



Hertford College

OXFORD

RISK MANAGEMENT POLICY

A summary of the College's strategy and approach

February 2024

Replaces the Risk Management Statement 2021

Introduction

The Governing Body regards the proper management of risk as essential to effective governance, and the pursuit of the College's charitable aims, and has set the following objectives:

1. To adopt a systematic, structured and timely approach to the identification, assessment and response to risks.
2. To align risk management processes to key organisational aims, and the organisational structure, ensuring that an appreciation and consideration of risk is an integral part of policy and decision making across the range of College activities and functions.
3. To assign risk accountabilities and responsibilities clearly, and afford the appropriate support to those with whom these rest.
4. To prevent or reduce the potential realisation and impact of risks so as to bring them within acceptable bounds, based on the College's risk appetite.

Principal Strategies

The College seeks to meet these objectives by:

- Operating structured and formalised processes for the identification, assessment, and management of the response to risk.
- Establishing the appropriate committees to ensure oversight of all key activities, with responsibility for formulating recommendations to Governing Body;
- Providing appropriate training to all members of staff, and at the induction of new Fellows;
- Ensuring accountability of College Officers to the appropriate committee, and for the committees in turn to be accountable to the Governing Body;
- Developing and implementing key policies and mandated procedures across the main areas of activity of the College;
- Ensuring the appropriate insurance policies are in place, and reviewed regularly.

Scope

Risk management extends to all activities of the College and its subsidiary undertakings.

Risk Appetite

The College seeks to balance benefits that are anticipated to accrue from its activities, against the impact of potential damage.

It has a relatively high risk appetite for academic research, critical enquiry, freedom of expression, open analysis and dialogue. By contrast, it has a low appetite for risk in respect of potential harm or injury to its members, staff and guests, compromising its ability to meet its charitable aims, lasting reputational damage, illegal or unethical practices, or significant financial loss / weakening.

Assessment and recording

The College maintains a Principal Risk Register (PRR), providing a structured view of the main risks it has identified, including a record of any mitigations in place.

Risks are classified according to five main categories:

- **Governance** – e.g. decision-making, conflict of interest, regulatory compliance;
- **Operational** - e.g. service quality, contract pricing, employment issues, health and safety issues;
- **Financial** - e.g. adequacy of reserves, income sources, fraud and misappropriation;
- **Health & Safety** – relating to the safety and wellbeing of staff, students or visitors
- **External** - e.g. public perception, reputation, demographic changes, government policy;

Risks are assigned a score to reflect likelihood and potential impact, as per the guidelines set out in Append A, after taking in to account measures put in place to mitigate. Assessment is by reference to a three year timeframe (current year + 2). The product of these two scores is the **Net Risk Score**.

These scores are RAG coded – Green (<8); Amber (8-12); Red (>12) – as below.

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Likelihood				

Risks are also assigned a classification to indicate current attention status, as follows:

Accept *The College is satisfied that the risk is cannot reasonably be mitigated further at the current time, and no additional action is planned beyond regular review, and maintaining the identified measures.*

Active *The College is in the process of identifying and securing additional mitigations.*

Risks are assigned a College Committee, and a College Officer, to lead on maintaining existing (and developing new) mitigations. Any staff to whom day to day responsibility is delegated is also recorded.

In addition to the PRR, lower level and more detailed risks are regularly assessed for specific activities or functions, and managed through the College's organisational structure.

The College regularly takes specialist advice from external experts, both for the purposes of identifying risks, and in relation to managing their impact.

Monitoring and management

The Governing Body is responsible for the achievement of the College's charitable aims, which necessarily involves the management of risk.

It delegates responsibility for formulating and overseeing risk management strategies and processes (including maintenance of the PRR records) to the Bursar, and to various College Committees and Officers for managing the response to individual risks.

The PRR is the primary mechanism by which Governing Body maintains oversight of key risks.

