2 Risk Management is the planned and systematic approach to the identification, evaluation and control of risk.
- 2.3 **Corporate Risks** are recorded in the NMITE Corporate Risk Register. This records threats that may affect NMITE's success and ability to deliver its strategic plan. The Register is a living document that is populated and updated through NMITE's regular risk management work. It provides an assessment of the potential magnitude or scale and likelihood of a given risk and details of how individual risks will be treated and the controls in place to mitigate the risk.
- 2.4 **Departmental-level risks** can be defined as a risk that may affect the ability of an academic or professional services team of delivering successfully operational plans or key activities. Individual department maintain their own risk registers that feed into the overall NMITE Risk Management Approach

3. Risk Management Responsibilities

As a growing institution, NMITE will embed risk management practices effectively within the management structures and through planning and project management processes at all levels across the organisation.

This approach is led by the Chief Executive Officer and is reflected in the Chief Executive's reports, presented at meetings of key NMITE committees, namely: The Board, Audit and Risk Committee and the Executive Board.

3.1 Role of the Board of Trustees

- i. The Board of Trustees has a fundamental role to play in the management of risk and in setting an overall culture of risk management within NMITE. This includes:
 - Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, safeguards against fraud, and procedures for handling internal grievances and for managing conflicts of interest.
 - Determining and reviewing the risk appetite of the NMITE as a whole.
 - Approving major decisions affecting the NMITE risk profile or exposure.
 - Determining what types of risk are acceptable or not acceptable.
- ii. The Board meets on a bi-monthly basis.



3.2 Audit and Risk Committee (ARC)

- i. 5.1 Acting on behalf of the Board, Audit and Risk Committee will:
 - Monitor and review the effectiveness of risk management, control, and governance arrangements.
 - Review the Corporate Risk Register
 - Monitor the management of key strategic risks satisfy itself that less significant risks are being actively managed, with the appropriate controls in place and working effectively
 - Approve the internal audit plan which is linked to the Strategic Risk Register.
 - Report to the Board on the effectiveness of risk management processes as appropriate.
- ii. The Audit and Risk Committee meet on a bi-monthly basis.

3.3 Senior Leadership Team

- i. The NMITE Executive Team is responsible for strategic risks by:
 - Identifying and evaluating significant risks faced by the NMITE for consideration by the Board, via Audit and Risk Committee
 - Implementing policies on risk management and internal control
 - Providing adequate information in a timely manner to the Board and Audit Committee, on the status of risks and control measures
 - Regularly reviewing the effectiveness of internal controls
 - Identifying and acting as risk owner for appropriate strategic risks
- ii. The Corporate Risk Register and anything items escalated from the departmental registers is reviewed at the Monthly Executive Board. Any priority risks and mitigating actions are also reviewed and monitored in the fortnightly Programme Management and Operations Committee which is attended by the Senior Leadership Team.

3.4 Academic Faculty, Registry and Professional Services

- i. Heads of department are responsible for identifying, assessing, and monitoring risks in their area of responsibility. They will:
 - Undertake regular reviews and assessments of key risks in their areas of operation as part of routine management arrangements.
 - Overseeing the implementation of risk management controls and planned development work in their area of responsibility



- Monitor and discuss risk as a standing item on the agenda in Executive Board, Academic Governance and Internal Committees.
- Escalate any significant changes in terms of existing or new risks to Head of Strategic Planning.

3.5 NMITE Risk Manager

- NMITE's Risk Manager is responsible for ensuring that the organisation operates effective procedures relating to risk management and for undertaking formal reviews on behalf of the Board of the risk management policy. This responsibility currently resides with the Head of Strategic Planning. The Risk Manager will:
 - Maintain the corporate Risk Register.
 - Provide on-going training to risk owners in order to facilitate the effective operation of risk management.
 - Prepare risk management reports on behalf of the NMITE's senior leadership for consideration by both the Board and the Audit and Risk Committee.
 - Monitor and discuss risks in Executive Board.

3.6 Staff

- Effective risk management depends on the commitment and co-operation of all staff. All staff have a significant role in the management of risk, particularly within their own areas of control. Project managers and project teams are responsible for managing project-specific risk and will complete a project risk register to demonstrate that this is being done.

