

Higher Education Sector Risk Profile - A summary

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This document covers a summary of the PWC report titled “Managing risk in Higher Education – Higher Education Sector risk profile 2018”. PWC compared 37 higher education institutions, reviewing all the risks in each risk register identifying those similar in nature, categorising the group of risk to a risk theme. The average likelihood and impact for each risk category was calculated to identify the themes which are of higher risk across the entire sector.

We have then provided information on the relevance of climate change to the top 5 key risks for 2018 identified by PWC in their report, alongside other relevant risks.

Table 1: This table lays out the relevance of climate change in relation to the top 5 risks identified within the PwC 2018 report, alongside other sector related risks.

	2018 – Key Risks Identified by PWC	Relevance of Climate Change
(1) Financial Sustainability	A failure to reduce costs and increase income growth will seriously impinge on institutions’ future investment in infrastructure and facilities.	Climate change has the potential to require a greater investment in both future and existing infrastructure and facilities, this will put a greater pressure on the institution to reduce costs and increase income growth.
	Cost inflation pressures and the need to achieve efficiency savings.	
(2) Government policy/political landscape	Acceptance that Universities and Colleges need to be agile to respond quickly to ever changing political environment. It is a risk if the institution cannot respond quickly enough.	If it progresses towards the forefront of political agendas, government policies may become much stronger and more dedicated to climate change, potentially over short periods of time. This may result in institutions needing to have the ability to adapt and respond effectively and quickly to these changes, or risk being left behind.
	FHE Institutions ability to positively influence policy making.	Universities and colleges are centres of expertise on climate change – if it rises in significance on the political agenda, an institution’s influence may grow as it is called upon to provide expert advice and knowledge for relevant policy developments.
	Ability to identify and exploit opportunities which come from devolution.	Local government and devolved administrations have the ability to influence, lead and encourage action on climate change within their region. The power local authorities has may increase if more profound action on climate change is required, specifically in localised adaptation and resilience. This creates more localised opportunities for institutions to take advantage of.
(3) Student recruitment	Attractiveness to potential students affected by ongoing pressures on student life [costs and career outcomes] resulting in failure to meet recruitment targets.	Climate change is growing in prominence in society as a whole, specifically within the younger generations. The curricula for the subjects provided by institutions could have to reflect this and incorporate an element of climate change into the learning, or potentially run the risk of reduced student numbers. This is also the case for the institution’s strategy, as quoted in the PWC document <i>“with many students wanting institutions to have a comprehensive sustainability strategy that acknowledges the institution’s responsibility to wider society and increase its resilience in the current uncertain economic and political climate”</i> - climate change is a key factor of this uncertainty. The ability to recruit is also heavily linked with key risk (4) – reputation.
	Failure to achieve home/EU undergraduate recruitment targets which encompass number and quality.	
(4) Reputation	Overriding concern here surrounds protecting stakeholder confidence, including students, staff, the regulator, funders and partners. This could lead to	Climate change can provide the opportunity for University and Colleges to boost their reputation, with the prospect of institutions being able to influence local/national policy,

	institutions managing their reputations by clearly showing the value that they create.	alongside increasing their own and local community's resilience and adaptability. Failure of an institution to effectively adapt to the impacts and various connotations of climate change may significantly harm its reputation. An institutions reputation is also heavily linked with all other key risks identified.
(5) Investment in IT, Cyber Security, Data and management information	Deterioration/loss of information assets and data.	With the impacts of climate change related weather events having the potential to increase, the risk of a major loss of information and assets will also increase. In order to reduce this risk and the impacts seen from events such as overheating and flooding, a greater investment in the protection and maintenance of IT equipment / infrastructure would have to occur.
	As a result in IT security and/or governance, the university suffers a major data loss, breach of security or loss of systems availability.	
Other Key Risks		
Teaching excellence framework	Failure to maintain a significant profile for teaching excellence.	With the excellence framework and its assessment methodology being the responsibility of the government, their assessment of the quality of undergraduate teaching in universities and colleges and therefore the TEF rating given to individual institutions, could be heavily influenced by the institution's ability to incorporate climate change within its agenda.
	A need to protect reputation in an increasingly competitive student market	
	TEF category can have both a positive and negative impact on their competitive position.	
Business Continuity	A need to improve organisational resilience against a significant business disruption.	Climate change has the potential to increase the vulnerability of institutions to hazardous weather related events. Although bespoke to the location of the institution, this could include riverine flooding, surface water flooding due to heavy rain, high winds, heatwaves, drought, heavy snowfall and cold temperatures & ice. All the risks listed for business continuity could increase in likelihood and impact experienced unless the institution makes physical, operation or strategic changes and includes actions that tackle the likelihood of damage or disruption as a result of climate change.
	Scenario planning and incident testing, to ensure the institution is more prepared for security incidents, and aware of their vulnerabilities.	
	External incident comprises campus operations or access.	
	Failure to operate due to severe business disruption or sudden environmental change.	
	Loss of moveable assets resulting in inability of the University to function properly and to provide satisfactory services to students.	
	Poor Resilience/protection of key University assets that might be affected by power failures; harmful effect on productivity, research, health and safety, IT and reputation.	
Culture, staff, performance and development	Lack of engagement with continuing professional development to support high quality teaching and research.	Climate change has the potential to become the main focus of future research and teaching across a large number of subjects and departments. The ability to engage with and develop staff, specifically in those subjects which historically have had no connection with climate change, is key to ensuring that the quality of teaching and research remain high and the institutions strategic plan is adhered too. Investment in this development is also key, ensuring the facilities and capabilities are present across the institution.
	Fail to achieve a high-performance culture, and ensure workforce, management and governance are effective for delivery of strategy.	
	Failure to appropriately develop staff in line with strategic plan	