

## UNIVERSITY OF WARWICK

**Departmental Risk Assessment Returns Summary Report 2011**1. Context

As part of the University's Risk Management Procedure 2011, the majority of academic, administrative and commercial departments were required to undertake a risk assessment against the department's key strategic objectives. The main purposes of this exercise are threefold:

- (a) To provide a focused opportunity for individual units to consider existing and future opportunities and the associated current and future risks against their strategic objectives;
- (b) To provide relevant and consistent information to University decision-making bodies to enable them to prioritise effectively the allocation of University resources;
- (c) To aid in the identification and assessment of the University's key risks to be included in the University Risk Register and to ensure the University is aware of the total risk portfolio and the cost (including opportunity cost) of risk mitigation activity.

Since 2008 this has been an ongoing process which has provided key information to inform the University's Five Year Financial Planning Process. Additionally, these risks have been mapped against the University's Strategic Risk Register for 2010/11.

The Operational Risk Management Group has an overview of risk assessment and related processes at a departmental and operational level. This includes considering departmental risk assessments, business continuity plans and monitoring the University's insurance portfolio. The Group reports to the Steering Committee, recommending changes to the University risk register in the light of departmental risk assessments.

This spring, the Academic Resourcing Committee introduced a new strategic planning framework for academic departments. It was recognised that, as part of the ARC Strategic Planning Framework, academic departments were required to complete a Departmental Strategic Planning Log within which departments provided an analysis of key threats and opportunities. Therefore, for 2011, academic departments have been encouraged to use the Strategic Planning Log to inform the development of the departmental risk assessment but were not be required to undertake a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis as in previous years.

Non-academic departments continue to be required to undertake a SWOT Analysis to inform the departmental risk assessment and therefore the risk management procedures for these departments are consistent with those of previous years.

The following bodies have also been provided with a copy of the summary report and individual departmental risk assessments for the relevant departments as required:

<b><i>University Group or Committee</i></b>	<b><i>Departments to be considered</i></b>
Academic Resourcing Committee (ARC)	All academic departments
Commercial and Related Activities Group (CRAG)	All commercial and earned-income departments

Financial Plan Sub-Committee (FPSC) and the Steering Committee	All central service departments and others not included above.
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This summary paper is provided to draw attention to some of the key issues raised in the departmental returns for 2011.

## 2. Summary of Departmental Submissions Mapped Against 2010/11 University Risk Register

Attached as Annex A is a grid mapping the key risks identified by departments against the University's identified strategic risks. The risk scores given by departments to those issues which relate to the University's Risk Register are included on the grid. Those departments from whom returns were expected but have not been received are highlighted.

In summary, the risks most commonly identified by departments that map to the University Risk Register are as follows:

- 1) F1 Slower than planned increases in University surplus;
- 2) F2 Imbalance in the supply and demand of infrastructure hampers University growth and achievement of goals;
- 3) SA1 Disaster/calamity significantly impairing key University work or reputation;
- 4) O2 Insufficient managerial capacity to deal with continuing needs of existing activities while taking on new initiatives;
- 5) S1 Inability to recruit and retain staff of the highest calibre;
- 6) Res 1 Lack of sustained growth in the University's quality and capacity for research, innovation and knowledge transfer;
- 7) R1 Failure for the University's reputation and positive brand image to continually strengthen on regional, national and international levels;
- 8) T5 Not sustaining an exceptional teaching and learning experience at Warwick;
- 9) T7 Not achieving an optimal level of student recruitment.

This summary paper attempts to consolidate the information presented within the returns from departments into general themes and distinct areas of commonality. This information is provided in summary below.

## 3. Summary of Departmental Submissions by Theme

### (a) Summary of Risks Identified by Academic Departments

#### **(i) Human Resources**

Many academic departments cited the risk that government funding cuts to higher education could damage the worldwide image of the UK sector, leading to a more challenging environment in terms of the recruitment of high calibre international academic staff.

