## HE Update **Higher Education Risk Themes** September 2018



## Background

Following a similar exercise last year, we have completed a desk top review of risk registers (across all our members and clients). Unsurprisingly, the results show similar themes across most institutions. Of course, the breadth, scale and diverse nature of institutions, from Russell Group members through to small specialist providers, causes individual risks to play out differently.

The arrival of the Office for Students (OfS) is a new, and prominent, risk theme this year. Some providers have developed a full register covering all aspects of OfS registration. Others report more specific risks relating to the evolving value for money agenda and speculation about the changing regulatory environment.

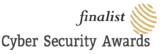
As might be expected, financial issues were also evident in all risk registers. Concerns about pension valuations and increasing deficits were highlighted. The ability to diversify and increase income sources was also common. The fee cap restricts per capita income from UK and EU students for the foreseeable future and so the ability to grow student numbers was also widely cited as a risk, with several universities noting the demographic decrease in 18 year olds which coincides with the fee cap period.

Increased focus on student welfare has been captured as has the role of social media. Additional burdens and pressures upon governance and management structures are noted too. Associated with all of these, the increased potential for reputational damage was also noted.

Here is a summary of the common risk themes:

Risk Theme	Comment
Student Recruitment	This risk was in all institutions' risk registers in some
Increased competition from other providers that	form. In cases, it was more specific to a group of
could be aggressive	students (e.g. international, post graduate) and
Demographic trends for a reduced number of 18	some also referred to the quality of students that they
year olds over the short term (with greater emphasis	wanted to attract.
on this for lower tariff universities)	In other cases, the risk was expanded to discuss the
Growth in future student number targets	demographic trend towards fewer 18 year olds over
Policy uncertainty with the government review of	the coming two recruitment years.
post 18 education and skills which could impact	For international student recruitment, increased
student recruitment	global competition and uncertainty around Brexit
Increasing competition for international students	were noted as increasing the risk of meeting
globally as well as nationally	recruitment targets.
Apprenticeship growth and alternative provision,	Several institutions linked recruitment directly with
especially in niche areas	desired financial performance and sustainability that
Adaptation to changing market demands	depended upon increased student numbers.
<b>Legislative compliance</b>	The arrival of the OfS and its registration process
Breaches of data security requirements, especially	was reflected in all risk registers with most noting
given GDPR	that it is new and untested. It was also noted that





1

Risk Theme	Comment
Ability to deliver HESA / OfS data requirements; maintenance of high quality student data New process for registration with OfS and conditions that attach to registration - which are complex, unclear and open to interpretation Increasing regulatory burden including tax, health and safety Statutory compliance with environmental requirements Retention of Tier 4 UKVI licence Safeguarding and PREVENT duties	there are a number of ongoing requirements and non-compliance could jeopardise "university" status. In addition to this the new GDPR requirements were noted as high risk.
<b>Government Policy</b> Uncertainty of Brexit with potentially economic downturn as a result Implications of leaving the EU on funding streams Post Brexit - potential for the UK to fall as an international destination for students and staff Continued fee cap at £9,250	Brexit uncertainty and potential impact on student and staff funding and the general economic wellbeing represents a key risk for many. The capping of fees for the next 2/3 years (and potential outcomes of the current post 18 review) was noted as potentially having an impact on delivery of financial plans.
Reputation Loss of trust, or confidence in management and governance processes Robust academic quality processes Industrial action as a result of proposed pension changes	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.
Staffing Matters Ability to retain, recruit and develop quality staff (academic and support) Drive and incentivise high performance and innovative behaviours in staff Ability of staff to deliver a change management process Delivery of staff well-being plans Maintain effective and motivational reward system	Staffing matters in various forms are on all the institutional risk registers reflecting the importance of high calibre, motivated and effective staff which have a major effect on institutional performance. There was increasing acknowledgement that the risk of the loss of key staff could impact the delivery of institutional strategy and succession planning for key roles (linked to the age profile of the senior team) required a longer term view of staffing requirements.
Student Experience High levels of student employability Deliver a high quality student experience Increase student retention rates Improvement in student outcomes Maintain or improve NSS overall satisfaction ranking Feedback mechanisms and surveys to support NSS scores	There were a wide range of student experience related risks, some specific e.g. to increase NSS scores whilst others were more generic. The impact of the new OfS and increased student engagement in regulation was noted at a number of institutions as a developing and unknown risk for the future. The increased publicity for student mental well-being was noted as an increasing risk at a number of institutions



2

Risk Theme	Comment
Increasing expectation from students which could lead to fall in student satisfaction Emphasis of value for money agenda and impact on	
student behaviour	
Ensure students have a world class teaching and learning experience	
Increasing demands for student mental health	
Maintenance of TEF status	
Finance Deliver financial plan Generate cash to meet investment needs Failure of forecasting or scenario planning processes Increasing pension liability and cost of pensions contributions Ability to maintain financial headroom Ability to grow other sources of income	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. Staffing costs, specifically the increasing pension burden was noted in all risk registers with many noting the potential for disruption due to strike actions – it was noted that this is a sector wide issue.
Estates Optimise use of the estate Maintain and modify the estate with appropriate resource Deliver carbon emissions targets Deliver new student accommodation as planned Deliver estates strategy without inappropriate changes to scope by either creep or reduction Disruption should a building be unexpectedly out of commission	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. Where major capital developments are planned or in place, the delivery of specific projects in relation to the estate were noted as specific risks.
IT Increased threat of cyber attack Failure of core IT systems Failure of business continuity plans or disaster recovery plans Ability to define and articulate future IT requirements to meet the University's ambitions	The risk of an IT security breach remains on most institutional risk registers and given the high profile of social media breaches that have been well publicised in the national and international press the risk has increased.
Research Deliver research and innovation progress Ability to attract early career academics Strategic management of research to increase volume and activity Increase research funding applications and income Ensure that research ethics are in place	For most universities 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



3

## How can we 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.



Richard Young Director

t: 0161 247 2959 e: ryoung@uniac.co.uk www.uniac.co.uk



