
HE Update

Higher Education Risk Themes

October 2019



Background

This is our annual desk top review of risk registers (across our 14 members and clients) published over the summer months. We have collated the principal risk themes and captured the specific risk descriptions.

The main themes are familiar e.g. student recruitment, IT / Cyber, but the detail about specific concerns has got richer (a pattern we have seen year on year since we started this exercise). This allows readers (particularly non-executives) to gain a better and more precise understanding of risks – and to focus their attention appropriately.

Some common risks from last year – most notably GDPR - are less prevalent. Others e.g. legislative compliance, reputation and staffing whilst not new are more prominent this year. New themes captured this year include 'Student Outcomes' – we see some risk registers differentiating this from student experience with graduate employment particularly in mind. Partnerships are also identified, both as opportunities and as sources of contractual and/or reputational risk.

It is interesting to compare higher education sector risk registers with the principal risk themes identified across other sectors. Once again, other sectors appear more pre-occupied with ethics; corporate social responsibility and, particularly, climate change. Beyond higher education, the references to digitisation and disruption of existing business models are striking too. There is a debate to be had whether these differences arise because (1) relative to other sectors these risks are less inherently important in higher education; or (2) the sector can demonstrate that relative to other sectors these risks are already being substantially managed. The other, less attractive, potential explanation is that, preoccupied by significant regulatory and market change, corporate social responsibility and digital disruption are blind-spots for the sector that need to be addressed.

We note that one university continues to progress towards an integrated approach that moves away from assessing risks in isolation but highlights their inter-relationships instead.

Here is a summary of the common risk themes:



Risk Theme	Comment
<p>Student Recruitment</p> <p>Failure to recruit the required number of students, either UG or PG, Home/EU or OS and the impact this has on the strategic objectives and income of the organisation.</p> <p>Inability to balance demand and supply based on recruitment forecasts and need to secure additional accommodation.</p> <p>Underperformance in recruitment of PGR students.</p> <p>Failure to achieve enrolment growth targets through poor adaptation to changing market and customer demand.</p> <p>Failure to meet strategic targets for quality, quantity and balance of the student intake - in the face of competition and UKVI limits.</p> <p>Taught student recruitment targets not met due to portfolio issues, policy uncertainty and disruption of market.</p> <p>International recruitment targets are not met due to government policy on immigration status, reduced student mobility and lack of targeted recruitment focus by heads of schools.</p> <p>Widening participation goals not reached due to high costs of study and access to relevant instruments and ensembles.</p> <p>Competitors are perceived as more attractive places to study, offer larger scholarships, have greater resilience due to broader commercial connections.</p>	<p>As last year, this risk was in all institutional risk registers in some form. Increasingly, students have been segmented: e.g. international, post graduate. Some also referred to the quality of students that they wanted to attract.</p> <p>For international student recruitment, increased global competition and uncertainty around Brexit was noted as increasing the risk of not meeting recruitment targets. This was compounded by concerns over UKVI compliance.</p>
<p>Legislative compliance</p> <p>Failure to meet and/or comply with OfS QAA, University and/or articles of governance requirements and the impacts this may have on the organisation in terms of penalties, fines, reputational damage or further recruitment.</p> <p>Changes in regulatory and reporting compliance result in significant impact to current working practices and increases in costs.</p> <p>Risk of the university losing OfS registration.</p> <p>Failure to achieve OfS Access and participation targets.</p> <p>Achieving the standards and compliance conditions required by Professional, Regulatory and Statutory Bodies.</p> <p>Compliance with legislation and key regulations not specified in other risks.</p> <p>Failure to comply with UK law, funding and and/or regulatory body requirements, or associated codes of practice and the impact this may have on the organisation in terms of penalties, fines or reputational damage.</p> <p>Failure to implement appropriate policies and procedures that protect the institution from possible litigation.</p> <p>Failure to retain UK Visas and Immigration (UKVI) Highly Trusted status.</p>	<p>Following last year's arrival of the OfS, regulatory compliance has now been integrated into most risk registers – and its referenced more across the 14 registers. The lack of communication (and clarity) from the regulator has no doubt increased the concern around this area.</p>



