

Risk Appetite Statement

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| Approved by | Board of Governors (via the Executive and Audit Committee) | | |
| Date approved | February 2019 | Status | Approved |
| Policy owner | Director of Planning | Impact assessed | Yes |
| Version | 2 | Date of next review | June 2020 |

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:
 - the areas where staff should be innovative; and
 - the areas where staff should be more conservative or ensure compliance through their activities.

2. 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 |

3. In February 2018 the Audit Committee approved a risk appetite statement for the university. The statement was aligned with the key aspects of the then strategy of the university, 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 and research | | | | X | |

4. As a consequence of the Board's recent approval of a recast strategy map for the university, the opportunity has been taken to review the current risk appetite statement to ensure consistency. The statement retains the overarching compliance, reputation and financial areas of activity, but the next four areas have been aligned to the aims of the recast strategy, as follows:

| Area of activity | Adverse | Minimalist | Cautious | Open | Hungry |
|----------------------|---------|------------|----------|------|--------|
| Compliance | X | | | | |
| Reputation | | | | X | |
| Financial | | | | X | |
| Reach and Relevance | | | | | X |
| Student Experience | | | | X | |
| Impactful Research | | | | | X |
| Economic Development | | | | | X |

The rationale for the risk appetite for each area is set out below:

- 4.1 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.
- 4.2 Reputation: The university values its reputation and external recognition of its key strengths as one of the key enablers to the achievement of its strategic aims. During the course of 2018 the university's reputation has been damaged and therefore at this time of renewal and restoration of its reputation the university will not wish to take undue risks affecting its reputation further. In light of this the university currently has an **open** risk appetite for matters affecting the university's reputation.
- 4.3 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.
- 4.4 Reach and relevance: the university aims to balance its existing reputation for high quality courses, with taking steps to grow student numbers into existing courses and developing new CPD and short course provision and also enhance graduate employability. As such, the university has a **hungry** appetite for the strategic aim to extend the reach and relevance of its course recognising an increased degree of risk is required to increase student numbers and develop the university's portfolio of courses. The university is accepting of this risk subject to ensuring developments are undertaken in line with established quality assurance and enhancement processes (appetite for risk re compliance is adverse).
- 4.5 Student experience: the university seeks to ensure a high quality student experience recognising that the increasing diversity of the student community will bring with both challenges and opportunities which will compel the university to develop new support mechanisms. The university also recognises the powerful role that current students and alumni play in cultivating a positive reputation for the university. As such, the university has an **open** appetite for the strategic aim to ensure a high quality student experience.
- 4.6 Impactful research: the university seeks to significantly increase the quality and volume of its research impact. As such the university has a **hungry** appetite for the strategic aim to grow the university's globally recognised impactful research.

It recognises that this will involve an increased degree of risk in research activities associated with investment decisions and developing partnerships.

- 4.7 Economic development: 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. 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.
6. 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.