4. Risk Appetite Statement

- 4.1 The objective of developing a risk appetite is to define the level and nature of risk that an organisation is willing to take in order to deliver its strategic objectives.
- 4.2 Managing risk requires a consistent and clearly articulated understanding of the appetite to take risks. That appetite will be higher in some areas than others and it informs whether mitigating actions are proportionate and appropriate. A draft risk appetite statement is included in this section, but this will be updated by the Board and the SLT from time to time as conditions change and new risks emerge.
- 4.3 The following Risk appetite statement will be updated by the Board and the SLT from time to time as conditions change and new risk emerge:



Figure 1: Risk Appetite Statement

Appetite Descriptor	Definition	Examples	Key Considerations
Hungry	NMITE is keen to innovate and test new things. It will chase ambitious projects with the potential for high rewards. It is prepared to engage in activities with high inherent risk and substantial residual risk and/or for which few reliable mitigating measures are available	<ul style="list-style-type: none"> • New programme development • Fundraising campaigns 	<ul style="list-style-type: none"> • Assessment of inherent risk • Availability of mitigating measures and the level of confidence that they will work to reduce risk • Potential for sharing or transferring the risk (e.g. via partnerships) • Consequences of risk crystallising (can we afford for it to happen?) • Effect of one risk on others (eg solvency risk might reduce the otherwise high appetite for investment risk)
Open	NMITE is willing to engage in activities with high inherent risk provided that meaningful mitigating measures are available to reduce the residual risk. It will only accept these risks if they clearly advance core objectives	<ul style="list-style-type: none"> • Student recruitment campaigns • New partnerships • Property deals 	
Cautious	NMITE will accept moderate levels of inherent risk where clear mitigations are available to ensure a low residual risk. Activities with an uncertain outcome but a lower inherent risk will be tolerated	<ul style="list-style-type: none"> • Student experience initiatives • Capacity planning • WP initiatives 	
Averse	NMITE will only consider activities in these areas where the residual risk is almost zero. The outcome of the activity must be highly certain and any inherent risk must be actively managed and reduced it to almost zero	<ul style="list-style-type: none"> • Cash flows and solvency • Regulatory compliance 	



5. Managing Risk

- 5.1 NMITE seeks to identify, assess, and effectively manage all risks. The aim of risk management is to be proactive in supporting the achievement of NMITE's agreed objectives and not simply to avoid risk.
- 5.2 NMITE uses a two-tier Corporate Risk Register which is designed as a control document for the SLT, enabling it and internal committees to assess, understand and respond to known risks as well as serving as a more strategic document for use by the Board in its oversight of the higher-level strategic risks which the organisation faces.
- 5.3 The **Level 1 Risk Register** (see appendix 1 for example) summarises the current risk assessment as it relates to the 5 key strategic risks that the organization must manage:
1. **Financial sustainability** – the risks to the organisation's financial health
 2. **Regulatory compliance** – the risks that the organization will fail to meet its regulatory obligations and may suffer enforcement action.
 3. **Reputation** - The organization will suffer reputational damage because of its actions, its staff, its partners or its failures
 4. **Impact** - The organization will fail to deliver the positive impacts it is funded or tasked to deliver
 5. **Student success** – the risk that students will fail to progress, enjoy their experience or succeed
- 5.4 The **Level 2 Risk Register** (see appendix 2 for example) is a more detailed assessment of risks across the organisation and the mitigating actions. All risks are linked to the 5 key strategic risks of the Level 1 Risk Register.
- i. **The Risk definition** - the event, its cause, and the consequences.
 - ii. **The Risk owner** - the member of the Senior Leadership Team who is responsible for monitoring the risk and managing the control measures.
 - iii. **The inherent Risk score** - this is the scale of the Risk if NMITE does nothing to mitigate it. It is scored using a 1 - 5 scale for Probability and Impact.
 - iv. **The Risk Treatment** - risk treatment is the process of modifying the risk. This will involve deciding on one or more options to modify the risk and then the implementation of these. The 'treatments' then modify existing controls or create new controls.
- Treatment options:
- **Avoid:** the decision to not start or not continue with the activity which led to risk.



- **Reduce:** controls will be put in place to aim to reduce the impact/likelihood of the risk.
 - **Accept:** where the risk lies within the appetite/tolerance range, the risk may be taken in order to pursue opportunity.
 - **Monitor:** monitoring a risk will include monitoring the status of the risk, the status of the controls in place to mitigate the risk, the status of the associated causes and the status of the associated consequences.
- v. **Control Measures** - these are the activities to mitigate the probability and impact of the risk. The actions should correlate with the Risk Treatment. These control measures will be regularly reviewed and updated by the risk owner.
- vi. **Residual Risk Score** - this is the current assessment of the risk in terms of probability and impact taking into consideration the control measures. This score should therefore be lower than the inherent risk. An indicator of the 'direction of travel' is used to reflect whether the level of residual risk is increasing or decreasing.
- 6.3 The number of key risks to be recorded in the corporate risk register is not rigidly defined. However, it records only those risks that are likely to impede the delivery of strategic objectives and are therefore of strategic significance to NMITE.
- 6.4 Departmental Risk Registers are based on the same content.