A number of departments also identified risks associated with issues of effective succession planning. For example, a number of smaller research centres, such as CEDAR and CEI, as well as departments such as WMG, identified that the role of the Director was particularly

vulnerable to lack of effective succession planning. Some departments and research centres, such as the Institute for Employment Research, Sociology and Warwick Institute of Education, also specifically identified the age profile of senior staff as a key risk, citing the risk of losing key knowledge and experience from within the team and the risk of not being able to recruit to replace academic staff of the required level and quality as a significant concern. In addition, centres, such as the Humanities Research Centre, identified that the highly pressured role of the Director within a smaller centre could result in the risk that such individuals did not have the capacity to undertake important externally-facing activities such as partnership working.

Within some centres and departments, such as History, the Centre for Applied Linguistics and the Centre for Lifelong Learning, the risk of staff resources being stretched beyond capacity and issues of low morale amongst staff were highlighted, with a resulting increase in staff turnover and loss of staff with valuable expertise and experience cited as key risks.

In particular, a high number of departments across the Faculties of Arts, Science and Medicine in particular (including English and Comparative Literary Studies, Theatre Studies, German, Italian, the Centre for Scientific Computing, Chemistry, Computer Science, Engineering, Statistics and the Warwick Medical School) and, in Social Sciences, Warwick Business School, cited significant risks associated with staff recruitment, retention and lack of career development opportunities noting concerns that key staff would be headhunted by other UK and international institutions which could offer higher salaries and enhanced career opportunities.

Finally, some departments and research centres, such as Psychology, Computer Science and the Institute for Employment Research, also cited the risk that major work pressure and the bureaucracy of dealing with central University regulation could distract the department and its staff from their core activities resulting in a negative impact on research outputs and/or the quality of teaching.

### ***(ii) Student Recruitment and Quality of Student Experience***

A high number of academic departments cited the risk that the new tuition fee regime could lead to a loss of potential students and/or a reduction in overall student numbers with an associated fall in income if undergraduate (and postgraduate) student recruitment was severely affected as a result. In addition, the risk of further reductions in funding threatening postgraduate, as well as undergraduate, recruitment were widely shared, particularly among departments within the Faculty of Arts, and concerns were cited regarding the risk of not being able to meet challenging postgraduate recruitment targets in some areas. The Department of Sociology also identified the issue of variable funding as a potential risk in that it could create a competitive internal market within the University with consequent threats to their joint degree programmes. However, there was general lack of uncertainty what level of impact individual departments might face. Warwick Institute of Education identified a specific additional risk to the Department; that of a dramatic drop in student numbers within the Department occurring as a result of the shift in government policy to locate more teacher training in schools.

Some departments, such as English and Comparative Literary Studies and German Studies, recognised that the increase in student tuition fees represented an opportunity as well as a threat. It was, for example, recognised by those departments that they may be able to improve their competitive positioning relative to other such departments in the UK as a result of the changes and the potential creation of a more strongly market-led sector.

Other departments and research centres, such as Warwick Business School, the School of Engineering and the Centre for Applied Linguistics, identified the negative impact of the Government's immigration policy on overseas student recruitment and therefore on the University's overall international student numbers as a key risk. This was seen by Warwick

Business School to be a significant risk to MBA recruitment in particular. However, this risk was not as widely identified by academic departments as might have been expected.

Many departments, including the Departments of Italian and French Studies, identified the risk of not being able to secure high levels of student satisfaction, particularly amongst undergraduate students, either through the quality of teaching and learning facilities or through curriculum development and delivery. Departments recognised that this risk posed a potentially negative impact on the University's external rankings and reputation more widely. This risk had been cited by a number of academic departments in previous years but appears to be more apparent in the risk assessments for 2011 due to concerns associated with the new tuition fee arrangements and the sharply rising expectations of students in terms of the quality of the student experience. In particular, some departments identified that the University's overall brand and reputation may be affected should their department fail to continually review and update the curriculum offered to students.

### ***(iii) Space, Facilities and Infrastructure***

As in previous years, a number of individual academic departments were concerned about space and accommodation in relation to various core areas of activity, from recruitment of postgraduate students through to the development of key laboratory space in order to attract high calibre researchers and secure additional funding.

