RISK APPETITE STATEMENT

"Risk appetite is the amount of risk an organization is willing to accept in pursuit of strategic goals … Risk appetite is a matter of judgement based on each company's specific circumstances and objectives. There is no one-size-fits-all solution."[1]

1   Bath Spa University's risk appetite statement, framework and key principles

The University takes a responsible and managed approach to risk, recognising key risks and managing those risks through effective implementation of:

I.   An institutional risk policy;
II.   Institutional risk register (with underlying registers for each academic school and professional service department).[2]

The degree of risk that is acceptable will vary considerably within and across core domains of the University's business. Nevertheless, establishing some key principles and describing the broad parameters within which the University considers its appetite for risk is helpful in ensuring that Governors, University managers and staff are all aware of those parameters.

KEY PRINCIPLE 1 - The University's need to protect against reputational, statutory or regulatory compliance and overall financial risks take priority over all other factors. All activities must consider these domains of risk from the outset, and re-visit them as is necessary to the activity proposed.

Examples

i) A proposal for a major infrastructure development project would need to consider the statutory and regulatory framework applicable to the project and the financial risks to the University (including the risks of doing nothing). It would also need to consider the reputational risks involved.

ii) A proposal for a research project must consider whether there is any reputational risk or financial risk to the University, It must also consider whether compliance with statutory, regulatory or other ethical frameworks governing such projects may involve reputational and/or financial risks that can not adequately be mitigated.

---

[1] Price Waterhouse Coopers (2014) *Board oversight of risk: Defining risk appetite in plain English*. p3.
[2] See Board of Governors Paper G842 *Institutional Risk Management* 29 April 2015 for the latest iteration of the institutional risk policy and risk register.

KEY PRINCIPLE 2 - **All activities and/or projects should be managed within a framework appropriate to the specific activity and/or project, and which has risk identification and mitigation as a core component.**

Examples:

i) A proposal for an IT system where several different solutions (eg commercial products) are available might wish to operate under Prince2 project management principles whereby all solutions are considered and their respective advantages and dis-advantages (including cost against gain) established before a final decision is made.

ii) A proposal for a major consultancy project should operate within a framework that clearly establishes the financial costs of the University delivering the project against benefits (eg financial and reputational profit).

KEY PRINCIPLE 3 – Established activities should be considered within a risk management framework in order to continually assess whether risks are being managed appropriately and mitigated against.

Examples:

i) The existing academic portfolio should be subject to appropriate oversight and management with respect to applicant trends, relevant outcome data (eg attainment, student satisfaction, career destination data) and other appropriate measures to ensure the on-going 'health' of the educational offering.

ii) A research project where ethical considerations have been identified and addressed before the commencement of the project should incorporate appropriate on-going ethical evaluation as part of the project management framework.

Domain	Low willingness to take risks					Higher willingness to take risks				
	1	2	3	4	5	6	7	8	9	10
Reputation	▓	▓								
Compliance	▓	▓								
Financial	▓		▓	▓	▓	▓	▓			
Education and Student Experience				▓	▓	▓	▓	▓		
Research, Knowledge Exchange and Consultancy			▓	▓	▓	▓	▓	▓		▓
Internationalisation				▓	▓	▓	▓	▓	▓	
Major Change Projects				▓	▓	▓	▓	▓		
Estates (including the environment)		▓	▓	▓	▓	▓	▓	▓		
Human Capital			▓	▓	▓	▓	▓	▓	▓	▓

Risk Domain	Explanation of risk appetite
Reputation	The University regards any project or activity that would seriously threaten its reputation as a high-quality provider through adverse publicity or loss of status as an autonomous institution as unacceptable.
Compliance	The University regards any project or activity that would threaten its compliance with statutory, regulatory, professional or ethical requirements and standards as unacceptable.
Financial	The University will always aim to work within financial parameters that maintain the long-term financial viability of the University as demanded by statute and/or regulation and/or governance, and within generally accepted boundaries of financial prudence.
Education and Student Experience	The University wishes to encourage an innovative and enterprising attitude in enhancing the educational offering and student experience. The University acknowledges that such activities may carry medium to high risk, but will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established.
Research, Knowledge Exchange and Consultancy	The University wishes to encourage an innovative and enterprising attitude in research, knowledge exchange and consultancy. The University acknowledges that such activities may carry low to high risk, but will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established. The importance of maintaining reputation and compliance are paramount in such activities.
Internationalisation	The University wishes to have an international footprint and profile. The University acknowledges that some international activities may carry low to high risk, but will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established. The importance of maintaining reputation and compliance are paramount in

	such activities.
Major Change Projects	All universities must undergo change, and at times such changes may be major and potentially high-risk with the aim or potential to affect substantial parts of the University's activities. The University will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established. The importance of maintaining reputation, financial sustainability and compliance are paramount in such major change projects.
Estates (including the environment)	All universities must undertake estates projects, and at some times such projects may be major and potentially high-risk with the aim or potential to affect substantial parts of the University's activities. The University will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established. The importance of maintaining, financial sustainability is paramount in such major projects. The University is responsible for historically designated environments and has environmental sustainability commitments. There is a low risk appetite for deviating from these responsibilities and commitments.
Human Capital	The University is committed to value, support and develop its workforce and to maintain the reputation of the University as a good place to work. It wishes to gain the most value from its workforce and encourage thinking and action on innovative ways to work in order to achieve its strategic aims. The importance of maintaining compliance with statutory obligations pertaining to employment is paramount.