



**Royal College of Art**  
Postgraduate Art and Design

## Royal College of Art

### Risk Management Policy

#### Document Process and Control

<b>Synopsis:</b>	This document outlines the College's risk management processes, key roles and responsibilities, systems of internal control and its risk appetite.
<b>Who is it for:</b>	All staff, including contractors, visitors and related companies employed by the Royal College of Art
<b>Cascaded to</b>	All staff via intranet and communications
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<b>Approved by and Date:</b>	February 2025
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<b>Document Sponsor and Owner:</b>	Chief Operating Officer
<b>Author:</b>	Head of Risk, Resilience and Safety
<b>Relevant policies and plans</b>	Risk Guidance document Health & Safety Policy Risk Management Framework document - new Risk Assessment Guidance -tbc

**This is a Controlled Document. Upon receipt of a new version, destroy all previous versions.**

Version	Page No.	Description of change	Date approved
2.0	N/A	Amended in line with College governance changes	N/a

## 1.0 Policy statement

This Policy outlines the College's risk management approach and responsibilities for risk, which are reflected in the active processes and culture of the organisation.

The College aims to effectively manage and balance risk appropriately, to maximise potential opportunities by taking informed decisions, and to minimise the adverse effects of risk in meeting its strategic and operational objectives.

This is achieved by following a robust and fit-for-purpose risk management system in line with best practice guidance.

## 2.0 Scope

The Risk Management Policy applies to all College activities. It applies to any related companies where the College exercises a substantial degree of influence over that related company's activities.

Risk management is integral to the College's internal control and corporate governance arrangements, and it is the responsibility of **all staff**, regardless of their role.

## 3.0 Definitions

The College defines risk and risk management as:

**Risk** is the threat or opportunity that an action or event will adversely or beneficially affect the College's ability to meet its objectives.

**Risk management** is a process that involves identifying, assessing, and controlling risks to the College's assets, capital, and earnings. The goal is to minimise, avoid, or eliminate the effects of these risks on the College.

**Risk Appetite** is the level of risk that the College is willing to seek, pursue, or accept in the pursuit of its long-term objectives.

**Internal controls** are Trust policies, procedures, practices, behaviours, or organisational structures to manage risks and achieve objectives.

**Escalation** is the process of bringing to the attention of a higher authority or level of management that has the authority and accountability to sign off on their willingness to accept that level of risk on behalf of the organisation.

**De-escalation** is the process of delegating management of mitigation actions by a higher authority or level of management with the stipulation of specific conditions that would trigger the need to bring the risk back to the attention of the accountable person or committee.

## 4.0 Context

Risk is considered in strategy, planning, the development of business cases, day-to-day monitoring of operations, performance measurement, and project management activities, and part of the selection and oversight of partners and suppliers.

The purpose of risk management is to ensure that the College carries out its activities in a way that avoids unnecessary risk to the College's:

- Ability to achieve strategic and operational objectives
- Reputation and standing
- Partners, stakeholders, and the communities that the College operates within
- Operational effectiveness
- Financial sustainability and viability, and the
- Ability to comply with statutory and regulatory obligations.

Additionally, sound risk management will:

- Improve informed planning of emerging risks
- Enhance understanding of the College's risk profile to internal and external pressures that will help develop better strategic and operational planning
- Risk reporting allows a collaborative organisational approach to risk control.

It should also be noted that:

- It will always be necessary to take risks, but these should be appropriately managed, and the application of resources should be proportionate to the risk
- Risk management is a continuous improvement programme as risks fluctuate over time
- All staff should contribute to the risk management process
- Staff should be empowered to implement local solutions and to seek help through the escalation process if the risk requires it
- The College risk culture is open, positive, and blame-free.

#### 5.0 Risk Appetite Statement

Risk appetite refers to the amount of risk that an organisation is willing to accept, tolerate, or be exposed to at any given point in time. While the College generally takes a prudent approach to risk, it may be willing to accept a higher level of risk in a specific area where the long-term benefits to the institution are expected to outweigh those that could be achieved otherwise.