Departments and research centres across all faculties cited risks associated with either the quality and/or availability of space and facilities as key risks, particularly in the Arts (the Centre for Applied Linguistics, Italian, English and Comparative Literary Studies, Theatre Studies, Renaissance Studies and the Humanities Research Centre) and in the Sciences and Medicine (the Centre for Scientific Computing, Chemistry, Engineering, Life Sciences, Mathematics, Psychology, Statistics, the Centre for Systems Biology and the Warwick Medical School) and, within the Social Sciences, Philosophy and Warwick Business School. Specifically, departments such as the School of Life Sciences, Warwick Medical School and Warwick Business School cited restrictions on space as a major risk which could impact negatively on the growth of research and teaching activities and subsequently on the University's overall reputation and ranking in key academic areas. Other departments noted the potential impact on surplus as they were turning down potential new business as a result of space constraints.

In addition, some departments, including the School of Life Sciences and the Department of Politics and International Studies, highlighted business continuity issues and/or the safeguarding of property and resources as a key risk. For example, the Department of Politics and International Studies, identified the issue that members of staff have and use their own libraries. Due to a lack of insurance cover or policy in this area, at institutional level, damage or destruction of such resources could significantly harm morale and good employee relations.

As in previous years, a high number of centres and departments cited the criticality of IT to their activities as a risk, for example the Institute of Employment Research and the Centre for Applied Linguistics, the School of Life Sciences and the Departments of Statistics and Politics and International Studies. Vulnerability to IT outages and major failures were the risks highlighted by most departments, although such issues did not appear to feature as strongly in the risk profile for academic departments as in previous years. A number of departments, including the School of Life Sciences and the Department of Politics and International Studies and the Centre for Applied Linguistics, highlighted the risk that the University's IT systems did not currently meet the department's requirements, for example, systems were not assessed to be providing the necessary capacity for IT-related teaching enhancements and/or not to be sufficient to support other required usage by staff and students.

#### ***(iv) Research Quality and Income***

Commonly, many departments identified the potential decline in research grant and contract income and increased competition in securing such income as a result of research council changes, in particular, as a key risk. In addition, some departments, such as Warwick Manufacturing Group and Computer Science, identified that the strength of industrial partnerships was at risk in the current economic climate and that there was an associated risk to research income, departmental and University reputation and the quality of the student experience if such partnerships could not be maintained. In particular, Warwick Manufacturing Group cited the potential risk of losing key partners, such as Tata, due to changes in the global economy. Departments such as WMG and the Centre for Applied Linguistics also highlighted the risk of over-reliance on the Chinese market for students and overseas partnerships.

Risks associated with potential underperformance in the forthcoming Research Excellence Framework (REF) were cited by a number of research centres and departments across all faculties, including the Classics and Ancient History, English and Comparative Literary Studies, Film and Television Studies, the School of Health and Social Studies, Philosophy, Psychology, Warwick Manufacturing Group and Warwick Business School, with a range of potential contributory factors identified. In particular, these departments highlighted the risks which may be associated with poor REF performance, such as the potential detrimental impact on staff and student recruitment, the negative impact of the department's ability to attract future research funding as well as on the department's and the University's overall reputation and national and international rankings.

In addition to the general risk of falling and/or a more competitive environment in terms of research funding, some departments cited specific risks associated with their future financial stability. For example, the Department of Physics identified that potential claw back of funding from the regional development agency, Advantage West Midlands, on projects led by the University could have a significant negative financial impact on the department.

#### ***(v) Governance and Compliance***

Specific governance and compliance issues were raised as risks by the School of Engineering and Warwick Medical School. The School of Engineering cited the risk of not achieving health and safety targets whilst Warwick Medical School highlighted potential risks to health and safety and/or with regard to breaches of the Human Tissue Act.

Relatedly, the Department of Health and Safety have identified an overall institutional risk related to the threat of funding cuts and increasing demands on academic and other departments having a potential adverse affect in terms of health and safety good practice and compliance across the University.

#### **(b) Summary of Risks Identified by Central Service Departments**

To date, completed SWOT analyses and risk assessments from a number of the University's key administrative and operational areas remain outstanding. However, there are some emerging issues which are can be summarised at this point.

The analyses from operational and administrative departments from the submissions received to date have highlighted a complex set of issues so far, many of which are specific to the individual department or service. Nevertheless, some common themes can be identified from the information received.

