University of Leeds Risk Appetite framework

1. Introduction

1.1 The risk appetite reflects the University's attitude to risk. By defining its risk appetite the University can set boundaries for risk taking.

1.2 The University recognises that it must take risks to deliver its strategy and its objectives; it must also be alert to risks arising from events outside of its control within an environment that is volatile, uncertain, complex and ambiguous (VUCA). It must take risks in a controlled manner within this VUCA environment, reducing the exposure to a level deemed acceptable by the University Council and Executive Group.

1.3 The risk appetite is not necessarily static. In particular, the University Council and Executive Group will have freedom to vary the amount of risk which it is prepared to take depending on the circumstances at the time. The time-based aspect of risk appetite is a key attribute to agile decision making.

1.4 The appetite will vary depending on the type of risk.

2. Definition

2.1 Risk appetite is defined as "the amount and type of risk that an organisation is willing to pursue or retain" (ISO 73:2009).

2.2 Risk appetite is not a single, fixed concept. There will be a range of appetites for different risk categories.

3. Appetite

3.1 The University uses a four-level approach to setting risk appetite as set out in Table 1 below.

3.2 The University's risk appetite will vary depending on the nature of the activity. At a high level, the University Executive Group has agreed risk appetites for specific types of risk, set out in Table 2 and detailed in the Appendix.

Table1: Risk Appetite Approach

RATING	AVERSE	CAUTIOUS	OPEN	BOLD
Philosophy	"Sacred". Avoidance of risk is a core objective	Limited tolerance of risk; focus on safe delivery	Willing to take reasonable risks, balanced against reward potential	Will take justified risks
Tolerance for uncertainty	Extremely low	Limited	Expect some uncertainty	Fully anticipated
Choice when faced with multiple options	Will select the lowest risk option always	Will accept limited risk if it is heavily outweighed by benefits	May choose to put at risk, but will manage impact	Will choose option with highest return; accept possibility of failure
Trade-off against achievement of other objectives	Never	Prefer to avoid	Willing under the right conditions	Willing to trade-off

4. Overarching need to avoid reputational, compliance and financial risk

4.1 The University's approach to risk will be informed by the need to demonstrate responsible stewardship in all aspects of its business, especially in respect of institutional sustainability, governance, financial control, legal compliance, environmental sustainability and health and safety. Similarly, the University will also ensure that, in all matters it undertakes, the preservation of its reputation as a body committed to academic excellence, the fulfilment of its other values and the delivery of the best student experience possible under prevailing circumstances will all be paramount considerations.

That said, there will be instances where some level of reputational risk might be appropriate and necessary to achieve academic and institutional objectives, but this should be proportionate and, essentially, we should be cognisant of the nature and scale of this risk before committing to undertaking relevant activity.

5. Risk Appetite for Specific Areas

5.1 We have defined our risk appetite to deliver our University strategy over the next 5 to 10 years. This covers both the individual academic strategies as well as the enabling strategy.

5.2 Table 2 below illustrates the University's appetite for risk across its activities.

Table 2: Overview of risk appetite for each area

University of Leeds Risk Appetite Summary	Unacceptable to take risks							Higher willingness to take risks	
	1	2	3	4	6	8	9	12	16
Overarching priorities									
• **Reputation**	Averse	Averse	Averse	Cautious	Cautious				
• **Compliance**	Averse	Averse	Averse						
• **Financial**				Cautious	Cautious				
Academic Strategy									
• **Student Education**						Open	Open	Bold	Bold
• **Research & Innovation**						Open	Open	Bold	Bold
• **International**				Cautious	Cautious	Open	Open	Bold	Bold
• **Digital Transformation**						Open	Open	Bold	Bold
Enabling Strategy									
• **Society**								Bold	Bold
• **Organisational structures**						Open	Open		
• **Operating model**						Open	Open		
• **Cultural shift**						Open	Open		
• **Staff community**				Cautious	Cautious	Open	Open		
• **Health, safety & wellbeing**	Averse	Averse	Averse	Cautious	Cautious				
• **Future campus use**						Open	Open		

OVERARCHING PRIORITIES

The University's approach is to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its strategy and objectives.