The greater the opportunity, the more likely the College may wish to pursue it, subject to its risk appetite threshold and the mitigating controls in place. Such risks are most likely to fall within the areas of academic innovation and research ventures.

The College's risk appetite is continually developed in response to market changes. The College has not adopted a single, overarching definition of its risk appetite; instead, it has set target ratings for each of the risks included in its Strategic Risk Register. This approach also helps ensure that risk management remains an active process, enabling the Executive Board and ARC to assess the College's progress in managing individual risks towards their target rating. The College has identified and categorised its approach to risk appetite, see Appendix C and D

The Executive Board and ARC periodically review risk appetite. Any risks that fall outside the College's risk appetite should be escalated to the relevant subcommittee of the Council.

The Council has defined the threshold for escalating operational risks as scoring 12 or above, which will be escalated to the relevant level subcommittee and considered for review by the Executive Board for potential inclusion in the strategic risk register. When a risk is escalated to the Board or a relevant subcommittee, the Board/subcommittee will need to review and decide whether the risk falls within the organisation's acceptable risk tolerance.

#### 6.0 Risk Registers

The College employs a two-tier risk register approach, comprising the strategic risk register and operational risk registers.

**The strategic risk** register records overarching organisational risks that can cause significant disruption for the College in meeting its strategic or operational objectives. Risks with mitigated scores at a score of 12 or above will be recorded on the Strategic Risk Register.

The ownership of strategic risks is held by members of the Executive Board and reviewed three times a year<sup>1</sup>. The Audit and Risk Committee will receive the risk register at each meeting. It will be responsible for scrutinising the risk register and challenging the Executive Board on the management of the risks, to provide assurance and to seek approval from the Council.

Each Professional Services Directorate and School **has its operational risk register, which records** risks likely to disrupt operational activities. These are reviewed each term at the Directorate/School Senior Leadership Team meetings.

Escalating operational risks are reviewed termly by the Executive Board, in conjunction with the Business Continuity & Risk Management Committee, to ensure that emerging risks are discussed and, if necessary, escalated to the Strategic Risk Register. See APPENDIX B.

## 7.0 Responsibilities

The responsibilities of key groups in the risk management process are outlined below.

### *Council*

The Council has a fundamental role to play in managing risk and is ultimately accountable for its management. Its role is to set the tone and influence the culture of risk management within the College. This includes:

- Ensuring that appropriate systems of internal control, including risk management, are in place and are operating effectively
- Determining, with advice from ARC, Council sub-committees, and Executive Board, the level of risk that the College is willing to accept on any relevant issue and periodically reviewing the College's approach to risk appetite
- Approving major decisions affecting the College's risk profile or exposure
- Monitoring the management of significant risks to reduce the likelihood of adverse events, and ensure that the potential impact on the College's objectives is minimised
- Gaining assurance that less significant risks are being actively managed, with the appropriate controls in place and working effectively.

*Audit & Risk Committee* is responsible for:

- Reviewing the Strategic Risk Register, including any changes to risk status or planned actions agreed three times a year at a minimum by the Executive Board.
- Reviewing the effectiveness of the College's systems for internal control and risk management, taking account of findings and recommendations from the internal and external auditors.
- Approving the annual internal audit plan, which should be risk-based and reflect the priorities identified in the Strategic Risk Register.
- Report as required to the Council on the effectiveness of the College's risk management arrangements and provide a formal opinion on their effectiveness as part of the Committee's annual report.

*The Executive Board* is responsible for:

- Identifying, evaluating, and prioritising significant risks faced by the College
- Agreeing on which risks should be included in the strategic risk register
- Actively monitoring the strategic risk register on a termly basis, and agreeing on any further actions needed to manage each risk or mitigate its impact

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<sup>1</sup> The strategic risk register is prepared in time for ARC sitting in February, June and November.

- Advising Council and its sub-committees on the College's risk profile
- Oversee the College's compliance with all legal and regulatory requirements, and ensure that internal controls are implemented effectively
- Periodically reviewing the College's risk appetite and advising ARC
- Appraising the effectiveness of key mitigations on the Strategic Risk Register.