**(i) Human Resources**

The majority of departments across the central services identified the quality and professionalism of staff as a strength and good sector networking was also seen as both a current strength and future opportunity if improved further. However, departments such as the Academic Office, Communications, Human Resources, the Learning and Development Centre, the Development and Alumni Relations Office, Student Support, Security Services and Health and Safety all cited risks associated with the paucity of staffing resource and/or high staff turnover which impacted negatively on the departments capability to respond to strategic initiatives and/or resulted in staff being diverted from strategic activities to provide additional operational support. For example, DARO identified that the team was working at full capacity leaving little scope to be opportunistic or target new donors, compounded by the risk that fund-raising vacancies not being filled could result in a potential adverse affect on philanthropic income to the University and thus the institution's overall financial sustainability.

Other departments, such as the Deputy Registrar's Office, Research Support Services and IT, also highlighted the risk of the loss of key members of staff, particularly in areas where capacity was already significantly stretched or there were few staff with the necessary experience and expertise.

Such issues appear to be compounded by growing external legislation and compliance requirements which threatens to result in staff focusing largely on operational requirements rather than strategic activities. Departments were, for example, concerned about their ability to deliver to the standards expected and demanded by students and were aware that failure to do so could have a negative impact on the University's reputation.

**(ii) Financial Sustainability**

In addition to the issues already noted regarding financial impact on the institution, a number of central service departments identified institutional risks which, considered broadly, could have a negative impact on the overall financial stability of the institution. For example, the Estates Department cited the risk that the increase in utilities costs could significantly affect the University surplus, noting that the risk was also impacted further by capital projects led by other departments not being communicated to Estates at an early stage and thus planning in this regard not being undertaken effectively in some cases. The International Office highlighted the risk of losing potential international students due to a number of contributory factors, such as negative a public relations image for the UK higher education sector in overseas markets or overseas students having a poor experience of Warwick, and the resulting impacting on the University surplus. In addition, the Language Centre highlighted the risk of a reduction in the number of students enrolling in its programmes and using its facilities if academic departments ceased to offer accredited language options within degrees.

The Finance Office identified the University's relatively heavy reliance on EU funding as a key risk and, in particular, the time-consuming, complex and highly changeable nature of compliance requirements for such funding which posed a significant threat of overwork to staff in Finance, Research Support Services and Purchasing as well as the very real risk of funding clawback.

**(iii) Space, Facilities and Infrastructure**

Some departments highlighted risks associated with the general availability of space for the department/team itself, such as Warwick Ventures and Security Services, whilst others identified the pressures on space for major University events, such as degree ceremonies, as a key risk.

The Library identified lack of space and resources as a key risk which could impact negatively on students' experience of Warwick, a factor which was likely to be exacerbated by the increase in fees and thus heightened student expectations. Therefore, it was noted that there was an urgent need for additional space and/or an extension to the library but that the University's planning and financial structure appeared to be restricting such expansion resulting in a risk of duplication with other departments due to lack of co-ordination at a strategic level.

Conversely, the Estates Department identified the high level of wasted space within the University as a risk, an issue which the department has highlighted in previous years and which points to management of space as an issue of primary concern.

In addition, a number of departments identified risks associated with the scope and capability of the University's IT systems as well as constraints on further developments to IT infrastructure. For example, both the Academic Office and Student Admissions and Recruitment were concerned that ITS did not have the resource to adequately support the scale and rate of systems development required to keep pace with a combination of externally-driven requirements, such as the Points Based Immigration System, and internally-driven strategic priorities, such as an IT-supported workflow process for course and module approval and a PGR scholarships portal. Management Information and Planning identified that loss of the University's Data Warehouse was a major business continuity risk to the institution, Research Support Services identified the risk of lack of resource for the required systems improvements to support the team's activities, the Estates Department identified its unmet need for a reliable management information system as a key risk and Human Resources identified the need for a major overhaul of its IT systems as a high risk at the present time.

More widely, the Management Information and Planning team highlighted operational issues associated with the limited capacity and system functionality of the student records system (SITS) with potential adverse affects to the overall student experience.

ITS itself identified lack of funding as a key risk to the implementation of the overall IT strategy for the University and the related risk that individual departments were developing bespoke systems and solutions as a result which could lead to waste of resource and duplication.

#### **(iv) Reputation and Brand**

There were a number of risks highlighted by central service departments which could impact on the University's reputation and international standing. For example, the Academic Office highlighted the risk that the new tuition fees arrangement may not be adequately communicated or implemented and that the University's reputation could be negatively impacted as a result. The Office also identified the potential risk of the University losing its Highly Trusted Sponsor status from the UK Border Agency which could result in a reduction in international student intake and a subsequent loss of surplus for the institution.