Risk Theme	Comment
<p>Government Policy - Brexit</p> <p>Impact of 'no-deal' Brexit.</p> <p>Brexit adversely affects the university through its impact on: staff recruitment, retention and morale;</p> <p>European collaboration; EU student recruitment; financial position.</p> <p>Failure to mitigate risks arising from financial/policy uncertainty ('Brexit').</p> <p>Uncertainty around funding of EU students, immigration status of staff and mobility of visiting lecturers and artists.</p> <p>Costs of food and supplies likely to increase post-Brexit.</p> <p>If Brexit project fails UK will be vulnerable to trade taxes such as duties.</p> <p>That the UK's decision to withdraw from the EU and associated political instability that this has generated creates uncertainty for the University in terms of funding and political standing.</p>	<p>Most risks detailing Brexit acknowledged potential strains on recruitment, finances and international collaboration, most commonly in the event of a no deal Brexit. Alongside reference to Brexit in the main strategic risk register, a number of institutions also had a standalone Brexit risk register.</p>
<p>Government Policy – Post 18 Review</p> <p>Reduction in funding for FT UG.</p> <p>Augar review on higher education funding now underway.</p> <p>Reduction in fees following a post 18 review.</p> <p>Reduction in student fee income following post 18 funding review.</p> <p>DfE Post 16 qualifications Review.</p> <p>That cuts in public funding undermine the University's ability to deliver its strategic aims.</p>	<p>Many institutions detailed the risks of a possible cut in tuition fee funding following the potential outcome of the Post 18 review of education. Time has moved on a little – with the publication of the report – although the take up of the recommendations is far from clear within this period of political uncertainty.</p>
<p>Reputation</p> <p>Damage to reputation; loss of trust.</p> <p>Damage to institutional reputation due to loss of designation, loss of validating partner, or inability to register with the Office for Students.</p> <p>Failure to protect and enhance the academic provision of a certain area / discipline within the university leads to irrevocable damage to reputation.</p> <p>Disruptive industrial action at the University, and associated disruption and protests caused by third party supports has an adverse impact on: a) our ability to maintain operations at a normal service level for our customers B) our reputation.</p> <p>Major breach in data, regulatory compliance, fraud, safeguarding, bad news item published by media damages reputation, legal claim, loss of assets. Major incident. Failure of a collaborative partner.</p> <p>The University has a poor reputation.</p> <p>Reputational damage from negative press or media coverage and protecting the integrity of the university brand.</p> <p>That the international reputation of the university is compromised through the actions of either the institution, its individuals or a third party.</p>	<p>In all risk registers the threat of reputational damage was noted, whether it be explicit or through the link to e.g. data breaches, student behaviour, industrial action etc.</p>



Risk Theme	Comment
<p>Staffing Matters</p> <p>Failure to recruit, retain and develop staff quality.</p> <p>Failure to implement effective recruitment and retention strategies, and to ensure appropriate monitoring of HR processes and procedures, and the impact this may have on the institution's reputation, students and sustainability.</p> <p>Failure to attract and retain quality staff.</p> <p>Failure to succession plan for key roles.</p> <p>Failure to drive, and incentivise, high performance and innovative.</p> <p>Failure to identify/develop talent, especially in leadership/management roles.</p> <p>Staff become overburdened by changes in regulatory requirements.</p> <p>People, skills, structures - having appropriate staff resourcing model with the ability to provide enough flex, with staff who have the most relevant and up to date to skills and capabilities to deliver the University's Strategic Plan.</p> <p>Staff resilience and wellbeing - staff resilience and wellbeing is important to the university in ensuring that we have staff who are motivated, healthy, supported and have the skills needed to deliver and perform at their best.</p> <p>The university's reputation as a good equalities employer may be damaged.</p> <p>Staff wellbeing: adverse impact on staff arising from work pressures and stress.</p>	<p>Over the years, this risk (perhaps more than most others) has featured more and more in the registers and, as can be seen, covers a range of angles – recruitment, retention, skills and training, performance and motivation, workload and capability, wellbeing and welfare through to success planning.</p>
<p>Student Experience</p> <p>Failure to appropriately respond to and address student feedback and the knock-on effect of potential increase in complaints and appeals.</p> <p>The institution fails to realise the benefits of programmes planning to improve the student journey/lifecycle.</p> <p>Failure to prevent serious harm (student wellbeing).</p> <p>Risk of not being able to respond adequately to increasing demands around student mental health.</p> <p>Failure to deliver a high quality student experience across the University.</p> <p>That student behaviour is such that it has an impact on the reputation of the University.</p> <p>That the University fails to maintain its reputation in the Teaching Excellence Framework (TEF).</p> <p>The student mental health or wellbeing issues lead to actions and/or behaviours that the University fails to prevent through safeguarding processes.</p>	<p>As with last year, reference to student wellbeing and mental health support has become more common.</p>
<p>Graduate Opportunities</p> <p>Failure to embed professionally related work experience and skills in the curriculum to ensure graduate level employability.</p> <p>Graduate employment and salary rates do not continue to rise, and inconsistencies between groups remain.</p>	<p>Per our introductory section, some of the registers did have specific focus on graduate employability.</p>



