rmp education

Risk Control

Higher Education
State of the Nation

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1 An Introduction to the Sector

The Higher Education Sector has experienced a fundamental cultural shift in recent years with students viewing themselves as consumers. This shift has brought an increased level of scrutiny to the door of institutions; requiring them to demonstrate 'value for money' for the quality of education being received by the students against the tuition fees payable. For the sector; the challenge has been to strike the right balance between the provision of high quality yet affordable education whilst maintaining financial stability and encouraging investment and growth.

Sector funding cuts, increased operating costs, inflationary pressures on pensions and reductions in research grants are just a sample of the challenges institutions have to manage in an increasingly competitive market to attract both domestic and international students through their doors.

The sector is evolving and working hard to keep pace with advances in automation, artificial intelligence and unprecedented access to data. There remains unpredictability in the sector with many influential factors outside of the institutions' direct control such as Brexit, change in Government Policy and the impact of a global pandemic.

Risk Management has never been more important. The reputation of institutions can make or break their ability to attract both students and much needed funding - and can mean the difference between survive and thrive.

2 The Risk Landscape

The global economic downturn has impacted the higher education sector with a competing need to deliver more with less. In light of this, many institutions are now reflecting on how they address risk and are challenging their risk management framework to test whether they are making the best use of risk management as a business performance tool to adequately protect against threats and capitalise on opportunities.

A key benefit of an effective risk management framework is being able to address challenges by targeting resources with a proportionate approach. We always want to manage risk down, but this is not always possible. Those institutions with a fresh and embracing appetite towards accepting measured risks may well be those that thrive.

By adopting an enterprise wide approach to risk management; institutions will have greater visibility of the range of threats that could impact them as a 'whole' organisation rather than a silo methodology which focuses on the specific risks within individual faculties, colleges and departments. This will enable a more effective and cost beneficial proactive control framework to be developed around the risk profile of the institution.

Good governance can only be achieved if risk management is part of the internal control framework and is embedded into an institutions culture. This means that the governing body and all levels of the management hierarchy must recognise risk management as an integral part of their activities and should be accepted as a continuous process – part of the institutions DNA.

Risk management is a key enabler to achieving strategic objectives. The best application of risk management is to create a culture that is risk aware, not risk averse. When you are risk aware, you are more likely to identify opportunities and maximise their potential.

The classic threats of employee liability, natural catastrophes, safety and security remain firm within the higher education sector - albeit growing in complexity. Add to these, new emerging risk areas such as cyber liability, international travel threats, increasing numbers of minors on campus and mental health and wellbeing challenges and we begin to see a more diverse and thorny risk portfolio emerge for the sector.

3 Key Risk Drivers in the Sector

Internal and external factors will influence the risk profile and level of control the sector has in effective mitigation of risk. Nonetheless, understanding and awareness of these factors will go some way to reducing the number of unwanted surprises.

Table A

Internal Influences	External Influences
• Behaviours	• Regulatory Environment
• Technology	• Demographics
• Culture	• Market Forces
• Finances	• Social Economic Trends
• Leadership	• Competition
• Physical Assets	• External Stakeholders
• Processes	• National and International Politics
	• Supply Chain
	• Partnerships

Internal influences such as behaviours, culture and leadership 'tone from the top' are to some extent within the gift of institutions to control and manage. Early consideration of those external factors that could impact on the achievement of objectives such as supply chain risks, demographic changes and awareness of the competitive edge of other institutions will enable mitigations to be implemented which could reduce the impact of such risks materialising.

In the current climate, there are a number of factors driving strategic risk and presenting opportunities for the sector. These include:

Table B

Increased global competition for students		
Student expectations	Institution development	Global alliances
• Variable tuition fees	• New and emerging technologies	• Commercialisation opportunities
• Management stretch	• Infrastructure investment	• Reliance on overseas markets
• Student welfare – home & abroad	• Capital projects	• Partnerships

The drivers shown in table B present considerable risks for university leaders and governing bodies to deal with. As the sector becomes increasingly competitive; institutions needs to keep pace with technological advances, demonstrate innovation and present themselves as the most appealing choice for students to further their education. It is important that there are control parameters attached to any innovation and growth to ensure risk taking behaviour does not become maverick and uncontrolled. Strong corporate governance practices will set the risk appetite and ensure decisions are considered and fall within pre-agreed risk tolerance levels.

A deep understanding of the risks being faced is required of university management and governing bodies. An active risk register should be in place which clearly depicts ownership and accountability as well as the mitigation measures needed to effectively manage the risks presented.

4 Risk Profile

What was once a relatively straightforward service provision of high quality further education has now become a competitive and challenging environment where institutions are competing for research funding, students and grants.   Brand reputation is high on the list of priorities to secure future investment, meet the rising levels of student expectations and deliver world class teaching and research.