Additionally, the Finance Office identified the risk of an event occurring for which the University was not insured, noting however that it was not economical to insure for every possibility. Relatedly, Security Services highlighted the risk of a major incident at the University as well as the risk of failure of IT and electronic equipment which would prevent the team from operating effectively. Security also cited evidence of an increasing risk of crime on campus, potentially linked to current economic climate, which could have a negative impact on students' experience of Warwick.

In terms of brand, the Communications Office identified the risk of a lack of a clearly articulated corporate communications strategy and the proliferation of non-centralised marketing activities which could result in a significant risk to the University's overall reputation and brand image.

**(v) Governance and Compliance**

The Deputy Registrar's Office noted concern that members of the legal and compliance team were not being engaged at an early stage of departmental tenders or contractual work which could result in the risk of breaches to compliance and financial penalties and/or reputational damage to the University. In particular, whilst awareness of Data Protection issues was considered to be improving in some areas of the University, it was identified that there remained a widespread lack of awareness of the detailed requirements of Data Protection and Information Security compliance.

In addition, the Deputy Registrar's Office highlighted the lack of clarity regarding some strategic University priorities and thus the negative impact on the planning of supporting resource from the Governance and legal teams as a key risk. There was also assessed to be a risk that financial and other constraints could lead to partner teams and key contacts not being able to sufficiently engage in the activities led from this area.

The Finance Office cited the risk of the University's financial systems being compromised, for example if the University failed to comply with terms of loan agreement, which could have serious financial implications for the University. However, it was noted that a Compliance Manager had recently been appointed to oversee this area and this risk was also reflected in the University's Strategic Risk Register.

Furthermore, Finance identified the risk of the University not being PCIDSS (Payment Card Industry Data Security Standard) compliant, noting that the institution and its various departments would not be able to continue to accept payment via credit or debit card, with a negative impact on reputation, income and student satisfaction levels, should it not meet this standard. However, compliance with this standard was seen to be complicated and time-consuming, putting further pressure on staff.

Due to their unique nature and role within University, the risks identified by the Institute of Advanced Study and the Institute for Advanced Teaching and Learning are discussed individually below.

**(vi) Institute of Advanced Study**

The Institute identified that the recession and cuts to higher education funding could threaten the department and its activities. In addition, The Institute identified the risk that some academic departments may perceive IAS to be biased in its allocation of awards, due to its historic staffing profile and record of awards allocation, which could lead to lack of engagement from particular academic areas and/or support for the central service charge to support its activities.

The Institute also identified a risk linked to succession planning and regarding the appointment of a new Director and the cost and potentially inefficient use of its offices at Milburn House as key risks.

**(vii) Institute of Advanced Teaching and Learning**

The IATL identified its relatively low profile as a new department and its location within Milburn House as a potential risk, noting that it was still in a early developmental stage and was not yet engaged with every academic department or with a large proportion of the student body. It was identified that this risked negative impact on the student experience and the quality of teaching practices in the University.

More widely, the Institute identified the risk that teaching did not have parity of esteem with research activities among some academic staff and, as the Institute's 'unusual and innovative' teaching spaces are currently underused, there is concern within the department that they will be re-allocated to central time-tabling and to meetings and to traditional (rather



than experimental) teaching, which could have an adverse effect on Warwick's exceptional teaching and learning experience.

Notably, the Institute identified the lack of clarity of roles and potential 'competition' between it and other non-academic departments undertaking similar activities, such as the Learning and Development Centre and Student Careers and Skills which could adversely impact on student satisfaction levels.

### (c) Commercial and Related Operations Summary

SWOT analyses and risk assessments have been received from all of the commercial and related operations.

#### **(i) Reduction in Participation and Demand**

Operations including the Arts Centre, the Training and Conference Centres, Warwick Retail and the Sports Centre all highlighted that the economic climate and other financial pressures could have a negative impact participation in and demand for events and services.

In addition, Warwick Accommodation cited the risk of a fall in student numbers and thus not achieving its targeted surplus and, conversely, the risk of a growth in demand for student accommodation that the University may not be able to meet, therefore resulting in a negative effect on the student experience and ultimately the University's reputation.