For example, it will be acceptable to undertake risks in research activities providing they do not expose the University to undue reputational, compliance or financial risks. Similarly, the University is open to innovation in student education, if this supports and enhances its reputation and does not expose it to undue financial or compliance risks.

REPUTATION

It is regarded as critical that the University preserves its high reputation. In general, the University therefore has low appetite for risk in the conduct of any of its activities that could put its reputation in jeopardy, could lead to adverse publicity, or could lead to loss of confidence by key stakeholders, including students, the UK government, and funders of its activities.

The University will therefore be mindful of avoiding undue reputational risk in carrying out its activities, noting that there might be instances where some level of risk is appropriate and necessary.

AVERSE / CAUTIOUS

COMPLIANCE

The University places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, research or medical ethics, bribery or fraud. It wishes to maintain accreditations related to courses or standards of operation, and has low appetite for risk relating to actions that may put accreditations in jeopardy.

Regulations and statutes include compliance with employment law, consumer law, the Office for Students (OfS) regulatory framework, General Data Protection Regulation (GDPR), immigration laws, environmental and health and safety legislation.

AVERSE

FINANCIAL

The University aims to maintain its long-term financial viability and its overall financial strength. Whilst targets for financial achievement will be higher, the University will aim to manage its financial risk within existing criteria as agreed with the University Council.

CAUTIOUS

ACADEMIC STRATEGY

STUDENT EDUCATION

The University wishes to stimulate students to develop a lifelong thirst for knowledge, and encourage a pioneering, innovative and independent attitude to their education at Leeds. The University is well positioned to be a leading university for research-based and digital education, and to create an engaged University community in which there is open, transparent dialogue between students and staff contributing to the co-creation of learning opportunities.

In the context of expected funding pressures in support of Home students' education the University will be required to ensure that our delivery models for education remain sustainable. To achieve these objectives in student education we will need to accept a certain flexibility to take reasonable risks, whilst maintaining a cautious approach in some areas to sustain our current high educational status and meet changing regulatory expectations.

1. PARTNERSHIP

Engage students as partners in their education, through active and inclusive approaches to learning, and research-based content.

The University has an OPEN risk appetite to deliver the Partnership elements of the Student Education strategy.

Examples of how our actions will support this risk appetite level include:

- The redesign of ALL of our taught programmes, with potential risks of resistance (from students as well as staff) and potential lack of engagement across all stakeholders
- The comprehensive review and enhancement of our assessment and feedback approaches, which could lead to short-term issues with supporting and equipping students and staff to embrace and benefit from these changes
- Committing to evolve our admissions policies to ensure wider participation; following this up with tailored support for students from diverse backgrounds and promoting a sense of belonging for all in order to mitigate the risks of students not succeeding
- Promoting a campus-wide cultural shift to embed an effective partnership approach to designing, delivering and assessing programmes across the institution

OPEN

2. TRANSFORMATION

Provide an outstanding education that is underpinned and enhanced by sector-leading pedagogies, digital resources and technologies.

The University has a BOLD risk appetite to deliver the Transformation elements of the Student Education strategy.

Examples of how our actions will support this risk appetite level include:

- Re-imagining and transforming our educational spaces through the use of "smart campus" technology with the expectation that staff and students will be supported to adapt effectively to these technologies
- Developing and implementing a learning analytics system, and then making effective use of this system in supporting the successful outcomes of our students
- Investing in a substantially increased portfolio of fully online modules and programmes

BOLD

3. BELONGING

Foster an engaged and lifelong community of students, staff, alumni and partners

The University has an OPEN risk appetite to deliver the Belonging elements of the Student Education strategy.

Examples of how our actions will support this risk appetite level include:

- Investing time and effort in engagement with partners in Leeds City Region to provide opportunities for our students and closer engagement with the region
- Actively encouraging Alumni in our education and co-curricular offers and to engage them in providing mentoring and employment opportunities for students and graduates

OPEN

4. SUSTAINABILITY

Embed a sustainable approach to delivering high-quality, research-based education

The University has a BOLD risk appetite to deliver the Sustainability elements of the Student Education strategy.

