

LSE Risk Procedure

1. Purpose

1.1 This document formalises the procedures for the School's Risk Management Framework, (see **Annex A**) and provides a timetable for action on risk throughout the year.

2. Responsibility

2.1 Delegations for the various parts of the Risk Framework are as follows:

2.2 Monitoring of Risk Management and Control is delegated from Council to Audit Committee, with the authority written in the Terms of Reference of the Committee, as approved by Council.

2.3 The Senior Management Committee (SMC) is responsible for implementing the Risk Strategy and Risk Policy

2.4 The Chief Operating Officer is responsible for ensuring that there are arrangements in place to identify and manage risk in accordance with the Risk Management Policy and Strategy.

2.5 Heads of Department and Service are responsible for ensuring that risk management strategies are implemented, and risks are identified and action taken to mitigate or reduce them, and appropriate reporting mechanisms are in place.

2.6 The Risk Manager acts to ensure that all aspects of the risk framework are implemented.

2.7 Further responsibilities for strategic and operational risks are set out in the Risk Strategy.

3. The Risk Framework

3.1 The Risk Framework is comprised of:

- the Risk Policy and Risk Strategy
- the Strategic and Operational Risk Register
- a Horizon Risk Register
- Divisional Risk Registers
- Cluster Risk Registers where appropriate,
- Project Risks Registers.

4. Methodology

4.1 The School Risk Registers are calculated on a 5x5 assessment matrix of Likelihood and Impact. Risk Rating is calculated by multiplying the likelihood against the Impact, e.g. taking a likelihood of 4, which is classified as Probable, and multiplying this against a consequence of 2, would give an overall 'Low' risk rating of 8.

4.2 The Likelihood of risks is calculated under the following criteria:

| | Likelihood rating (without relevant control mechanisms) | |
|---------------|--|--|
| Very unlikely | 1 | There is a very low probability of the risk materialising (this is not expected to happen but it may do in exceptional or unusual circumstances) |
| Unlikely | 2 | There is a low probability of the risk materialising (there is a possibility that this could happen at least once within a period of five to ten years). |
| Moderate | 3 | It is reasonable to assume that the risk will materialise once or twice within a period of five to ten years. |

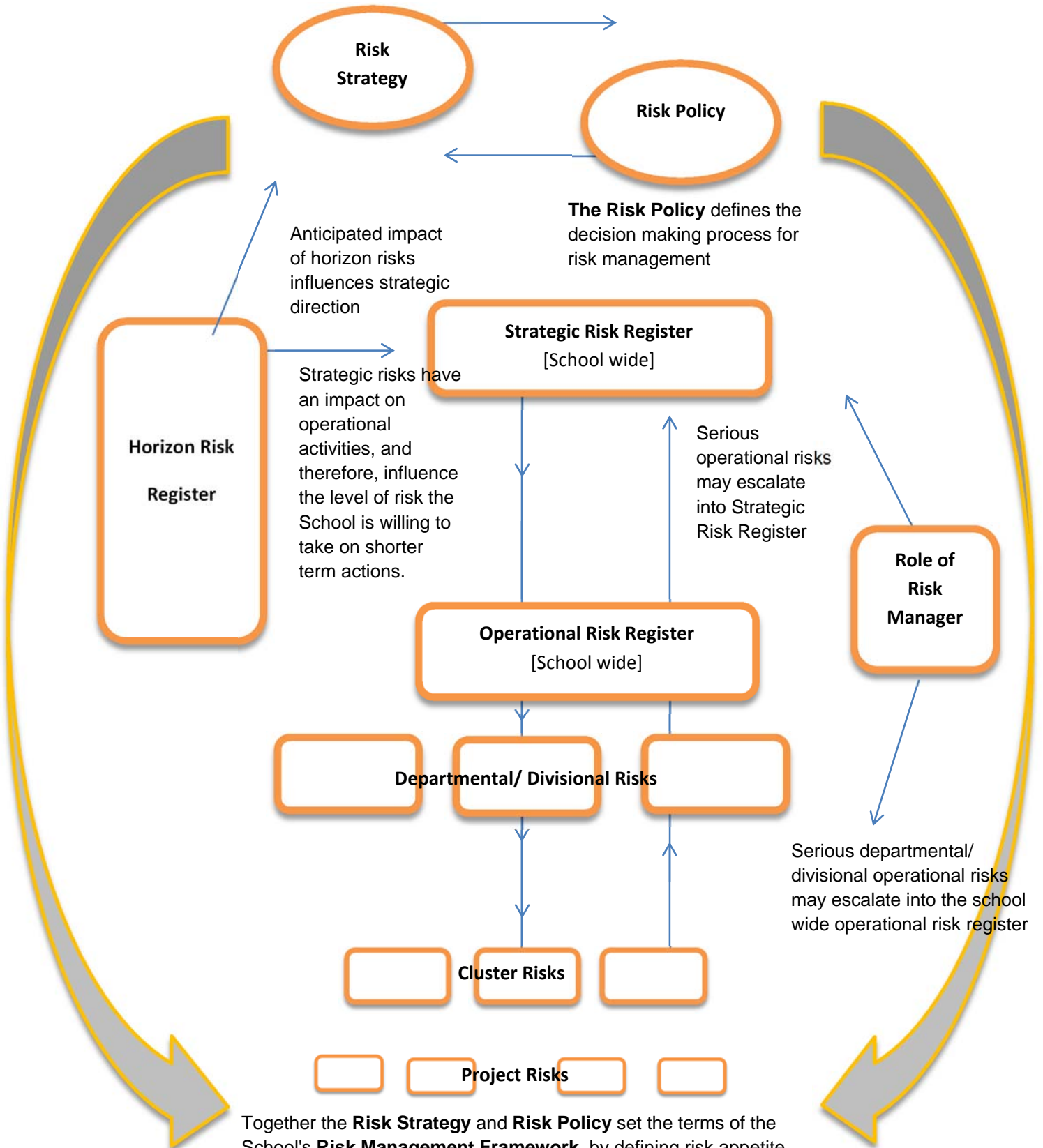
| | | |
|-------------|---|---|
| Likely | 4 | It is reasonable to assume that this risk will materialise at some point (possibly once or twice within the next five years). |
| Very Likely | 5 | It is expected that this risk will materialise at least once within the next two years, or has already materialised. |