*Schools and Professional Services* are responsible for:

As members of the Executive Board, Deans of Schools and Directors of Professional Services are responsible for promoting good risk management practices within their respective areas.

Schools and professional services are responsible for:

- Maintaining a local risk register, which includes the principal operational risks within their area.
- Reporting annually to the Executive Board on their risk register and discussing key operational risks, mitigations, and any additional support required to reduce the risk.

Reporting to the Executive Board on significant developments at the local or operational level that could affect the Strategic Risk Register.

*Nominated committee(s)* with responsibility for having oversight of a particular risk, relating to its area of business. Each committee should be aware of the risk register and the current risk environment in all of its decision-making activities. It should regularly review risks for which it has oversight, monitor mitigating actions and risk indicators for the risks it has oversight of, and make recommendations to the senior leadership team and risk owners as necessary.

*Other subcommittees and subgroups* provide assurances to the Executive Board that risks are being managed effectively and bring to the Board's attention any significant risks in line with the escalation framework.

*Project Boards* are responsible for monitoring all risks scoring 12 or above, which shall be escalated to the Executive Board for review in line with the escalation framework.

*The President and Vice-Chancellor* has overall responsibility for effective risk management and ensures that the College meets its statutory requirements.

*Directors/Heads of /Service Managers*

Senior managers will have day-to-day responsibility for identifying and managing risks that threaten the achievement of business objectives in their respective service areas and will implement policies to support the internal control process.

Their responsibilities will be to ensure:

- Local risks are assessed, recorded, monitored, regularly updated, and closed. This includes ensuring that sufficient mitigations/controls are put in place to mitigate the risk.
- Any relevant Collegewide risks are discussed at team meetings.
- Risks are escalated in line with the escalation framework.
- Incidents are appropriately documented, including incident investigations, and corrective action is taken; learning is also shared.
- Risk assessments are undertaken either proactively or in response to an incident.
- Staff have access to and receive appropriate training in identifying and managing risk.

*All Staff*

All Employees, including bank, agency staff, and contractors, have personal responsibility to contribute to the effective management of risk by:

- Complying with policies, protocols, and procedures
- Keep up to date with all training relevant to their job role
- Reporting incidents/accidents and near misses, and assisting in the identification of risks in their day-to-day work
- Being aware of emergency procedures, e.g., fire evacuation

- Be aware of existing risk assessments related to their area of work and relevant procedures or control measures that should be adopted to mitigate identified risks.
- Recognise their duty under legislation to take reasonable care for their safety and the safety of all others that may be affected by their actions or inaction.
- Comply with all Trust rules, regulations, and instructions to protect the health, safety, and welfare of anyone affected by the business.

*Risk owners* are responsible for:

- The Strategic Risk Register identifies a member of the Executive Board as the owner of each risk
- Risk owners are also defined in operational risk registers managed within Schools or professional services and project owners.
- The risk owner is responsible for managing their assigned risks and reviewing the status of their risks, as a minimum, on a termly basis and reporting to appropriate groups on any changes to the risk rating, and progress in implementing previously agreed actions.
- Considering their risks as part of day-to-day management and alerting the Executive Board or other appropriate groups to any significant developments affecting the risk rating, should this be necessary between scheduled reviews.

### 8.0 Risk assessment and methodology

The College assesses and scores risk based on a perceived likelihood of the risk occurring and the impact if the risk were to happen. Detailed definitions for probability and impact are given in Appendix A

Risks are rated on a scale of 1-5 for both impact and likelihood, and these ratings are multiplied together to result in an overall risk rating, as illustrated in the table below.

The College will assess the risk, both before considering the key mitigations or controls (referred to as the inherent risk) and after those controls are taken into account (referred to as the residual risk). The College is then able to establish the importance of the risk and focus on material risks.