Examples of how our actions will support this risk appetite level include:

- Fundamentally moving away from learning that is based primarily on didactic lectures and reducing dependency on physical learning spaces
- Taking carefully considered risks with new automated and workflow-based admission processes to address the administrative burdens

BOLD

RESEARCH & INNOVATION

The University aims to be an outstanding research-intensive university, recognised globally as collaborative, innovative, interdisciplinary and entrepreneurial. Such is the nature of the complex research problems facing the world that international collaboration and working across disciplines is essential.

The result is truly transformational fundamental and challenge-led research that advances knowledge and creates solutions to local, national and global challenges.

1. SUPPORT OUR RESEARCHERS AND RESEARCH STAFF

across their entire career to help them achieve their full potential & deliver fundamental and challenge-led research that will shape our future world

The University has an OPEN risk appetite to support our researchers and research staff.

Examples of how our actions will support this risk appetite level include:

- Developing a research culture of equality, ambition, confidence, and collaborative spirit
- Developing discipline-specific research expectations, which clearly articulate the value associated with all aspects of research outcomes associated with different disciplines across the University, including academic outputs, innovation, social impact, public engagement, and policy reform
- Supporting researchers to engage in activities with medium- to long-term return
- The ability to make substantial investments in career development opportunities to support transition of researchers and research staff through early-, mid- and senior career stages
- Delivering innovation and entrepreneurship activities targeted at undergraduate and taught postgraduate programmes
- Developing evidence-based targets for recruitment and completion of postgraduate researchers from under-represented groups
- Delivering targeted development and training opportunities (including research skills, mentoring, employability, and entrepreneurship) to all PGRs and ECRs
- Delivering professional development support for mid-career researchers

OPEN

2. FURTHER OUR REPUTATION

for high quality challenge-led, interdisciplinary research underpinned by our disciplinary fundamental research strengths

The University has a BOLD risk appetite to further our reputation.

Examples of how our actions will support this risk appetite level include:

- Taking a short-term drop in the University research reputation rankings to ensure we deliver the medium-term objectives
- The ability to develop significant, but sustainable funding and investment plans
- The ability to develop ground-breaking research ideas aligned to the university research missions that will positively shape our future world
- Focussing research investment to align with the University strategy
- Investing in long-term, high-risk high-reward, translational research projects
- Working with a range of partners across the globe, with the associated risks of these
- Further develop interdisciplinary research activities, which aligns to the University vision but cuts across disciplinary-based rankings and student education portfolios

BOLD

3. REMOVE INSTITUTIONAL BARRIERS

and promote Leeds as a "University without walls" to support interdisciplinarity and effective external partnerships

The University has an OPEN risk appetite to remove institutional barriers.

Examples of how our actions will support this risk appetite level include:

- Exposure to a greater number of external and strategic partners and the associated risks of these
- Investing staff time and resources to develop key relationships with external partners
- Investing in market/business development resources to build in-country networks of policy makers, business and government representatives
- Promoting a campus-wide cultural shift to embed an effective partnership approach
- Developing corporate systems and organisational governance to better support activities that work across traditional boundaries
- Increasing the reliance on digital capabilities to support ways of working

OPEN

4. ENHANCE AND DIVERSIFY OUR RESEARCH INCOME

and the impact it generates, building on the success of Nexus, MIT REAP and the Business Engagement Framework

The University has a BOLD risk appetite to enhance and diversify our research income.

Examples of how our actions will support this risk appetite level include:

- Investing staff time and resources to engage with research funders, policy makers etc.; and in the development of research bids in an increasing competitive marketplace
- Investing in market/business development resources to build in-country networks of policy makers, business, and government representatives
- Developing internal bid processes to improve application quality, at the potential cost of delaying submission of individual bids until they are suitably competitive
- Increasing cost of research bids to maximise cost recovery; diversifying/altering funder mix to maximise cost recovery across research portfolio, while remaining aligned to strategic vision
- Promoting a campus-wide cultural shift to embed an effective partnership approach to fundraising across the institution

BOLD

INTERNATIONAL

The University is prepared to take **balanced risks** to build a highly connected, inclusive global community; create high-impact global opportunities for students and staff, and continue to enhance our global reputation.

1. FOSTER AND EMBED A GLOBAL MIND-SET
throughout the University across all our activity

The University has an OPEN risk appetite to foster and embed a global mind-set.