4.3 The Impact of risks is measured on a matrix of scales across the following areas of School activity: Ethics, Finance, Reputation, Student Experience, Health Safety/ Travel, Business Continuity, Legal. The full list of Impact Assessment is available at **Annex B**.

5. Reporting Timetable

- 5.1 The Strategic and Operational Risk Register will be reviewed and updated by SMC at least once a term, with more regular oversight to be facilitated when necessary. Audit Committee and Council will review the Registers as part of this monthly cycle, with more regular oversight to be facilitated when necessary.
- 5.2 The Horizon risk register will be reviewed and updated by SMC in Michaelmas term each year, unless any of the risks need to be escalated to the Strategic or Operational Risk registers. Audit Committee and Council will review the Registers as part of this annual cycle.
- 5.3 Each term, the Risk Manager will write out to the Heads of Division requesting updates to Divisional risk registers, and receive suggestions for changes to risks that need to be escalated to the Operational Risk Register. Risk Registers should be considered at regular Divisional meetings and Heads of Divisions should write to the Risk Manager to escalate risks from their areas for consideration by SMC at any time.
- 5.4 Heads of Department and Service will decide what Cluster risks should feature on the central Divisional risk register for their areas, with advice from the Risk Manager.
- 5.5 Academic Risks are handled through the Annual Monitoring exercise, conducted by SMC. Any Departmental risks not handled through Annual Monitoring should be handled through the Risk Framework.
- 5.6 Project leaders should contact the Risk Manager for advice and support about embedding project risks within the Risk Framework.
- 5.7 In addition to the regular round of reporting described above, the Risk Manager will work more closely with service leaders in advance of the APRC reviews for their respective divisions. Any queries about the timetable for APRC reviews of Service Divisions should be addressed to the APRC secretary in the Planning Unit
<http://www.lse.ac.uk/intranet/LSEServices/planningUnit/Whos-who.aspx>

The Risk Strategy sets the direction of the School's approach to risk management, by defining the mechanism through which levels of risk tolerance and risk appetite are considered alongside strategic controls.



Together the **Risk Strategy** and **Risk Policy** set the terms of the School's **Risk Management Framework**, by defining risk appetite and risk assessment criteria, setting the terms of the decision making process, and organising the interplay of risk analysis.