Risk Scores and RAG Rating	Likelihood				
	1: Almost certain not to happen	2: Unlikely	3: Possible	4: Likely	5: Almost Certain
5: Catastrophic	5	10	15	20	25
4: Major	4	8	12	16	20
3: Moderate	3	6	9	12	15
2: Minor	2	4	6	8	10
1: Negligible	1	2	3	4	5

The College's risk definitions can be found in APPENDIX A

The College's risk management process is illustrated in APPENDIX B

## APPENDIX A COLLEGE RISK MANAGEMENT PROCESS

### LIKELIHOOD AND IMPACT GUIDANCE.

- Likelihood

The likelihood of the risk occurring without taking into account the mitigations already operating.

- Impact

Defined as the impact or consequence of the risk if it were to occur. The impact can be one of the following:

#### 1. ASSESS THE LIKELIHOOD

The likelihood of the risk occurring without taking into account the mitigations already operating. The College uses the following five levels of probability:

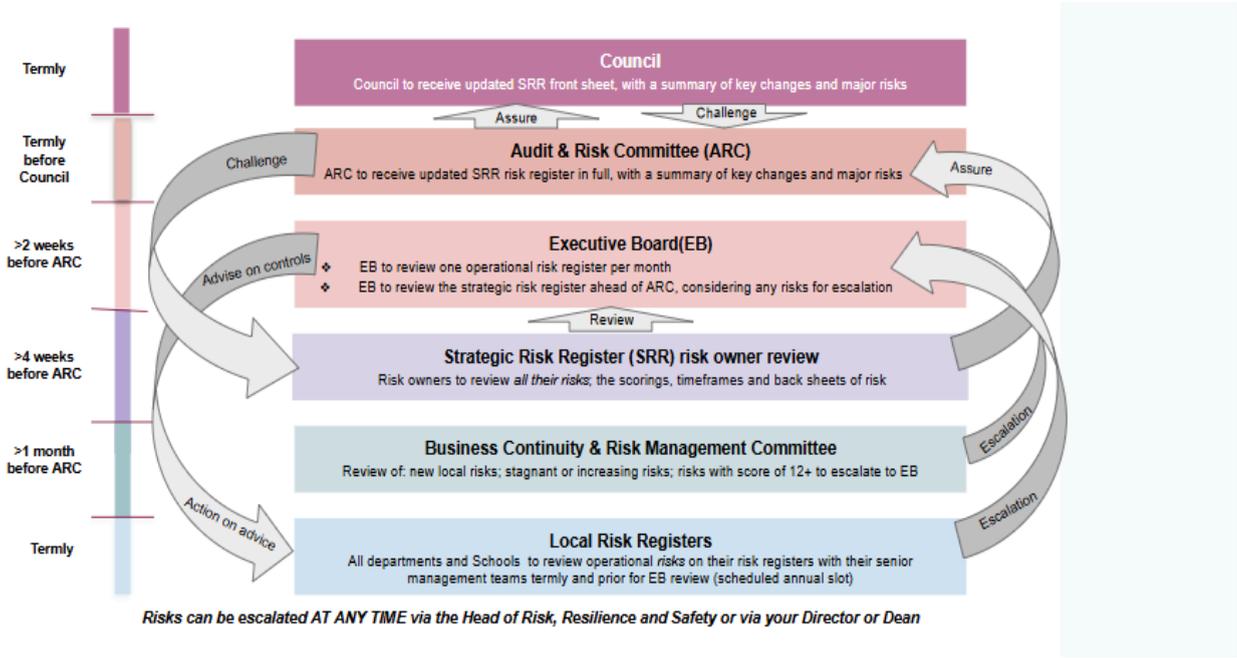
5.	5 Almost certain	>95%	It will almost certainly happen this financial year or during the current strategic plan period.
4	4 Likely	>75%	More likely to happen than not. It would be surprising if this did not happen.
3	Possible	50%	Just as likely to happen as not. We do not expect it to happen, but there is a good chance.
2	Unlikely	<25%	Not anticipated. We do not worry too much about it happening.
1	Almost certain not to happen	<5%	It would be surprising if this were to happen. There would have to be a combination of unlikely events for it to happen.