Examples of how our actions will support this risk appetite level include:

- Working collaboratively with LUU to showcase the benefits of international engagement across education and research, for staff and students
- Adapting HR policies and processes to ensure global outlook and engagement is supported, recognised and rewarded and it is part of objective setting
- Investing in new and ambitious staff training to build and embed capacity and new capabilities
- Working with our global alumni community in new and experimental ways in order to develop international insight and experience for our students and to support our strategic objectives

OPEN

2. CONTINUE TO BUILD AND SUPPORT OUR GLOBAL COMMUNITY
by attracting and engaging with a globally connected community of staff, students and alumni

The University has a BOLD risk appetite to continue to build and support our global community.

Examples of how our actions will support this risk appetite level include:

- Developing specialist HR support to build global staff recruitment and retention
- Removing barriers to encourage academic exchange leading to impactful inflows and outflows of staff
- Developing emerging country and subject markets to improve diversity and achieve a sustainable on campus student cohort mix
- Encouraging a wide set of global online degrees, CPD and executive education opportunities to deliver growth in recruitment and partnership
- Investment in enhanced digital marketing and event capacity to support achievement of student number plans
- Investment in improved technology support and increased leadership capacity to create a high quality experience for all Leeds applicants
- Expanding PGR recruitment through partnerships and by leveraging digital opportunities
- Investing in platforms to better engage and involve alumni

BOLD

3. CREATE GLOBAL PARTNERSHIPS

that provide international learning and research opportunities to develop engaged global citizens and world-changing research and innovation

The University has a CAUTIOUS risk appetite to create global partnerships.

Examples of how our actions will support this risk appetite level include:

- Growing and creating new, flexible models to enable diverse students to access physical and virtual global opportunities
- Harnessing new ways of global engagement, enabled by digital technology, noting that these require a cultural shift away from traditional methods of repeated overseas travel
- Creating and pump priming partnerships with HE, government and NGOs in the UK and internationally which support our key research themes
- Investing in market/business development resources to build in-country networks of policy makers, business and government representatives
- Promoting a campus-wide cultural shift to embed an effective partnership approach to fundraising across the institution

CAUTIOUS

4. ENHANCE OUR INTERNATIONAL REPUTATION

by extending our worldwide reach and delivering global impact

The University has a BOLD risk appetite to enhance our international reputation.

Examples of how our actions will support this risk appetite level include:

- Identifying key contacts in target professions and industries globally who can support the development of networks
- Adapting HR policies and processes to reward and recognise staff for engaging and supporting international research and educational collaboration
- Development of an international pathways programmes
- Focussing on enhancing and refreshing regional engagement strategies with Africa and Europe as priority regions
- Planning campaigns using exemplar projects and champions to showcase Leeds strength and appetite for collaboration, including hosting digital and physical events in the UK and overseas.

BOLD

DIGITAL TRANSFORMATION

The University has an ambitious strategy to use digital technologies, data and digital approaches to support and enhance student education, global lifelong learning, research and innovation and ways of working. The University wishes to become a globally leading centre for the digital transformation of education and research.

1. ENHANCE WAYS OF WORKING, CAMPUS FACILITIES AND OPERATIONS

The University has an OPEN risk appetite to meet these objectives.

Examples of how our actions will support this risk appetite level include:

- The ability to transform our culture to embrace digital technologies and fundamentally change embedded ways of working
- Making effective decisions about our institutional technology platforms
- Managing the number, and functionality, of our supported technology platforms, aligned to our business needs
- Driving effective management, governance, security and use of our data
- Fundamental transformation of our ways of working to ensure that effective use of digital technologies and approaches improves our administrative processes and working practices

OPEN

- Changing our processes to fit our technology environment, where it is pragmatic and efficient to do so.
- Significant investment in on-going, deep and impactful professional development to support all staff and students to be able to harness the power and potential of digital technology, and manage the challenges they present.

2. IMPROVE OUR CAPABILITIES

to conduct high-quality, collaborative and globally impactful challenge-based research & innovation

The University has a BOLD risk appetite to improve our capabilities.