Relatedly, Jobs.ac.uk were concerned about the potential threat of competition from an official national, free job board for higher education and/or other suppliers becoming the preferred site for information regarding international higher education jobs.

#### **(ii) Funding**

The Arts Centre, in particular, identified key risks associated with the failure to raise additional public funds and the threat of reduced funding from stakeholders and the Sports Centre identified the risk of a lack in capital funding to support expansion. The Art Collection assessed the current economic climate as a potential risk to its activities in that the Collection could be viewed as peripheral to University's central mission in a challenging economic context.

Other commercial areas saw that the increase in student fees could lead to a potential reduction in University income as students spent less within campus outlets and facilities.

#### **(iii) Space, Facilities and Staff Resources**

A variety of risks broadly associated with the availability of space and facilities and pressures of staff resources were identified. For example, the Art Collection cited its increased use of casual staff and interns as a key risk which could be detrimental to the 'experience' and reputation of Warwick. In addition, a specific issue regarding the University's terms and conditions of employment and the associated high cost of labour relative to competitors was highlighted as a risk by some commercial areas, such as the Training and Conference Centres,. However, it was noted by the Operational Risk Management Group that action was being taken to mitigate these risks.

In particular, the limited scope for expansion of activities in some areas due to constraints on space and financial resources was identified by a number of operations. Notably, the Sports Centre highlighted that financial constraints were limiting expansion and may also risk

detracting from students' positive experience of Warwick and the Music Centre identified loss of premises and current lack of space as a potential threat.

Some operations, including the Arts Centre, the Training and Conference Centres and Warwick Accommodation, identified risks associated with the quality and maintenance of buildings and facilities. For example, Warwick Accommodation cited the risk of major incidents in the residences leading to immediate evacuation of students due to unsafe conditions but assessed that the risk was mitigated, to a large extent, through the completion of the fifteen year maintenance and new build strategy. However, notably, none of the commercial or related areas identified risks associated with sustainability, such as the increasing cost of energy, as a risk to their ability to create surplus in the future.

#### ***(iv) IT Infrastructure and Systems Development***

A number of the University's commercial operations, including Unitemps, Jobs.ac.uk, the Training and Conference Centres, Warwick Conference Park and Events and Warwick Print, identified IT-related risks, either based on concerns about the negative impact of IT failures, the redundancy of IT systems and/or systems security.

#### ***(v) Governance and Compliance***

Both Warwick Retail and the Training and Conference Centres highlighted the risk of a possible health and safety breach within their premises, resulting in damage to reputation and financial loss. The Sports Centre also cited the increase in health and safety regulations as a key risk which could compromise both the range and nature of the University's sporting programmes, as well as lead to a potential rise in litigation and insurance claims.

### **(d) Feedback from the Operational Risk Management Group and Next Steps**

#### ***(i) Feedback from ORMG***

At its meeting on 10 May 2011, the Operational Risk Management Group considered the departmental risk assessments submitted to date as well as the Risk Returns Summary Report for 2011. Overall, the Group noted that departments had engaged with the process effectively this year and that the quality of the information provided with the SWOT assessments, strategic planning logs and formal risk assessments was of a good quality. However, the Group did note some areas of potential risk, such as business continuity, research governance, information security and collaborative working arrangements with external organisations, which had been omitted from departmental risk assessments.

In particular, the Group noted the lack of attention given to those risks associated with emergency planning and business continuity which could be regarded as significant within some central service areas and larger academic departments, specifically within the Sciences and Medicine. The Group noted that it would have expected to see more prevalent identification of risks associated with data protection and information security, particularly given that the University had recently tendered for new IT systems in areas such as e-procurement and to support activities such as research support. It was also noted that there was a risk that departments which managed their own facilities, including the management of any new facilities, may not be compliant with statutory requirements for the management of asbestos, fire and electrical safety and thus risk the University's institutional compliance record. A further issue which was not highlighted by departments was that of collaborative working arrangements with major third party organisations and the potential risks associated with such activities, for example regarding health and safety requirements. In conclusion, the Group surmised that such omissions could be an indication of the level of activity required to

raise awareness of such issues across the University and to ensure effective planning and compliance University-wide.

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*As at 13 June 2011*