Individual Committees that have assigned risks are required to review each of these at least annually (termly for any RED or ACTIVE risks), and report any proposed changes in assessment, mitigation or classification by way of the Committee's recorded minutes. Such changes may include proposals for new PRR entries. The Governing Body considers such reviews, and any proposals for change, at its next meeting. Following ratification (including any amendment required by the Governing Body) the Bursar updates the PRR accordingly.

To support the consistency and completeness of such reviews, Committees are provided with clear guidance for undertaking the process, and are required to complete a standard return that confirms this has been complied with.

The Treasury Committee conducts an independent review of the PRR on an annual basis to ensure that it continues to reflect, appropriately and comprehensively, the range and nature of key risks faced by the College.

Specifically, it considers whether:

- Each identified risk is scored correctly.
- The mitigations in place, or proposed, are sufficient.
- The assignment of lead responsibilities and any delegations are appropriate.
- There are any additional risks that the College should include, and address, via the PRR.

A summary of this annual review is recorded in the minutes of the Committee, including any specific recommendations for alterations or additions to the PRR.

This review (and any associated recommendations) is considered by the Governing Body at its next available meeting. The Governing Body may determine to accept or decline (wholly or partially) any recommendations, or commission any further action, as it deems appropriate, following which the Bursar updates the PRR accordingly.

Trustees of the College provide an annual confirmation that they have considered and understood all PRR risks, and acknowledge their duties as Trustees in relation to them.

The active management of risk is part of all College operations, the oversight role performed by College committees, college policies, procedures and regulations. College officers and heads of department assess risk and undertake associated management actions as part of day to day activities. This may include systematic risk reviews, and action plans that extend and compliment the high level risks managed via the PRR. The high level processes described in this document are not intended to detract from, or substitute for, such activities.

Approved by Governing Body, February 2024

APPENDIX A – RISK SCORING GUIDELINES

IMPACT SCORING

Score		Guideline Descriptors		
		Reputational	Financial	Operational
Very Low	1	Minor, one-time negative local comment. No obvious impact on local standing.	<5% of income / expenditure budget	Localised, minor, short-term impact on non-core services, and can be dealt with through normal day to day management.
Low	2	Extended or multiple negative local comments. Limited impact on local standing.	>5% but <10% of income / expenditure budget	Limited (<1 day) impact on core services, at a non-critical time. Some inconvenience, and noticeable, but no lasting impacts.
Medium	3	Serious negative local comment, possibly requiring public response. Short term impact on local standing. Short term regional or national media coverage.	>10% but <15% of income / expenditure budget OR >5% ongoing impact	Disruption of more than one day to core services, with potential for alternative arrangements required to mitigate impact. Delays to a project, or completion of required works, beyond planned tolerance - but without need for significant re-planning. Actions required from audit / inspection reports; or requires internal process changes to mitigate against recurrence.
High	4	Serious negative public criticism, possible investigation / intervention by a regulator / government. Significant and persistent negative national media coverage, possible limited international comment. Potential for medium+ term impact on standing, with concerns raised by key stakeholders	>15% but <20% of income / expenditure budget	Serious disruption to core services over an extended period at a critical time, or loss of multiple core services for 2 days or more. Compromises ability to carry out critical planned activities. Significant delay to major project, requiring extensive alternate planning. Ability to pursue strategic objectives faces significant challenge.
Very High	5	Loss of confidence in senior team / calls for dismissals. Stakeholder support withdrawn. Persistent national/ international media coverage. Significant fine / intervention from regulatory body.	>20% of income / expenditure budget	Failure of one or more core services for an extended period at a critical time, with no immediate prospect / plan for recovery. Requires significant diversion of resources to deal with the issue / mitigate impacts. Ability to pursue strategic objectives severely curtailed.

LIKELIHOOD SCORING

Score		Guideline Descriptors	
		Expectations	Experience
Very Low	1	Rare / Exceptional	Less than once every five years
Low	2	Unlikely	Once every five years
Medium	3	Possible	Once every couple of years
High	4	Likely	Once a year
Very High	5	Expected	Multiple times per year