

Criteria for evaluating likelihood and impact of risk

Both the likelihood and the impact of any particular risk are to be scored in a four-point scale as shown below.

A **Lead Impact** should be determined by choosing the driver and the sub-category we are most concerned about if that specific risk were to materialize.

The risk score is the multiple of likelihood and impact.

Likelihood

Scale	Description	Example
4 Almost certain	A risk that is <i>almost certain</i> to arise (> 90% probability)	Change to visa regulations lead to pressures on international recruitment
3 Likely	A risk that is <i>likely</i> to arise (50-90% probability)	Increased USS costs
2 Possible	A <i>possible</i> risk that could happen (10-50% probability)	Major power cut on campus
1 Unlikely	A risk that is <i>unlikely</i> to occur (<10% probability)	Terrorist attack on University

Impact (Strategic impacts)

Strategic		Scale			
		(1) <i>Low</i>	(2) <i>Medium</i>	(3) <i>High</i>	(4) <i>Critical</i>
Lead Impact – Strategic	Student education	Minor impact, or delays to delivery of our student education strategy	Moderate impact on delivering our student education strategy	Major threat to the delivery of education related programmes, projects	Delivery of student education strategy is severely impacted, seriously at threat.
	Research & innovation	Minor impact, or delays to delivery of our R&I strategy	Moderate impact to the delivery of our R&I strategy	Major impact. Research funding & reputation would be significantly damaged.	Severe impact. REF positioning, funding & reputation seriously at threat.
	Embedding International	Minor impact, or delays to delivery of our international strategy.	Significant impact to the delivery of our international strategy.	Major impact to the delivery of our international strategy. Global reputational damage, but recoverable.	Severe & sustained impact on our global reputation. Inability to deliver our global ambitions.
	Financial* (Surplus i.e. bottom-line impact)	Impact <£2m	Impact £2m to £5m	Impact £5m to £10m	Impact >£10m

* Faculties, services and programmes should tailor the financial loss or cost to their size.

Impact (Operational impacts)

Operational		Scale			
		(1) <i>Low</i>	(2) <i>Medium</i>	(3) <i>High</i>	(4) <i>Critical</i>
Lead Impact – Operational	Operations impact/ Business continuity	Minor impact on services – affecting local services only, or isolated areas.	Moderate impact on service provision to students and key stakeholders, affecting a small number of areas.	Major impact on service provision to students & key stakeholders, affecting some (not all) faculties/schools/services.	Severe and sustained impact on university-wide service provision to students and key stakeholders.
	Hazard/ Health & Safety	First aid type injuries, or reversible illnesses, affecting few people	Injured persons unable to return to work within a few days, reversible illnesses causing significant absence.	Fatal injury and/or multiple serious injuries or irreversible occupational illnesses.	Multiple fatalities and/or irreversible illnesses (>1 person) reducing life expectancy
	Compliance with University policies and/or relevant laws & regulations	Minor only, no reprimand or sanction (save improvement notice)	Significant breach leading to reprimand or sanctions	Major breach leading to suspension or partial closure of business	Critical breach leading to closure of University (or Faculty/Service)
	Reputation	Isolated student or stakeholder criticism. No negative media coverage.	University-wide negative publicity (e.g. student newspaper) or short term regional media coverage.	Long term negative publicity in national media or short-term negative publicity in national and international media	Sustained negative publicity (national and/or international), impacting TEF, NSS and league tables.
	Change management	Minor impact on delivery of change initiatives.	Moderate impact on delivery of change initiatives.	Major impact on delivery of change initiatives.	Severe & sustained impact on delivery of change initiatives.

Risk matrix

The University uses the following risk matrix to assess the likelihood and impact of risks:

Likelihood	4 Almost Certain	4 Moderate	8 Major	12 Severe	16 Severe
	3 Likely	3 Minor	6 Moderate	9 Major	12 Severe
	2 Possible	2 Minor	4 Moderate	6 Moderate	8 Major
	1 Unlikely	1 Minor	2 Minor	3 Minor	4 Moderate
		1 Low	2 Medium	3 High	4 Critical
		Impact			

The **residual risks** will be plotted in one of the following 4 areas of the risk matrix, and each area requires a different level of priority. Refer to step 16(a) for a detailed explanation of priority steps,

Residual Risk Score – *where the risk is today*

The **Residual Risk** score (also known as the 'Net Risk') is the current evaluation of the likelihood and impact of the specific risk, with existing controls in place that help reduce the risk level from a totally unprotected level.

Target Risk Score – *where we want to take the risk, and by when do we want to get there*

The **Target Risk** score is the level of likelihood and impact that senior management agree needs to be reached. To reach the target risk, additional actions will need to be completed, leading to new control mechanisms. Once all of the new controls are embedded you would expect to reach the target risk. A due date should be set by which we expect to reach the target risk score.