

**GOLDSMITHS  
University of London**

**RISK MANAGEMENT METHODOLOGY**

This Methodology statement provides detail on how risk is evaluated and managed by the College. The Risk Management Policy sets out the strategic framework and this statement should be read in light of that Policy.

**Overview**

The college recognises the benefits of a risk based approach to management and effective risk management arrangements, including clarity over risks that the organisation wishes to assume and those it wishes to minimise or prevent.

The College assumes a level of risk tolerance associated with achieving its mission for creative, radical and intellectually rigorous thinking and practice, however, any action or judgement that has the potential to harm the College's reputation and/or business continuity stands outside the College's defined tolerance level.

The College aims to identify significant risk through normal business processes such as project management, horizon scanning, planning and modelling, and 'lessons learned'.

The risk management methodology aims to:

- identify outcomes or occurrences that present a threat to the aims/ objectives/business of the College
- rate identified risk in terms of likelihood and potential impact, or disruption and deviation from normal business
- agree appropriate action in terms of management, mitigation and/or monitoring
- review the status of recorded risks until they have been mitigated or resolved

**Recording Risk**

An outcome or occurrence that has the potential to disrupt or halt a business or service area should be recorded by the department or business area threatened. Risk should ordinarily be recorded through a department risk register but at times maybe best captured through alternative documentation. The record should contain:

- A risk summary, including links to strategic aims, scenario outcomes and common risks within the organisation and/or the HE community.
- Risk ratings for likelihood and impact, or disruption and deviation from normal business
- Approach to risk management including actions planned and undertaken, as appropriate.

**Assessing and rating risk and issue**

**Risk**

In line with best practice, risk is rated in terms of the **likelihood** of a particular outcome actually happening, and the potential **impact** –effect or result of a particular outcome. Likelihood and

Impact are assessed in terms of low, medium and high values as shown in the guides and table below.

**Likelihood level guide**

High – 3 – more than likely to occur

Medium – 2 – fairly likely to occur

Low – 1 – unlikely to occur, but not impossible

**Impact level guide**

High – 3 – would halt or stop a process, system or business

Medium – 2 – would disrupt a process, system or business

Low – 1 – would result in a minor issue of little significance

**Risk Rating Table**

Likelihood	High (3)	4	7	9
	Medium (2)	2	6	8
	Low (1)	1	3	5
		Low (1)	Medium (2)	High (3)
		Impact		

**Key**

1-3	Green - Low Risk
4-6	Amber - Medium Risk
7-9	Red - High Risk

**Issue**

An issue is a risk that has occurred, and is rated in terms of the **level of disruption** that has taken place as a consequence of the occurrence, and **normative state** – the continuing effect of the occurrence on the affected business area i.e. is it likely to get worse, remain in a steady state or improve.

**Disruption level guide**

High – 3 – business is dependent on continuity/contingency plans

Medium – 2 – business is partially dependent on continuity/contingency plans

Low – 1 – business is relatively unaffected by the occurrence

**Normative state level guide**

High – 3 – the affect of the occurrence is expected to worsen

Medium – 2 – the affect of the occurrence is expected to remain at a steady state

Low – 1 – the affect of the occurrence is expected to improve

## Issue Rating Table

Disruption	High (3)	4	7	9
	Medium (2)	2	6	8
	Low (1)	1	3	5
		Improve (1)	Steady (2)	Worsen (3)
Normative state				

### Key

1-3 Green - Low Risk

4-6 Amber - Medium Risk

7-9 Red - High Risk

### Action Required

Risks and Issues rated 7 to 9 (red – high risk) are above the organisation’s defined tolerance level and must have a management action assigned to them aimed at reducing their impact within a 3 month time frame. The status of the risk should be monitored regularly.

Risks and Issues rated 4 to 6 (amber – medium risk) may require immediate action and plans for mitigation should be assigned with an aim to reduce the rating within a 3-6 month time frame.

Risks and Issues rated 1-3 (green – low) are unlikely to require immediate action but an action plan should be considered and the status of the risk should be monitored/reviewed occasionally.

### Approaches to risk

Depending on the context and level of the risk assessment, a plan of action aimed at reducing the risk, monitoring, or, if judged benevolent to the strategic aims, no further action will be recommended.

The College accepts a level of **risk tolerance** associated with achieving the College mission for creative, radical and intellectually rigorous thinking and practice. In this regard the College entrusts employees within their areas of expertise, with the responsibility and accountability of good judgement and actions taken. The College does not tolerate any action or judgement that has the potential to harm the College’s reputation and/or business continuity.

Accepted approaches to risk reduction/resolve are described below.

**Eliminating or avoiding risk** through changing or abandoning goals associated with the risk in question, or choosing an alternative way forward to make what was a risk no longer relevant.

Similar to the avoidance approach, **reducing the likelihood** of an undesirable outcome can be achieved through changing the approach or method aimed at achieving particular outcomes

**Risk sharing** assumes partnering with another stakeholder to assist in the facilitation of risk treatment and reduction.

**Reducing the consequences** of an undesirable outcome can be achieved through developing targeted contingency plans, even if other steps have already been taken to minimise risk.

## **Risk Registers**

In line with best practice a risk register template has been devised to record the assessment, rating and review of risks.

The College's strategic risk register is maintained by the Risk-Management Sub-Committee. It comprises all identified risks that have the potential to compromise the College achieving one or more of its strategic aims;

- Knowledge Production
- Student Experience
- London and the World
- Financial Sustainability

The strategic register includes a summary, ratings and agreed approach to management/mitigation/monitoring as judged by the Risk Management Sub-Committee.

Each academic and central department is encouraged to maintain its own risk register. Departmental registers should focus on the risks to the departments functionality and sustainability, and should be submitted to the Risk-Management Sub-Committee for review.

Reporting procedures between Risk Management Sub-Committee, Senior Management Team, Audit Committee and Council are outlined within the Policy document that sets out the College's overall framework for risk management.

*Approved by Council  
29 November 2012*