

Risk Appetite Statement

Approved by	Board of Governors (via the Executive and Audit Committee)		
Date approved	March 2018	Status	Approved
Policy owner	Director of Planning	Impact assessed	Yes
Version	1	Date of next review	March 2019

1. The university's risk appetite statement is reviewed and approved annually by the Audit Committee and Board of Governors as part of the development of an annual high-level risk register. The statement is intended to act as a guide to academic and professional staff indicating:
 - 1.1 the areas where staff should be innovative; and
 - 1.2 the areas where staff should be more conservative or ensure compliance through their activities.
2. The university's approach is to manage its exposure to reputational, compliance and financial risk, whilst encouraging an increased degree of risk in pursuit of its strategic objectives. It is recognised the university's current overall appetite for risk is high, given its strategic direction. However, this does vary according to the activity undertaken and to reflect regulatory requirements.
3. The university has set its new strategy, which seeks to implement a vision of the university as a disruptive educational innovator, developing a distinctive university model. Building on its strengths in graduate employability, teaching and learning, the student experience, research, and industry and stakeholder partnerships, the university will develop a model that more closely meets these aspirations, while still demanding excellence and integrity. This new strategy requires a different approach to the university's risk appetite, in which the university must seek and seize opportunities where appropriate to do so.
4. The university's appetite for risk across its activities is classified against the following scale, which is derived from the UK Government's Orange Book on Risk Management:

Classification	Description
Adverse	Avoidance of risk and uncertainty is a key organisational objective
Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward
Cautious	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward
Open	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward
Hungry	Eager to be innovative and choose options offering potentially higher business rewards, despite greater inherent risk

5. Using the recently-approved strategic framework for the university, the appetite for risk across the university's activities is, as follows:

Area of activity	Adverse	Minimalist	Cautious	Open	Hungry
Compliance	X				
Reputation					X
Financial				X	
Knowledge application				X	
Educational innovation					X
Access & inclusion					X
Knowledge generation & research				X	

Addressing challenges together					X
Engaging our communities					X

- 5.1 Compliance: the university places great importance on compliance, and has an **adverse** risk for any breaches in statute, regulation, professional standards, research ethics, bribery or fraud. It wishes to maintain accreditations associated to individual courses and positive quality assurance judgements associated with the Scottish quality enhancement framework.
- 5.2 Reputation: it is regarded as important the university preserves its reputation, but that the profile of RGU is extended through some innovative practices across the institution. Growing the university's reputation is a stated objective of the new strategy. The university therefore has a **hungry** appetite for risk in the conduct of its activities that could increase its reputation and reach, while managing the work or publicity in a manner to maintain the confidence by governments and funders of its activities.
- 5.3 Financial: the university aims to achieve long-term financial viability and strength. To meet this objective, the university anticipates a growth in its total revenues and a growth in the proportion of its revenues from private and commercial sources over the period of the strategy. Therefore, the university currently has an **open** appetite for risk to achieve this overall financial goal, while carefully managing current operations and the enhanced revenue targets.
- 5.4 Knowledge application: the university aims to balance its existing reputation for high quality courses, which respond to regional, national and international demand, with taking steps to solidify or enhance student retention, student satisfaction and graduate employability. As such, the university has an **open** appetite for knowledge application recognising an increased degree of risk is required to enhance education outcomes. The university is accepting of this risk subject to ensuring developments are undertaken in line with established quality assurance and enhancement processes.
- 5.5 Education innovation: the university seeks to extend its reputation for offering market demand-driven education, increasing the numbers of students studying at the university, and growing the range of delivery mechanisms for such education. As such, the university has a **hungry** appetite for risk associated with education innovation. It recognises that this is an increased openness to risk, and where the university can develop opportunities aligned with its strengths, such as with graduate-level apprenticeships, the rewards will validate the assumed risk.
- 5.6 Access & inclusion: the university seeks to play a significant role in extending access and inclusion to education providing an inclusive and supportive environment, particularly associated with Scottish Government priorities. As such, the university has a **hungry** appetite for risk associated with access and inclusion. It recognises this assumes an increased degree of risk in activities to support recruitment of

students from more diverse backgrounds given the relative shortage of such students living in the university's traditionally strong catchment areas.

- 5.7 Knowledge generation and research: the university seeks to significantly increase the quality and volume of its research impact. As such the university has an **open** appetite for risk relating to knowledge generation and research. It recognises that this will involve an increased degree of risk in research activities associated with investment decisions and developing partnerships.
 - 5.8 Addressing challenges together: the university wishes to be commercially driven and entrepreneurial and maintain a community of individuals who display creativity in pursuing these activities. As such the university has a **hungry** appetite for risk associated with commercialisation activities. It recognises that this will involve a significantly increased degree of risk in areas associated with commercial initiatives, consultancy and providing work-related activities.
 - 5.9 Engaging our communities: the university seeks to build its influence and reputation through partnerships and community involvement and wishes to grow and develop a variety of partnerships. As such the university has a **hungry** appetite for risk associated with partnership and community involvement activities. It recognises that this will involve assuming an increase degree of risk associated with identifying and securing new partnerships, as well as maintaining and developing existing partnerships.
6. In terms of priorities, the need to accept reputational, compliance and overall financial risk will take precedence over other factors, but will be mitigated with strong governance, identified operational principles, and a clear alignment to the university's overall strategic objectives. For instance, it will be necessary to undertake risks associated with commercialisation activities providing they do not expose the university to undue reputational, compliance or financial risk.
 7. Responsibility for managing the activities of the university within this risk appetite statement lies with the management of the university, in particular Heads of School and Administrative Departments.