The risk profile of the sector is evolving, with consumerism driving an increase in complaints, legal action and appeals from students as well as a rise in student welfare issues such as mental health and wellbeing.

In any organisation, strategic risks remain relatively consistent and merely shift in priority ranking year on year. This is equally reflective of the higher education sector. A report produced by Price Waterhouse Coopers (PWC) provides an excellent summary of the key risks facing the sector in 2021[1].

The five themes highlighted by PWC for 2021 are:

1. Cyber Security and Information Governance
2. COVID-19
3. Student Experience
4. Mental Wellbeing
5. Student Recruitment

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[1] Managing risk in higher education: Higher education sector risk profile 2021 (pwc.co.uk)

5 Strategic Risks

In addition to the five themes presented by PWC, there are a number of other strategic risk areas that institutions should be alive to and actively managing. Below is a suggested list of strategic risks that institutions should consider, assess and prioritise dependent on their own agenda, direction of travel and strategic objectives. This should form a key element to the overall risk management framework.

Risk Area	Considerations
Student Recruitment **Undergraduate, Post Graduate, International**	A constant strategic risk for the sector. There is a need for sufficient student numbers to enable the institution to operate effectively and profitably. Undoubtedly tuition fees are a significant contributory factor to declining student numbers on campus as are rising living costs. The competition in the market will also have an impact. Applications have been decreasing in recent years and in particularly for those applicants who are over 25 years old.
Cyber Security **Hacks, Breaches, Social Media, GDPR**	The General Data Protection Regulation (GDPR) presents a significant concern for the sector - ensuring compliance will require investment from management given the vast volume of personal information held and processed. The growth in online activity as part of normal business increases the risk of cyber-attacks. Research can bring the threat of attack from theft or destruction and has financial and reputational implications. The pandemic approach to online learning also poses a threat.
Financial Sustainability **Business Operating Models for the Future**	Evolving at a rapid rate are new ways to deliver education, to generate income and attract student enrolment. Institutions that fail to keep pace and plan effectively for the new world will be left behind. Accurate forecasting of student numbers and strong budget management will help the financial sustainability. Institutions should be aware of alternative business models and consider their viability and value.

Risk Area	Considerations
Political Landscape and Government Agenda **Funding and Tuition Fees**	Future funding and tuition fee pricing is set by the Government. The uncertainty and unpredictability over these factors makes financial forecasting in the sector challenging. Government campaigns to widen the education offering also create budgetary and student recruitment concerns such as that for higher and degree apprenticeships.
Pensions **Financial Pressure**	Automatic enrolment has increased employer contributions placing financial pressure on the sector. Changes to pension schemes creating financial instability for institutions.
Research Funding	COVID-19 impact on slowing research activity. Ever reducing 'pot' of funding for research activities.
Sector Reform and Transformation	Potential fee and commercial revenue reductions. Implications of Brexit on international student enrolment and student travel. Uncertainty of Government Policy on funding and the future of the sector.
Reputation **Negative Press and Media Reports**	Stakeholder confidence is essential for the survival of institutions. Reputation will impact on enrolment, tuition fees, investment and funding. Protection of reputation must be woven through all aspects of the functioning of the institution.
Operating Model **Governance Framework and Operating Practices**	Risks arising from inadequate processes, people and systems that impact the functionality of the institution. Remaining agile with a fluid operating model and a healthy risk appetite opens the door for competition and growth. High awareness of the extent of the institutions activities, partners and supply chain will support success.

6 Emerging Risks

The higher education sector needs to keep 'its finger on the pulse' and be alive to the range of emerging threats and risks with the potential to impact them. Familiar risks may take on a new form or direction and new risks will cultivate as society reshapes itself in a post pandemic world.

Emerging risks to be aware of include, but are not limited to:

- Safe international travel for employees and students.
- Threat of terrorism.
- Social media misuse.
- Minors on campus.
- Mental health and wellbeing of employees and students alike.

Of particular note are the following three emergent risks:

BREXIT and Migration Policy

Universities have been most vocal about the impact of our revised visa entry policies pre-BREXIT. They rely heavily on oversees student tuition fees. There remains a good deal of uncertainty around what impact the BREXIT visa plans will have on student numbers but the financial impact is anticipated to be significant for UK institutions'[2]. The crossover with Brexit and the COVID-19 pandemic mean that we have not yet seen the impact. Ironically, if we keep ahead of the rest of Europe and other parts of the world on the vaccine programme, then Higher Education in the UK may well be one of the most desirable choices over the next couple of years.

Online Harms

Intended to protect child users of businesses with an online element from "harms" including cyber bullying, exploitation, fake news, the promotion of self-harm and harassment amongst others, the new duty of care which this legislation will impose on businesses up and down the country is designed to make the UK the safest place in the world to be online through enforcement by OFCOM - the UK's Communication Regulator. There is plenty of lobbying time before it comes into force and many businesses are justifiably concerned as to how they can deal with these "harms" and manage their risk in an environment where technology and behaviour regularly outpaces the law which is designed to regulate it.