| Score | Descriptor | Ethics | Finance | Reputation | Student Experience | Health and Safety/ Travel Risk | Business Continuity | Legal |
|-------|-------------------|---|---|--|---|--|--|--|
| 1 | Negligible | No evidence or perception of unethical behavior on the part of any School individual. | Insignificant Loss (up to £5k). | Little or no adverse publicity. Little staff or student comment. | Little or no disruption to residences or studies. | Minor injury requiring local first aid treatment. No lost time/ alternate duties. | Brief disruption - no more than 1 day and having insignificant adverse effect on non-critical area of service. | School in strong legal and regulatory position (favourable decision almost certain). Internal resolution or settlement likely. Approach to regulatory body, employment tribunal or other external action unlikely. Legal Fees under £5,000. |
| 2 | Minor | Some perception of isolated cases of unethical behavior on the part of a School individual. Investigation reveals no evidence of such behavior. | Minor financial loss (more than £5k). Minor impact on departmental/ divisional budgets. | Under 3 day adverse localised media coverage, which is primarily localised. Causes some staff and student concern. Some passing adverse social media commentary. | Brief disruption (up to 1 day) to residences or studies. | Recoverable injury likely to result in 7 days or less lost or 7 days or less alternate duties. | Brief disruption- no more than 1 day and having adverse effect on front- line services. | School in strong legal and regulatory position (favourable decision likely). Internal resolution or settlement possible. Approach to regulatory body or employment tribunal possible. Small claims for damages (up to £10,000) or personal injury possible (up to £1,000). Legal fees under £20,000. |
| 3 | Moderate | There is a perception that the School condones unethical behavior in isolated cases. On investigation, some breaches of the Ethics code, including financial impropriety, harassment, or research ethics questions come to light. | Significant financial loss (over £500k). Departmental/ divisional budgets over spend. | Over 3 day adverse localised media coverage. Widespread staff and student concern. Noticeable impact on social media and public opinion. | Significant disruption (over 1 day) to residences or studies, having adverse effect on quality of campus life. Evidence of teaching quality issues in a small number (1 to 2) of departments. Graduate destinations data reveals poor employment results over a small but localised number of courses. National Student Survey results reveal some localised evidence of dissatisfaction with LSE experience. | Business disruption to service up to 3 days and having adverse effect on frontline services. Political uprising / disease outbreak with travel still permissible Lack of medical infrastructure | Business disruption to service up to 3 days and having adverse effect on frontline services. | School's legal and regulatory position uncertain (50% chance of favourable decision). Internal resolution or settlement unlikely. Approach to regulatory body or employment tribunal likely. Claims for damages (over £10,000) or personal injury (over £1,000) likely. Legal fees over £20,000. |

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| 4 | Major | <p>There is a perception that the School condones unethical behavior in isolated cases. On investigation, numerous breaches of the Ethics code, including financial impropriety, harassment, or research ethics questions come to light. Activities of isolated key partners also give rise to concerns of unethical decision making.</p> | <p>Major financial loss (up to and over £2.5 million). Urgent review of School/ Departmental Finances required.</p> | <p>Over 3 day adverse widespread and/ or national media coverage. Comment from governors, donors, and other associated partners. Significant level of adverse social media commentary. Evidence that public opinion may affects potential student and staff recruitment.</p> | <p>Significant disruption (over 3 days) to studies or residences during key exam period. Evidence of courses lacking in pedagogical value across 3 or more departments. Graduate destinations survey reveals poor employment results over a wider number of courses. National Student Survey results reveal more general evidence of dissatisfaction with LSE experience.</p> | <p>Permanent or life changing injuries. Major or dangerous occurrence. Travelling to Sanctioned List of country Uninsured travel Imprisonment/ kidnapping/ ransom Political uprising / disease outbreak with airlines refusing to fly</p> | <p>Business disruption to service over 3 days and having adverse effect on frontline services.</p> | <p>School in weak legal and regulatory position (adverse decision likely). Internal resolution or settlement unlikely. Approach to regulatory body or employment tribunal likely. Claims for damages (over £10,000) or injury (over £1,000) likely. Criminal prosecution possibility. Legal fees over £20,000.</p> |
| 5 | Severe | <p>The School is recognized as condoning unethical behavior across the board, with numerous breaches of the Ethics code, including financial impropriety, harassment, or research ethics questions. Activities of widespread key partners also give rise to concerns of unethical decision making.</p> | <p>Severe financial loss (up to and over £5 million). Significant overspend at School/ Departmental level.</p> | <p>Adverse widespread and/ or national media coverage, including stories on the front page of newspapers or news sites, which is sustained for more than 7 days. National trending on social media for negative reasons. Resignation of staff and/ or governors. Donors and/ or associated partners withdraw support. Public opinion stops is damaging potential student and staff recruitment.</p> | <p>Total disruption to studies or residences during key exam period. Widespread teaching quality issues. Poor destinations survey results for the majority of graduates. National Student Survey results reveal widespread evidence of dissatisfaction with LSE experience.</p> | <p>Single or multiple deaths.</p> | <p>Business disruption to service over 7 days and having adverse effect on frontline services. Loss of LSE building</p> | <p>School in very weak legal and regulatory position (adverse decision). Internal resolution or settlement highly. Approach to regulatory body or employment tribunal. Claims for damages (over £10,000) or injury (over £1,000). Criminal prosecution. Legal fees over £20,000.</p> |

Review schedule

| Review interval | Next review due by | Next review start |
|-----------------|--------------------|-------------------|
| 3 years | March 2020 | January 2020 |

Version history

| Version | Date | Approved by | Notes |
|---------|-----------|--------------------------|--|
| 1.1 | 9/3/2017 | Council | |
| 1.2 | 10/5/2018 | Risk and Compliance Unit | Updated to reflect changes to School structure |

Links

| Reference | Link |
|---------------|---|
| Risk Policy | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/risPol.pdf |
| Risk Strategy | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/risStr.pdf |

Contacts

| Position | Name | Email | Notes |
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