

**Imperial College Union  
Finance, Audit & Risk Committee / 2 November 2022**

**Strategic Risk Register Review**

- Author:** Tom Newman (Interim Managing Director)  
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- Purpose:** To undertake a structured conversation regarding the Strategic Risk Register for the Union and the approach to managing risk.
- Decisions:** To agree any changes to the approach to strategic risk management for action by the Senior Management Team.

**1. Background Information**

In December 2020 the Union agreed a new Risk Management framework based on the ‘three lines of defence’ model that is most common within the charity sector.

Line of Defence	Outputs	Monitoring & Reporting
First Line of Defence	Annual Operational Plans / Departmental Risk Registers  Other policies such as: risk assessment policy, financial procedures manual.	These should be developed on an annual basis and reviewed termly by the senior manager and at Leadership Group.  These should be reviewed on a triannual basis as part of a formal process.
Second Line of Defence	Strategic Risk Register  Scheme of Delegation Reserves Policy	These should be formally reviewed annual each September by the full Board of Trustees.  The Strategic Risk Register should be a standing item on the Finance & Risk Subcommittee.  The Strategic Risk Register should integrate with the College’s risk framework.
Third Line of Defence	Annual External Audit Annual Imperial College Internal Audit External Accreditation Schemes	These should take place annually and be reported to the full Board of Trustees.

The strategic risk register is a standing item for all meetings of Finance, Audit & Risk Committee, and at least annually for the Board of Trustees. Although this has happened and the risk register has been updated and reviewed frequently, there is not currently a target risk level or action plan for reducing these risks systematically.

**2. Strategic Risk Conversation**

At the meeting, there will be a facilitated conversation regarding our approach to strategic risk management. To support this, Trustees are asked to consider the following questions in advance of the meeting:

- i. How confident are you that you have the right level of knowledge to evaluate ICU’s strategic risks?

- ii. Is our current methodology still right?
- iii. Do you feel a 'target' risk level for each risk should be determined? If so, how?
- iv. Do you feel confident that strategic risk management, operational risk management and business planning processes work collectively to address strategic risks?
- v. Do you have concerns about areas that are not covered in the current strategic risk register?

The above questions are not intended to be restrictive, but to encourage some constructive challenge to our current strategic risk register – a copy of which is included below. NB this has not been updated since the September Board of Trustees meeting, and will be subsequently updated to reflect the discussion at Finance, Audit & Risk Subcommittee.

**Strategic Risk Register [SEPTEMBER 2022]**

The Union has identified 11 risks (all classed as threats) that it would categorise as strategic and that Board should ensure are actively managed.

	Risk Theme (College code)	Risk Description	Inherent Risk			Key Controls & Mitigating Actions	Residual Risk			Narrative & Update
			Impact (1-5)	Likely (1-5)	Score		Impact (1-5)	Likely (1-5)	Score	
1	Uncertainty  (Business Continuity)	There is a major incident (for example a pandemic) that affects either the College and / or wider society in a manner that significantly hampers the organisation's ability to function.	5	2	10	A strong relationship with the College, articulated clearly in a partnership agreement that includes service level agreements for areas of key infrastructure.  Membership of the College's Operations Committee by the Managing Director (replacing the previous 'Silver Group').  <u>Work in progress</u> A business continuity and crisis communication plan based on <i>organisational resilience</i> which maps against our key service areas.	3	2	6	No change.
2	Strategic  (Strategic Vision)	There is a lack of strategic direction within the Union, causing a loss of impact for all members from all backgrounds.	5	4	20	A clear strategy for the Union with a cycle for revision and renewal every two years.  A range of longitudinal KPIs to monitor the Union's progress over a period of time.  An annual planning round that links directly back to the strategy and associated KPIs.  An annual reporting cycle that demonstrates to members and other stakeholders how the Union is progressing against the plan, and what challenges lie ahead.	2	1	2	No change. It should be noted that this risk has been review in the context of the change in Managing Director. No change was deemed appropriate given the continuity provided by an internal appointment and adequate time for the next strategy to be developed.
3	Financial  (Financial – Change in Funding Model)	There is insufficient funding within the Union to deliver the strategic plan and associated activities and services.	5	3	15	A financial model for the Union agreed with the College, distinguishing between 'core' and 'enterprise' activities, and how these are funded.  A budgeting round that links directly back to the strategy and associated KPIs.  <u>Work in progress</u> A clearly defined process for the Union to 'bid for' capital funding alongside other College departments for long-term developmental estates or ICT related projects.  A review of the financial model and reserves policy in respect of 'BAU' investment requirements that may not always be capital in nature.  Establishment of multi-year budgeting to support planning.	3	3	9	Increase. The provisional financial result for 2021/22 was below budget and therefore does not provide a significant 'Strategic Investment Fund' for 2022/23. This leaves key projects such as digital transformation with uncertain funding sources, and therefore the risk level has been increased. We do not have an established mechanism with the College to bid for funding for investments outside building / capex.  Work has already begun to review how investment is supported within the agreed financial model, and solutions will be presented to the November FAR Subcommittee.
4	Financial  (Financial – Reducing Income)	There is a significant reduction in the income generated by our social enterprise, or a significant increase in the costs	4	4	16	A robust financial reporting system, including management accounts, that enables the Union to monitor sales and adjust costs accordingly.  A financial model for the Union's social enterprise activities that includes a designated reserve to 'smooth	2	4	8	No change. In 2021/22, the financial model proved to be successful; the organisation was able to respond to shocks and uncertainty in-year and still post, overall, a marginal surplus.

