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# AUDIT COMMITTEE REPORT

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| **Subject:** Strategic Risk Register | **Purpose:**<br>**For Approval** ☐<br>**For Discussion** ☒<br>**For Information** ☐ |
| **Prepared by:** Peter D Smith, Vice Principal – Finance and Resources | **Date:** 15 November 2017 |

**Purpose:** To discuss the College's Strategic Risk Register.

**Linked to Strategic Goal 5: Build Sustainability.**

**Executive Summary:**

The College's Strategic Risk Register (attached) was considered by the Regional Board on 26 October 2017. At that meeting, the Board requested the addition of two new risks in relation to the General Data Protection Regulation (GDPR) and Cyber Resilience. These have been added as Risks 5h and 5i respectively.

**Recommendation:** Committee discuss the Strategic Risk Register.

**Previous Committee Approvals:** n/a

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| **For publication** ☒ | **For publication with redactions** ☐ | **Not for publication** ☐ |

# BORDERS COLLEGE STRATEGIC RISK REGISTER

**Approved by:** Board
**Date:** 26/10/2017

**Strategic Risk Appetite - MODERATE**

| Ref | Objectives and Risks | Risk Owner | Original Likelihood (1 - 5) | Original Impact (1 - 5) | Original Rating (max =25) | Current Controls | Current Likelihood (1 - 5) | Current Impact (1 - 5) | Current Rating (max =25) | Target Likelihood (1 - 5) | Target Impact (1 - 5) | Target Total (max =25) | Above/ On Target | Further Actions | Action Owner | Planned Action Completion Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Respond to the needs of our region - Risk Appetite - OPEN** | | | | | | | | | | | | | | | |
| 1a | IF the SFC does not fund growth in the Scottish Borders, THEN the College will not be able to create new provision to meet demand. | Principal | 4 | 4 | 16 | Outcome agreement, engagement with SFC, development of business cases to support growth | 3 | 3 | 9 | 3 | 2 | 6 | Above Target | TREAT - Continue to explore alternative funding streams to respond to demand. Board Chair and SMT continue to raise the profile of the college with regional stakeholders who have influence with decision makers. Continue to seek efficency savings in order to invest in new provision. Engage with SFC on request for Credits | Executive | Continuous |
| 1b | IF partners do not engage successfully with the College, THEN the College will not be able to identify and meet their needs. | Principal | 3 | 4 | 12 | Engagement with Industry groups and other employers, local authority and schools, community planning partners, universities | 2 | 3 | 6 | 3 | 2 | 6 | On Target | TREAT - Build on good reputation of the college to foster genuine partnerships and solutions to regional challenges. Continue to push positive PR re our successes. | Executive | Continuous |
| 1c | IF College is not recognised by SSSA, THEN this will undermine College's role and remit as region's recognised skills provider. | Principal | 2 | 3 | 6 | Maintaining awareness of emerging issues with SSSA, active angagement with local authority by Principal / Chair | 2 | 3 | 6 | 2 | 2 | 4 | Above Target | TOLERATE - Co-ordinate approach with Dumfries & Galloway college | Principal/Board Chair | Continuous |
| 1d | IF SFC/SDS funding is reduced, THEN the College will not be able to meet the demands of our stakeholders. | Principal | 4 | 5 | 20 | Engagement with SFC, Outcome Agreement Process, curriculum and business planning | 3 | 4 | 12 | 3 | 2 | 6 | Above Target | TREAT - Continue to explore alternative funding streams to respond to demand. Board Chair and SMT continue to raise the profile of the college with regional stakeholders who have influence with decision makers. Continue to seek efficency savings in order to invest in new provision. | Executive | Continuous |
| 1e | IF national priorities conflict with local needs THEN the College may not be able to effectively meet Regional needs. | Principal | 4 | 4 | 16 | Outcome agreement, engagement with SFC, engagement with CPP and industry | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TOLERATE - Build on good reputation of the college to foster genuine partnerships and solutions to regional challenges. Continue to push positive PR re our successes. | Executive | Continuous |
| 1f | IF Regional need is not properly articulated, understood and analysed, THEN the College will not be in a position to effectively meet that need. | Principal | 3 | 4 | 12 | Engagement with CPP, industry, other stakeholders | 2 | 2 | 4 | 2 | 2 | 4 | On Target | TOLERATE - No further action | | |