Figure 2 Summary of two-tier risk register

	Level 1 Risks	Risk appetite (to be approved)		Level 2 Risks	General risk management measures
Board	Financial sustainability The organization will fail to achieve its aims because of financial ill-health	Cautious (while cash reserves are low) Open (when reserves are higher)	Exec	Cash flow Fundraising Tuition fee income Cost control Capacity oversupply	<ul style="list-style-type: none"> • Horizon scanning • Scenario planning • Centralising spending decision making • Constant re-budgeting • Managing by ratio • More robust decision making (cttee structure) • More consistent policy process
	Regulatory compliance The organization will suffer unwanted regulatory enforcement action	Averse		OFS conditions APP Validation conditions CMA Legal compliance (various)	
	Reputation The organization will suffer reputational damage as a result of its actions, its staff, its partners or its failures	Open		Partner selection and behaviour Student town and gown impacts Failure to progress property deals Planning consent disputes	
	Impact The organization will fail to deliver the positive impacts it is funded or tasked to deliver	Generally Open Hungry – new programmes		Student recruitment Skills Delivering to funder requirements (Skylon, Stronger Towns)	
	Student success Students will fail to progress, enjoy their experience or succeed	Cautious		Attrition WP outcomes	



6. Risk Management in Projects and Operations

- 7.1 Major projects each require a separate risk register, which shall be monitored by the relevant project team. Where the risks associated with a major project are likely to impact upon the strategic objectives of the NMITE, this will be reported through to the Executive Board.
- 7.2 Individual risk registers at academic, professional service level or at project level will be operational in nature and will focus on local risks. A high-risk score given to a risk cited within a local or project risk register is context specific and will not necessarily translate to the same level of risk within the NMITE corporate risk register.

7. Appendix 1 – Level 1 Risk Register example



NMITE Level 1 Risk Register

CONFIDENTIAL

Date:

Ref #	The Risk			Current Residual Risk				Reducing the risk		
	Risk Category	Risk consequences	Risk Appetite	Prob.	Impact	Overall	DoT	Controls	Level 2 Risks	Latest Notes
SR1	Financial sustainability	The organization will fail to achieve its aims because of financial ill-health	Cautious (while cash reserves are low) Open (when reserves are higher)	2	5	10	↑	Financial management and monitoring, Cost control measures - reduced spending, slowing recruitment	O7, O12	
								Student Recruitment plan and activities in place	O4, F5.1	
								CPD development through Kickstarter scheme	F5.2	
								Estates capacity planning (not over commit)	O7, O12	
								Fundraising activity concentrating on Pioneer funding and priorities for campus development	F1	
SR2	Regulatory Compliance	The organization will suffer unwanted regulatory enforcement action	Adverse	1	4	4	↔	Ensure adherence to all of the monitoring, reporting requirements and conditions of the UK HE regulatory framework, as set out by the OfS	A2, C6	
								Ensure compliance with all of the validating partners ongoing monitoring, engagement and reporting requirements	A1, C8	
								Health and Safety procedures and controls in place	C1, C2	
								CMA compliance - sign off of all external communications	C5	
SR3	Reputation	The organization will suffer reputational damage as a result of its actions, its staff, its partners or its failures	Open	1	4	4	↔	External communication planning and management	E1	
								Information management in place cyber security, GDPR, IT disaster recovery	O8, O9, O10	
								Management of property deals and development	O7, O12	
								Meeting funder requirements	F1, F3	
SR4	Impact	The organization will fail to deliver the positive impacts it is funded or tasked to deliver	Generally Open Hungry - new programmes	2	5	10	↑	Student Recruitment plan and activities in place	O4,	
								Meeting funder requirements	F1, F3	
								Staff recruitment	O5	
SR5	Student Success	Students will fail to progress, enjoy their experience or succeed	Cautious	2	4	8	↔	Engagement with external partners	E7	
								Maintaining Academic Standards and Quality through Academic Governance framework	A1, A2, A3, A4	
								Widening Participation Strategy in development	O4	

8. Appendix 2 – Level 2 Risk Register example

R #	Strategic Risk	The Risk				Inherent risk			Risk Treatme	Reducing the risk			Residual risk assessment			
		Risk cause and event	Risk consequences	Risk owner	Governance	Prob.	Impact	Overall		Control measures (in place and planned)			Status	Prob.	Impact	Overall
Operational Risks																
04	Financial Sustainability / Impact							0	Reduce					0	↑	
05	Impact / Student Success							0	Reduce					0	↔	
06	Impact							0	Reduce					0	↔	
07	Financial Sustainability / Reputation							0	Reduce					0	↔	
08	Reputation / Student Success							0	Reduce					0	↔	