		associated with operating them.				<p>out' income and cost fluctuations within year and invest in cyclical improvements.</p> <p>A two-year development plan for the Union's social enterprise activities, mapping out risks and mitigation / income growth strategies.</p> <p><u>Work in progress</u> A strong purchasing arrangement that provides value for money and protects against significant price fluctuations within year.</p> <p>Better use of EPOS data and stock management processes to enhance timeliness and reliability of information presented.</p>				The performance of enterprise was not able to be set aside for future investments due to underperformance in other areas.
5	Health and safety & Reputational (H&S)	The access, security and building management arrangements of Beit building are ineffective and lead to dangerous or inappropriate use of the space.	4	4	16	<p>A security risk assessment of the building to be undertaken with the College.</p> <p>A capital expenditure bid to the College is produced to secure funding for a major investment in the access, security and building control resources.</p> <p><u>Work in progress</u> A building operations policy and procedure is developed and formally adopted by the Union.</p>	4	2	8	No change. The capital expenditure bid to the College was received positively, but has not yet resulted in projects being approved – if this becomes a long term outcome, this risk should be considered for increase.
6	Health and safety & Reputational (H&S)	There is a major health and safety incident within a Union-run activity, event, service or space, that causes harm to either a member or member of the public.	4	3	12	<p>A range of comprehensive health and safety policies and procedures that cover all areas of the Union's operation.</p> <p>A strong relationship with the College's Safety Department, including attendance at various committees and working groups.</p> <p><u>Work in progress</u> A health and safety 'roadmap' that sets out key projects and developmental work over the next 18 months.</p> <p>A training plan for health and safety that ensures all staff and student volunteers leading activities do so safely and within the relevant policies and procedures.</p> <p>An effective Health &amp; Safety Committee within the Union that (a) provides regular updates to the Board, (b) monitors compliance with our policies and procedures and (c) considers major incidents and improvements needed.</p>	4	2	8	No change. Work continues to improve our H&S practices and reduce this risk further.
7	Health and safety & Reputational (H&S) (Ranking / Reputation)	There is a major incident during the activities or events of a student club, society or project that causes harm to either a member or member of the public or attracts negative media attention due to poor conduct.	5	4	20	<p>See above.</p> <p>Training and induction for all student leaders, with a focus on promoting a positive culture and behaviours within CSP activities.</p> <p>A strong working relationship with the College's Communications department that is articulated clearly in the partnership agreement.</p>	4	3	12	No change. Work continues to improve our H&S practices and reduce this risk further.

						<p><u>Work in progress</u> A structured programme of health and safety training provided to CSP committee members on a 'risk-based approach' that considers their specific activities.</p> <p>A centrally managed risk assessment monitoring and compliance process.</p> <p>A comprehensive code of conduct and disciplinary policy for the Union that is easy to understand and clearly articulates how incidents will be investigated and managed.</p>				
8	Permanent Staffing  (Staff – Succession Planning)	There is a failure to recruit staff of sufficient capability or deal with poor performance where it occurs, causing the organisation to lose focus and become ineffective.	4	4	16	<p>The inclusion of 'great people and culture' as a distinct theme in the new strategy, with a vision statement of what 'great' looks like and a development plan underpinning this with SMART actions.</p> <p>A formal personal review development process (PRDP) that cascades from the MD / SMT right through the entire organisation and is aligned with the annual planning round.</p> <p>A clear understanding of where certain Union staff roles should be advertised (particularly those sector specific) and an ability to access those channels (particularly NUS Connect).</p> <p><u>Work in progress</u> A service level agreement with the College's HR department that clearly establishes the support levels and services that the Union can access.</p> <p>A revised recruitment and selection process that more clearly articulates the Union's employment proposition (rather than the College).</p> <p>EDI review and strategy development</p>	2	2	4	No change. It should be noted that we have made several successful appointments over recent months (particularly for the Managing Director role).
9	Casual Staffing  (Staff – Succession Planning)	There is a failure in the performance or challenge with the culture and engagement of our casual staff team. Or there becomes a conflict between members who are also staff.	3	4	12	<p>The staff engagement survey is completed by all staff – permanent and casual – tracking our work in this area.</p> <p><u>Work in progress</u> A commercial development review setting out a range of specific proposals related to our recruitment and management of casual staff.</p> <p>A review with the College's HR team relating to the employment relationship of casual staff, and associated College-wide policies.</p> <p>A review of complaints and membership disciplinary processes includes the relationship between members who are also staff.</p>	2	3	6	No change.