## 2. ASSESS THE IMPACT

Impact is defined as the impact or consequence of the risk if it were to occur. The impact can be one of the following:

Strategic	Impact	Operational	Statutory	Reporting	Health & Safety	Financial	Reputational
x	<b>1 Negligible</b>	Little visible service impact  Objectives of an individual are not met	x	Will not be an OfS Reportable Event	No injuries	Financial impact on EBITDA 0-1% (up to £50k)	No media attention
x	<b>2 Minor</b>	Depletion of an activity or brief disruption to activities	x	Unlikely to be an OfS Reportable Event	Injury to an employee or member of the public requiring onsite first aid	Financial impact on EBITDA 1-3% (£50-£150k)	Minor adverse localised media attention
x	<b>3 Moderate</b>	Loss of a key activity for a few hours or major depletion of the provision of an activity	Breaches of regulations /standards	Potential to be an OfS Reportable Event	Injury to an employee or member of the public requiring medical treatment	Financial impact on EBITDA 3-5% (£150k-£250k)	Some adverse local media attention
Objectives of a School professional services area are not met.	<b>4 Major</b>	Temporary loss of a key activities (<2 days)	Non-statutory duties are not met	Almost certain to be an OfS Reportable Event.	Permanent injury to an employee, contractor or member of the public	Financial impact on EBITDA 5-10% (£250k-£500k)	Adverse localised media attention or high-profile attention which is to be not sustained
Strategic objectives set are not met	<b>5 Catastrophic</b>	An incident so severe in its effects that a key activity will be unavailable permanently or a significant time (weeks/months)	Statutory duties are not met	OfS register Certain to be an OfS Reportable Event	Death of an Employee, contractor, or Member of the Public	Financial impact on EBITDA >10% (>£500k)	Adverse national media attention - national televised news report, likely to be sustained over a long period of time

# APPENDIX B COLLEGE RISK MANAGEMENT PROCESS



## APPENDIX C RISK APPETITE CATEGORIES AND DEFINITIONS

RISK APPETITE	DESCRIPTION RISK
AVERSE	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return
CAUTIOUS	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
MODERATE	Inclined towards a balanced approach to achieving objectives, with exposure limited to moderate level risks and an acceptance of some resulting limitations on the level of reward/return.
OPEN	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
HUNGRY	Eager to seek original/creative delivery options and to accept the associated substantial risk levels to secure successful outcomes and meaningful reward/return.

**APPENDIX D RISK APPETITE CONSIDERATIONS 2024/2025**

RISK CATEGORY	RATIONALE	APPETITE
Integrity, Compliance, Health & Safety, and Ethics	<p>We continue to maintain an averse risk appetite, avoiding behavior that is illegal, unrealistic, or irrational, or any other action that would likely give rise to a successful judicial review.</p> <p>Where the laws, regulations, and standards are about the delivery of safe, high-quality teaching and research, or the health and safety of the staff and public, we will make every effort to meet regulatory expectations and comply with laws, regulations, and standards, unless there is strong evidence or argument to challenge them.</p>	Averse
Reputation	<p>We maintain a strong commitment to upholding our reputation as the world's leading art &amp; design college and fostering our relationships with stakeholders. It is advised that we maintain a cautious risk appetite regarding our reputation, particularly where such activity might lead to adverse publicity, a diminution of the College's brand or ethical standing, or a loss of confidence in the College.</p>	Cautious
Financial	<p>The College ensures that financial risk is appropriately managed by having sound systems and processes for financial planning, budgeting, reporting, and control, thereby delivering optimal value for money. Therefore, it is advised that we maintain a cautious risk appetite in this area.</p>	Cautious