This is likely to be a major issue for those in Higher Education because of the way in which they provide access to online material and interaction for students.

Radicalisation

Radicalisation is an important feature in the Manchester Arena Bombing Inquiry. In the Arena case the University of Salford are a Core Participant in the Inquiry. Salman Abedi, the Manchester suicide bomber was enrolled there. The Inquiry will draw out a lack of contact and engagement with Salman when he evidently became disengaged from his studies in his second year, which will question whether a referral to the government's PREVENT programme should have been made and whether the interaction between institutions about Salman Abedi was lacking[3].

It remains to be seen what impact COVID-19 will have had on the issue of radicalisation but the psychological impact of periods of isolation, coupled with limited social interactions present a real challenge to higher education institutions to protect vulnerable students against radicalisation.

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[2] U.K. Universities Face Financial Loss As Brexit Hits E.U. Student Numbers (forbes.com)
[3] Manchester Arena Inquiry

7 Artificial Intelligence

Institutions need to remain agile and adaptable. Those dependent on student enrolment for financial sustainability need to make sure they keep pace with the fluctuating environment around them including advances in technology.

Artificial intelligence (AI) tools can help detect those students most likely to 'drop out', direct targeted enrolment campaigns which can strengthen financial forecasting and support the management of resource and infrastructure needs[4].

Recent trends in the US have pointed towards declining student populations and are predicting that between 2026 and 2031, the number of American high school graduates is expected to fall by 9%[5]. In the UK; two-thirds of universities and colleges have witnessed an upsurge in the proportion of students dropping out in the last 5 years[6].   The use of AI tools could equip institutions with the competitive edge over others in the sector to predictively calculate dropout rates and exert themselves to mitigate against this risk materialising and buck the trend.

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[4] Five Ways Higher Education Can Thrive (Not Just Survive) Post-Pandemic (forbes.com)
[5] Top Risks and Enterprise Risk Management in Higher Education | Deloitte US
[6] Rise in university dropout rates is concerning, minister warns | Express & Star (expressandstar.com)

8 Mental Health and Wellbeing

The shock of transition from the school education setting to a college/university environment can be a level of pressure that many students struggle to cope with. Student life is stressful. The cost of tuition and living expenses, adjusting to an unfamiliar environment, meeting new people and an expectation to succeed all create a pressure cooker environment for students that institutions need to be actively handling. Mental Health and Wellbeing has always been a key risk within the higher education sector, but the loss of 'student experience', shift to online learning and changing patterns of exams and assessments have raised this risk considerably.

Student Minds is the UK's student mental health charity providing support, training and resources to help students take care of their mental health and wellbeing needs[7]. The charity Mind also provides advice and practical suggestions for students on how to cope with student life[8]. Institutions should ensure they are sufficiently signposting students towards the help and support mechanisms available to them.

A survey by the Office for National Statistics (ONS) found that more than half of university students felt their mental health and wellbeing had deteriorated since the COVID-19 pandemic began. By their very nature, students experience higher levels of anxiety than the general UK population – add to this a deterioration in their level of social interaction and different teaching methods and it inevitably alters the wellbeing risk profile[9].

Institutions need to ensure they have a robust support structure in place for students and that their employees are educated and trained to recognise the trigger signs of stress and anxiety and can respond appropriately.

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[7] Student Minds - Home
[8] About student mental health | Mind
[9] More than half of university students say mental health and wellbeing worsened over term, ONS survey suggests | The Independent

9 Higher Education Insurance and Claims

The complexity of the higher education sector risk profile requires its institutions to have comprehensive insurance programmes in place to protect them; not only from harm or damage but also their reputations. Beyond standard insurance considerations, institutions may also require protection for medical malpractice, cyber, aerospace and clinical trials depending on their activities.

The rise in student consumerism has produced a more litigious environment and compensation claims have been presented by students where they believe they have been wronged by their education provider. Institution employees can equally become involved in complex disputes and lodge claims against their employer.

The top three claim areas of highest value in the sector are:

1. Negligence claims.
2. Contract breaches.
3. Discrimination.

Exposure can arise from data breaches, data protection issues related to plagiarism and misrepresentation and claims for discrimination under the Equality Act 2010.

Social media is a double edged sword. On one hand it can help spread the message of the positive achievements of an institution, encourage followers, generate a buzz and raise enrolment figures. On the other hand, where abused, it can lead to claims where defamatory comments may have been posted on social media platforms and the individual is seen to be a representative of the institution or representing the views of their institution. Negative statements or hate offences online can significantly impact on reputation and brand – bringing the institution into disrepute.