Examples of how our actions will support this risk appetite level include:

- Establishing financial headroom to invest in our technology infrastructure and ensure our capabilities in technology and data are of the highest quality to support our research strategy.
- Transforming our IT infrastructure to provide secure, flexible, scalable cloud-based environments, enabling researchers to use existing, and new, technologies, data and programming capabilities to their maximum potential to support research and innovation activities.
- Ensuring that our technology infrastructure and data tools are a foundation for innovation and creativity, not a barrier to progress.
- Transforming the University to be digitally-enabled, and equipped with the necessary infrastructure, platforms, support and culture
- Supporting our researchers to use platforms, systems and tools outside of the University, when collaborating with national and international partners.

BOLD

3. ENHANCE OUR EDUCATIONAL PROVISION

and grow our fully online education portfolio

The University has a BOLD risk appetite to enhance our educational provision.

Examples of how our actions will support this risk appetite level include:

- The ability to continually scan the horizon and invest in new and emerging technologies that can support us to improve our students' learning opportunities, and enhance their experience
- Evolving our culture to one that embraces the need for continuous curricula improvement and redesign, supports effective blended learning for on-campus learners, and is prepared pivot seamlessly to hybrid and online learning in the face of external forces.
- Working with external partners to develop and deliver fully online education.
- Invest in upfront development of online education provision, to support quality education for all, and realise financial returns in the medium term.
- The redesign our assessments, and our processes for managing assessments, to continue to realise the benefits of digital delivery and marking of assessments, whilst maintaining quality, rigour and standards
- The ability to meet the expectations of our students in terms of the digital student journey and experience, and to support the aspirations of global lifelong learners

BOLD

ENABLING STRATEGY

SOCIETY

Enable the University to fully realise its place in, value to, and positive impact on society – from the local to the global

The University has a BOLD risk appetite to enable the University to fully realise its positive impact on society.

Examples of how our actions will support this risk appetite level include:

- Fostering and embedding a sustainable mind-set throughout our core strategies and decision-making. We will build knowledge and capacity of all our staff, and review governance and processes to ensure that all our decisions move towards achieving our sustainability commitments, including our 7 climate principles.
- Systematically coordinating our city and regional engagement to build more effective civic and community impact. Using the campus and Living Lab programme to further engage with the city and region – supporting the realisation of the UN Sustainable Development Goals at a local level and ensuring we truly are a University without walls.
- Embedding UN Sustainable Development Goals into University wide strategies, policies, processes, and plans.
- Ensuring our sustainability goals are inclusive and support our internal, local, and global communities to thrive and reach their potential whilst addressing environmental challenges.
- Working with and across the academic community to support global networks, research, and teaching activities, bring together examples of what this means at the University of Leeds and collaborating to share solutions and experiences.
- Ensuring we are leaders in implementing solutions and making the connection between education, research, and operations.

BOLD

ORGANISATIONAL & DELIBERATIVE STRUCTURES

Refresh our organisational and deliberative structures to facilitate interdisciplinary/ inter-service collaboration and enhance our strategic and operational agility, effectiveness and impact.

The University has an OPEN risk appetite to refresh our organisational and deliberative structures.

Examples of how our actions will support this risk appetite level include:

- Reviewing, refreshing and clarifying wider University governance arrangements and associated management and decision-making processes
- Refreshing the University governance structures (including the governance of strategic initiatives, programmes and projects) to further enhance the integration between research and student education
- Enabling greater agility, leading to more effective and shorter spans of governance
- Assessing and identifying the optimal configuration and location for our professional services (e.g. remote/on-campus/hybrid; centralised/localised; specialist/generalist)
- Addressing the high-cost operating model through investment in digitally-enabled, harmonised processes and systems
- Deploying our talents through collaborative working across functional/service boundaries
- Working with the faculties to understand what they really need from professional services, identifying pain points and harmonising approaches as one team.

OPEN

INSTITUTIONAL OPERATING MODEL

Transform our institutional operating model, exploiting sociotechnological developments to deliver sustainable change and continuous improvement, and evolving our practices to maintain ethical, legal and environmental compliance.

The University has an OPEN risk appetite to transforming our institutional operating model.