<p>Pedagogic innovation and the introduction of new disciplines are always delivered through rigorous QA teaching and learning frameworks</p>	<p>We should maintain an open risk appetite for taking well-managed risks, where innovation and change lead to enhanced approaches to teaching and learning. We will continue to seek and invest in new and innovative approaches. It is recognised that this will involve an increased degree of risk in developing education, and that potential benefits and risks are fully understood before developments are authorised, with sensible, considered measures to mitigate risk being embedded.</p>	<p>Open</p>
<p>Generate new knowledge and insights through high-quality research, which brings economic, societal, and cultural benefits through collaborations, impacts, and enterprise</p>	<p>We have a hungry appetite to push the boundaries of current knowledge and understanding by undertaking high-quality research in our Schools and Research Centres, including interdisciplinary research; to apply and share our research expertise and insights through collaborations with partners in business, industry, the public and charitable sectors and local and community organisations; committed to develop our reach through academic partnerships and transnational education; to commercialise our research through our enterprise and innovation activities; and to support the next generation of researchers through our PhD programmes.</p>	<p>Hungry</p>
<p>Creating engaging campus environments and services</p>	<p>The College is committed to maintaining and improving its estate, with particular regard to its proposals around the environmental sustainability portfolio; RCA Together.</p> <p>It is prepared to adopt a risk appetite that is hungry for development, balanced by rigorous due diligence, ensuring that the potential benefits and risks are fully understood before developments are agreed upon and that appropriate measures to mitigate risk are established.</p>	<p>Hungry</p>
<p>Supporting and developing our staff</p>	<p>Staff recruitment: We are committed to attracting the highest calibre of candidates to the College to maximise the personal and collective contributions of staff towards the achievement of our strategic vision and goals. We take an</p>	<p>Open</p>

	<p>open approach, actively seeking new and innovative ways to maximise our recruitment reach so that our candidate pool is as diverse and capable.</p> <p>Staff retention, development, and progression: We are committed to providing a working environment in which all College employees can develop, progress, and thrive, working positively and constructively to maximize their potential and career development. We will adopt an open approach, tailoring our methods to the specific needs of individual staff members, professions, or departments, while embracing best practices in equality, diversity, and inclusion. For example, we will seize opportunities to promote and advance racially diverse staff into senior roles.</p>	
Internationalising	<p>The College is continually enhancing its international footprint and profile through the development of market-driven programs, effective and efficient approaches to student recruitment, and the identification of suitable and diverse home and overseas partners. Therefore, it is advised to adopt a more risk-averse approach.</p> <p>The College acknowledges that some international activities may carry high risk. Still, it will always ensure that the benefits and risks are fully understood before activities or projects are authorised, and that reasonable and sensible measures of risk mitigation are established. The importance of maintaining reputation and compliance is paramount in such activities.</p>	Hungry
Enhancing employability	<p>student</p> <p>In delivering its objectives, the College recognises the need to identify solutions to meet increasingly diverse student needs and to further its work with professional bodies and industry to ensure success for our graduates and their employers. As such, we will continue to seek and invest in new and innovative approaches, adopting a moderate risk approach.</p> <p>We recognise that this will involve an increased degree of risk in developing</p>	Moderate

	<p>education and are comfortable in accepting this risk, always subject to ensuring that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are embedded.</p>	
Environmental Sustainability	<p>The College aims to make a significant, sustainable, and socially responsible contribution through its research, education, knowledge exchange, and operational activities in environmental sustainability. The College is advised to maintain an open risk appetite.</p> <p>The College is committed to minimizing negative environmental impacts and breaches resulting from our activities that are not business-critical.</p> <p>It recognises that this involves an increased degree of risk and is comfortable in accepting this risk, subject always to ensure that potential benefits and risks are fully understood before developments are authorised and that sensible measures to mitigate risk are established.</p>	Open
Business Continuity	<p>The College is committed to maintaining continuity of all aspects of its operations. It is advisable to adopt a cautious approach to any adverse risks, incidents, or events that could impact the College's brand or the regular operation of learning, teaching, research, and support operations, or access to relevant buildings or facilities.</p>	Cautious
Cyber security	<p>Alongside other businesses, we recognise that the College faces increasing physical, information security, and cyber risks, which may be internal or external to the organisation and may be malicious or unintentional.</p> <p>The College is advised to be risk-averse to these risks, which may potentially cause loss, harm, or reputational damage related to the College's physical and technical infrastructure and assets, or the use of technology within the organisation.</p>	Averse