UK legislation to better protect in our new digital world is on its way. The Government's Online Harms White Paper sets out plans for a new duty of care for organisations to take responsibility for the safety of their users. It builds on the Government manifesto commitment to introduce legislation to make the UK the safest place in the world to be online but at the same time defend freedom of expression[10].

The legislation will define what harmful content will be in scope. Principally, this legislation will tackle illegal activity taking place online and prevent children from being exposed to inappropriate material. It is expected that this will also apply to the protection of young people in the higher education setting.

[10] Online Harms White Paper: Full government response to the consultation - GOV.UK (www.gov.uk)

10 COVID-19 – Impact on the Higher Education Sector

The shift in teaching method to distance learning as a result of the COVID-19 pandemic was necessary to minimise the impact on the education of students. This was a challenge for students to adapt to but also for employees who were more used to talking to a room full of students than to a screen.

The transition to fully virtual classrooms has not been easy and for some, it did not happen quickly enough. There is the potential for students who feel they were denied their right to education to present a claim against the institution through the Human Rights Act Protocol 1, Article 2 or to argue their 'right' for tuition fee refunds. Additionally common law claims could be brought against the institution for 'failure to educate'.

The US has seen a number of universities presented with class action claims from students seeking to recover their tuition fees and accommodation costs as a consequence of being 'sent home' to modify to online learning[11]. Future loss claims of how the learning during the pandemic has negatively impacted a student's potential to have achieved more by the time they leave university is a very possible threat.

Deprivation of liberty claims could be brought, whereby students may claim they were 'locked' in their student accommodation with the university not operating during lockdown[12]. This could give rise to Human Rights claims although there is a statute of limitation on these of 12 months so the impact will be quickly felt if it arrives. Institutions who were delayed in 'flicking the switch' to online learning or failed to offer students a suitable alternative teaching method, should be bracing themselves for a potential surge in claims that they may be forced to defend.

The pandemic is not over. Decisions made and recorded now could support a future defensibility strategy should it be called upon. Institutions will undoubtedly be scrutinised on how they responded to the Government Guidelines and Directives at defining points in our pandemic journey and it is vital that their record keeping of the timeline of decisions taken is accurate and available to support a defence.

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[11] Coronavirus-Related Suits Hit Higher Ed Institutions | The D&O Diary (dandodiary.com)

[12] Manchester students under lockdown claim they are being falsely imprisoned | London Evening Standard | Evening Standard

11 Post Pandemic Education

Higher education institutions more likely to 'thrive' than just 'survive' when we emerge from the COVID-19 pandemic are those with embedded risk management practices who are alive to emerging threats, adaptable to change and demonstrate a willingness to embrace new technological advances.

Forbes – the US business magazine has highlighted '5 Ways to Thrive'[13]. These are:

1. Go all-in on online learning.
2. Cut the red tape surrounding procurement.
3. Reduce friction associated with the giving experience.
4. Centralise and consolidate communications.
5. Incorporate AI into your technology strategy.

Online learning has its place of value, but students will have missed the overall 'university experience' during the pandemic and many will be keen to return to a pre-COVID-19 world of in person interaction. The success with which institutions exit lockdown into a new form of post pandemic education will be equally as important as to how managed the pandemic when they entered lockdown.

The closure of campuses, transition to online learning, postponement of funding initiatives and research projects will all have long tailed impact on the sector. Once through the challenge of pandemic management, the sector will have to face their economic and sustainability pressures head on to remain relevant and prosper.

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[13] Five Ways Higher Education Can Thrive (Not Just Survive) Post-Pandemic (forbes.com)

12 Further Support

A pleasing feature of recent times has been the development of our virtual bite size training sessions and it's interesting to note that our higher education clients have been locking into a number of different sessions ranging from Enterprise Risk Management through to Legionella and Risk Assessment Sessions. These bite size sessions are available to higher education clients and a new programme of topics is released every quarter.

RMP Risk Control has a proven track record in strengthening organisational risk & safety culture and lowering claims numbers and costs. By working in close partnership with our clients we raise and augment the profile of enterprise risk management across the organisation.   Our team of qualified and experienced consultants based throughout the country have extensive experience of working closely with organisations, within the realms of health and safety and risk management to develop and deliver bespoke risk control programmes which are tailored to our clients' needs.

If you would like further information on any of our risk control services or to discuss your risk and safety needs, please don't hesitate to contact Ashley Easen - Director of Risk Consulting or your RMP Account Director.

13 Contact Details

If you would like to discuss how RMP Risk Control can assist and support you, please contact your Risk Consultant:

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On occasion, RMP Risk Control will deliver services via our extended network of approved Associate Consultants. These consultants have successfully passed our stringent vetting processes and their use will be agreed with our clients prior to project initiation.

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Dedication in action

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