Risk Theme	Comment
<p>Finance</p> <p>Failure to diversify income.</p> <p>Failure to implement appropriate financial controls to ensure control of budgets and maximisation of income and the financial impact this may have on the sustainability of the organisation.</p> <p>The University' strategic objectives are at risk of being underachieved with the funding available.</p> <p>Failure to grow the universities discretionary income.</p> <p>Drop in financial performance from the linked organisation due to global competition, loss of market share, outdated systems and lack of commercial agility.</p> <p>Financial management reporting Is not adequate to assist with strategic decision-making.</p> <p>The University fails to deliver its core and non-core financial targets.</p> <p>Ability to maintain a sustainable business model - The university needs to have a business model that provides sufficient levels of income and cash generation to ensure that a satisfactory student experience can be provided.</p> <p>Ability to grow other sustainable income streams - With traditional three year degree students harder to recruit, and the potential for a reduction in the fees they bring, the University needs to have a range of alternative sustainable income streams.</p> <p>Changes to funding for NHS or STEM subjects - removal of NHS bursary for non-medical programmes.</p> <p>The University fails to generate a sufficient financial surplus to facilitate strategic investment.</p> <p>Reduction in philanthropy due to inflationary pressures and market uncertainty.</p>	<p>As last year, financial sustainability and the various ways in which this could be maintained was evident in most risk registers with some making direct connections between e.g. student recruitment and changing income streams whilst others focus on the outcomes of delivery of capital projects and delivery of the overall strategy for the organisation.</p>
<p>Partnerships</p> <p>That significant international partnerships responsible for teaching delivery fail or are unable to deliver a service commensurate with the Universities ambitions.</p> <p>Failure of the university to realise significant opportunities for engagement and partnerships.</p> <p>Failure to secure sufficient investment to build the institutional capacity to engage partners at a level which is institutionally significant.</p> <p>That the university enters into or is unable to exit an inappropriate contractual relationship at home or overseas.</p> <p>Actions of a global partner institution or regulatory regime leads to reputational or financial damage and/or legal.</p>	<p>Partnerships were mentioned in a number of registers – both from an opportunity and risk perspective.</p>