10	IT and systems  (ICT - Programmes and Systems)	There is a failure of critical IT system(s) that the Union relies on for the delivery of its services and activities.	5	3	15	<p>A service level agreement with the College's ICT department that clearly establishes the support levels and services that the Union can access.</p> <p><u>Work in progress</u> Operating manuals for all our major IT systems, with associated risk assessments and contingency solutions where appropriate.</p> <p>A specific stabilisation and development plan for eActivities, that consolidates its current operating span and builds a rolling two-year development timeline.</p>	3	2	6	<p>No change. The Digital Transformation Project is beginning and will be focused on addressing this risk.</p> <p>NB there is an interdependency with risk 3, related to funding for the recommendations arising from the DTP.</p>
11	Relationships  (Partnerships / Stakeholders)	The relationship with the College becomes adversarial or apathetic, which causes a loss of confidence in the Union to deliver impact for students and a lack of influence to shape decision-making with respect to the student experience.	5	3	15	<p>A strong relationship with the College, articulated clearly in a Partnership Agreement that includes service level agreements for areas of key infrastructure.</p> <p>A revised Code of Practice that clearly establishes the regulatory role of the College.</p> <p>A robust elections process that ensures democratic legitimacy of student representatives.</p>	2	2	4	No change.
12	Relationships  (Partnerships / Stakeholders)	There is a lack of connectivity between the Union and the wider students' union sector which prevents shared learning and collaboration on key projects.	3	5	15	<p>An agreed prioritisation amongst the Senior Management Team to ensure Union staff attend sector events / conferences.</p> <p>An agreed prioritisation amongst the Officer Trustees to ensure they engage with wider sector events / conferences.</p> <p>Engagement with WonkHE and its associated activities and briefing services.</p> <p><u>Work in progress</u> Consideration of NUS charity membership to enable student / staff participation in training and development events.</p>	2	3	6	No change.
13	External  (Regulation / Legal / Legislative Compliance)	There is a change in sector regulation which negatively impacts our ability to operate effectively.	3	3	9	<p>A proactive relationship with the College to ensure a collaborative approach to sector regulation, including responses to proposed changes.</p>	2	2	4	No change.

### Criteria for Assessing Impact

The following tables set out the criteria for assessing an appropriate score for an opportunity or threat used by the College (currently under consideration and awaiting approval). There may be one or more impacts and the table suggests possible criteria; it is only necessary for any one of the criteria at a particular level to be met.

Impact	Strategy	Safety	People	Financial	Operational	Reputational	Regulatory
Critical 5	Significant impact on strategic objectives	Significant injury to students / staff due to a safety incident	Significant staff and student wellbeing / low morale impacts  Loss of key staff	Loss 35% income in one hit or >20% income recurring over 3 years	Significant service disruption	Long-term reputational damage to the Union, and by extension the College	Significant prosecution, fines and potential litigation
Major 4	High impact on specific organisational strategic objectives	Injury to students / staff due to a safety incident - isolated incident	Moderate staff and student wellbeing issues  Low morale	Loss >26%-35% income in one hit or >10%-20% income recurring over 3 years	Moderate level of service disruption	Medium to long-term impact on reputation and expensive to recover	Report of breach to a regulator requiring major project for corrective action
Moderate 3	Challenging operating context increases risk to objectives	Incident at College requires staff / student / 3 <sup>rd</sup> party outpatient treatment	Low staff morale and elevated staff turnover	Loss >16%-25% income in one hit or >5%-10% income recurring over 3 years	Waste of resources or poor operational efficiency	Short-term negative media coverage	Report of breach to a regulator with specific remediation identified
Minor 2	Low impact to achievement of strategic objectives	Minor injury to staff / students / 3 <sup>rd</sup> parties from low level H&S incidents	Good staff and student morale  Positive staff and student survey results	Loss >6%-15% income in one hit or >3%-5% income recurring over 3 years	Medium and temporary impacts to operations and services	Local reputational damage	Incidents not reportable to regulators
Negligible 1	No or minor impact to strategic objectives	Low level injuries to report	Isolated staff and student dissatisfaction	Loss <5% income in one hit or <3% income recurring over 3 years	Minimal interruption of services which are easy to recover	Minor impacts to the Union's reputation which are temporary and easy to recover	Not reportable to a regulator - low level incidents

### Criteria for Assessing Likelihood

- 5 Almost Certain (80% +)
- 4 Likely (60-79%)
- 3 Possible (40-59%)
- 2 Unlikely (20-39%)
- 1 Rare (0-19%)

### Score

Calculated by = Likelihood x Impact

### Heat Map

Impact / Likelihood	1 (Rare)	2 (Unlikely)	3 (Possible)	4 (Likely)	5 (Almost Certain)
1 (Negligible)	1	2	3	4	5
2 (Minor)	2	4	6	8	10
3 (Moderate)	3	6	9	12	15
4 (Major)	4	8	12	16	20
5 (Critical)	5	10	15	20	25