Examples of how our actions will support this risk appetite level include:

- Thinking innovatively and creatively to redesign our approach to transformational change
- Supporting and empowering our staff to adapt to new, more agile, ways of working, including the acceptance of "fast failure" to learn quickly and move forward
- Redefining our longer term norms for work, contracts and utilisation of space; building a culture of trust
- Reset our continuous improvement approach, recognising the need to change, build bottom up and get cross silo thinking about processes and delivery
- Optimising the use of resources and space, make the best use of digital resources and technologies
- Implementing standardised systems and processes across faculties and services, to enhance operational effectiveness, efficiency and organisational data
- Harmonising processes and services, especially where there are processes and services that overlap; including those that are duplicated in the faculties and services

OPEN

CULTURAL SHIFT

Realise a significant cultural shift to become an organisation that is characterised by an inclusive, collaborative and respectful approach to leadership and partnership working, and that is fully aligned with the University's values and strategic ambition.

The University has an OPEN risk appetite to realise a significant cultural shift.

Examples of how our actions will support this risk appetite level include:

- Developing a target organisational culture, with a focus on cultivating an inclusive, collaborative and mutually respectful environment within which to work and study
- Refreshing our reward and recognition schemes to incentivise teamwork and collaboration alongside individual achievement, incentivising staff to deliver our strategic ambition.
- Reacting to the needs of the next generation of employees (e.g. pensions)
- Clearly articulating the leadership and staff behaviours and practices we expect to see
- Implementing the Equality, Diversity and Inclusion (EDI) Strategy, ensuring that our EDI policies and practices are embedded across all activities and practices

OPEN

STAFF COMMUNITY

Continue to develop and retain a talented, diverse and adaptable community of staff, equipped to secure the successful delivery of the University's strategic ambition.

The University has an OPEN / CAUTIOUS risk appetite to continue to develop our staff community.

Examples of how our actions will support this risk appetite level include:

- Ensuring our staff population better reflects our community – regionally, nationally and globally with clear actions and targets
- Having a more flexible approach to career development in professional services, including promoting side-ways movement, more porous professional boundaries / collaborative short-term project working, and communities of expertise
- Resourcing the organisation to manage and deliver major transformational change and continuous improvement, alongside maintaining business critical activities
- Embedding a consistent yet pragmatic approach to the design of roles and responsibilities across the staff community
- Learning from the pandemic and adapting to new ways of working (e.g. remote, hybrid, campus-based)
- Reviewing terms and conditions and employment types, to introduce clear principles with a clear distinction between on-going and fixed-term, or temporary arrangements
- Continuing to develop our approach to international resourcing (both inbound and outbound)

OPEN / CAUTIOUS

HEALTH, SAFETY & WELLBEING

Promote and enable healthy and safe conditions which support the health, safety and wellbeing of our diverse community.

The University has an AVERSE / CAUTIOUS risk appetite to health, safety & wellbeing.

Examples of how our actions will support this risk appetite level include:

- Protecting individuals and the organisation by embedding an effective occupational health and safety management approach, maintaining our compliance with national and international standards.
- Allowing travel to red country on FCDO list as long as there is a clear university need(research/education), no suitable alternatives and a robust risk assessment in place
- Novel research or work that the organisation has not done before, with a type of research (e.g. COVID) at the forefront of technology, as long as controls are in place
- Implementing a new electronic safety management system, as part of digital transformation, to drive consistent risk assessments and incident reporting across the University

AVERSE / CAUTIOUS

FUTURE CAMPUS USE

Optimise the future use of our campus to enable the successful delivery of our academic, operational and sustainability priorities.

The University has an OPEN risk appetite to optimise the future use of our campus.

Examples of how our actions will support this risk appetite level include:

- Developing an Estates Strategy which supports the principles of space sharing, facilitates digitally-enabled, collaborative and hybrid working, and which articulates the investment options to enable this transition
- Specification and development of hybrid teaching space, with the associated pace of change. Enabling digital transformation with leading edge thinking and physical campus changes.

OPEN

- Implementation of the 'smart campus', to provide a remote digital understanding of the estate (e.g. measuring the use and performance of buildings, self-service for maintenance reporting and tracking and remote access control)
- Developing the campus to become a network of inclusive places where every part of the campus has the potential to support the learning process, including the creation of informal indoor and outdoor collaborative spaces
- The cultural shift of new working spaces and new ways of working for staff
- Implementing a revised residential strategy, which balances the University's risk appetite with the opportunity to generate cash for re-investment. This could involve changes in how we own and lease buildings, length of lease term versus rewards, and the ongoing need for residential accommodation as digital transformation progresses at pace.