Risk Theme	Comment
<p>Estates</p> <p>Not meeting University Environmental Targets including Carbon Management Plan, BREEAM Excellent on new buildings, monitoring utilities use, reducing waste and increasing recycling.</p> <p>Statutory compliance in managing the environment and key record keeping.</p> <p>Inability to meet timetabling demands.</p> <p>inability to meet needs of building's security strategies.</p> <p>Lack of progress in addressing the legacy issues and gaps inherent in the University estate strategy and departmental plans.</p> <p>Insufficient focus on, or new discovery of, a range of hazards and health and safety issues connected to the University estate, leads to personal, financial or reputation impact and/or project delays.</p> <p>Failure to meet 40% reduction target for carbon emissions.</p> <p>Failure to develop the estates masterplan to identified budget/planned performance.</p> <p>Failure to optimise utilisation of the physical estate over the long term in line with the University's growth plans through appropriate systems development and reporting, maintenance, modification, replacement and limited new build.</p> <p>Facilities become outdated and no longer fit for purpose.</p> <p>Delivery of the estate strategy - The University estate is too large for current activity levels, with significant portions in poor condition.</p> <p>Failure to ensure sufficient availability of student accommodation for students to meet growth plans form the national market.</p> <p>That capital projects are not managed to align to University strategy/priorities.</p>	<p>The importance of the estate and its impact on a number of other risk areas, for example student and staff recruitment, is recognised in the majority of institutional risk registers. This is expanded in some to include environmental issues. Across the registers, this is the risk that posed the widest variety of sub risks.</p> <p>We expect risks surrounding carbon reduction targets will become more common in the coming years.</p>
<p>IT</p> <p>Failure to provide appropriate infrastructure, software and internet facilities for effective communication, teaching and learning.</p> <p>Technical and / or physical IT security is compromised.</p> <p>Business continuity plans and IT service continuity management plans are ineffective in dealing with multiple or large scale incidents/outages.</p> <p>Lack of embedded Enterprise Architecture across the technical eco system.</p> <p>Failure of information security leads to a major incident involving the theft and misuse of sensitive data, operational disruption and/or regulatory fine.</p> <p>The suite of change, financial, ICT and business improvement programmes fails to tackle the service and inefficiency issues identified and/or does not align the systems architecture with business processes and operational practice.</p> <p>Risk that the University is unable to a) fully articulate and define its future IT requirements b) invest in the infrastructure to support these requirements and meet the universities ambitions.</p> <p>Risk of loss or reputational damage as a result of an attack on the IT infrastructure.</p> <p>That there is an information breach caused by either a technical means (hacking) or by human error (i.e. loss of laptop) which leads to information being compromised.</p>	<p>A risk that was common across all registers although, as can be seen, it has a number of strands. The negative implications are still at the fore with only a few institutions choosing to capture the opportunities that can accrue from maximising IT capabilities.</p>



Risk Theme	Comment
<p>Research</p> <p>Failure to enhance research quality and volume.</p> <p>Loss of research income and activity as a result of tightening export controls regimes on research activity.</p> <p>Failure to deliver the planned progress of Research & Innovation.</p> <p>Failure to increase annual research and enterprise income as conventional funders shrink/exit and competition grows.</p> <p>Establishing the institution as a research University.</p> <p>That the University research reputation is considered poor or insufficient.</p> <p>That the University fails to generate a sufficient volume of quality impact case studies.</p> <p>Decrease in QR funding from the REF.</p>	<p>As last year, most universities captured the need to attract quality post graduate research students and retain academics to deliver high quality research outputs was recognised in the context of increasing competition both nationally and internationally</p>
<p>Data</p> <p>Failure to respond effectively to developments at HESA (e.g. Data Futures; Graduate Outcomes).</p> <p>Data quality is inadequate for: A) robust decision making, scenario planning, B) regulatory compliance.</p> <p>Data controls are weak.</p> <p>GDPR/FOIA compliance, with an adverse impact on data subjects.</p> <p>Delay in the delivery of a new student record system. The risk is that the university is not deriving the benefits such as efficiencies of time, new ways of working and improvements to data quality and services.</p> <p>Inability to link the new beta pilot systems with the requirements of data futures when live.</p> <p>Failure to deliver data capability programme scope and objectives on time.</p>	<p>Data is a common theme across the risk registers, in the form of both data quality and control, and GDPR compliance issues.</p>
<p>Pensions</p> <p>Failure to manage the University's pension liabilities.</p> <p>Defined benefit pensions become unaffordable - USS S.75 occurs.</p> <p>Pension deficits for LGPS and USS schemes may require additional contributions by the University at the point of closure.</p> <p>That changes to the pension schemes subscribed to by the university result in significant financial losses and result in significant HR implications.</p>	<p>Separating out from financial risks, multiple institutions detailed the risks surrounding unaffordable pension schemes and changes to arrangements.</p>



We can help

If you want reassurance that your risk management processes are effective, or if you would like help in facilitating a rejuvenation of your current risk identification and management processes, Uniac can help. For further information please do get in touch.



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