| 1g | IF regional schools underperform, THEN learner outcomes may be adversely affected. | Principal | 3 | 4 | 12 | Engagement with local authority and schools to improve understanding of College opportunities and requirements, curriculum design | 3 | 3 | 9 | 3 | 2 | 6 | Above Target | TREAT - Consider collaborative partnerships and alternative delivery models to engage learners who do not meet baseline qualifications. | VP C &SS | 30/06/2017 |
| 1h | If EU-funded Credit activity is withdrawn, THEN the College may not be able to sustain activity levels | VP C &SS | 5 | 4 | 20 | Outcome agreement, engagement with SFC, curriculum and business planning | 5 | 3 | 15 | 5 | 2 | 10 | Above Target | TREAT - Continue to explore alternative funding streams to respond to demand. Board Chair and SMT continue to raise the profile of the college with regional stakeholders who have influence with decision makers. Continue to seek efficency savings in order to invest in new provision. | Executive | Continuous |
| 1i | IF the College is not recognised in City Deal, THEN funding could be diverted elsewhere | Principal | 3 | 4 | 12 | Engagement by Principal | 2 | 3 | 6 | 2 | 3 | 6 | On Target | TREAT - Principal & Chair of the Board to work with West Lothian and Edinburgh colleges to ensure a collaborative response lobbying for colleges to influence decision making. | Principal/Board Chair | 30/04/2017 |
| 1j | IF the review of the Enterprise agencies does not recognise the role of the college sector, THEN the College may not be sufficiently resourced to meet the needs of our Regional needs. | Principal | 3 | 4 | 12 | Maintaining awareness of emerging issues in review, active angagement by Principal / Chair | 2 | 3 | 6 | 2 | 3 | 6 | On Target | TREAT - Continue engage in review, work with D&G College | Principal/Board Chair | Continuous |
| 2 | **Deliver successful outcomes for all our learners - Risk Appetite - OPEN** | | | | | | | | | | | | | | | |
| 2a | IF learners' needs are not properly articulated when considering resource planning, THEN leaners may not achieve their desired outcomes. | VP F&R | 3 | 4 | 12 | Faculty councils, student feedback and engagement on College committees | 2 | 3 | 6 | 2 | 2 | 4 | Above Target | TREAT - Improve student engagement in resourcing decisions through user groups and committees. Ensure curriculum planning and resourec planning are fully integrated. | VP F&R | 31/07/2017 |
| 2b | IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achive desired outcomes. | Principal | 3 | 4 | 12 | CPD and staff development, staff consultation, College meetings and briefings | 2 | 2 | 4 | 2 | 3 | 6 | On Target | TREAT - Continue to influence external policy on National Bargaining and Workforce for the future. Communicate reguarly with internal staff and students not participating in but are affected by strike action and work together to mitigate impact. | Principal | Continuous |
| 2c | IF employers do not engage successfully with the College, THEN the College will not be able to provide an appropriate curriculum to meet demand. | VP C &SS | 3 | 4 | 12 | Employer engagement programme, industry groups | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TREAT - Build on relationship with newly formed DYW Industry Group and existing Employer Relationships. Promote our successes with Employers. Continue to explore a CRM system to capture all enquiries. | VP C & SS/VP F&R | Continuous |
| 2d | IF staff do not deliver teaching in methods that are engaging and effective, THEN students are less likely to achieve a successful outcome. | Director BI & P | 3 | 4 | 12 | Quality assurance, CPD and staff development, internal review, programme and block review, student feedback, faculty councils | 3 | 3 | 9 | 2 | 3 | 6 | Above Target | TREAT - Benefit from the new Education Scotland QA approach. Introduce an enhanced approach to classroom observation improving staff's reflective practice. | Director BI & P | Continuous |
| 2e | IF students are not enrolled on the most appropriate programme, THEN they may be less likely to succeed. | VP C &SS | 3 | 4 | 12 | Admissions procedures and interviews, programme review, learner success mentor, course tutors | 2 | 2 | 4 | 2 | 2 | 4 | On Target | TREAT - Continue to have clear entry requirements understood by those interviewing and suggest alternative provision when applicant doesn't match the course | VP C & SS | Continuous |
| 2f | IF student support funding is reduced, THEN learners may not be able to enrol on their preferred course of study or achieve their qualification. | VP F&R | 3 | 4 | 12 | Outcome agreement, engagement with SFC, management, full utilisation and monitoring of SS Funds | 2 | 2 | 4 | 1 | 2 | 2 | Above Target | TREAT - Control expenditure through limiting essential course costs. Make application for additional funding through SFC redistribution. | VP F & R | Continuous |
| 2g | IF national pay bargaining has a negative effect on staff engagement, THEN student outcomes may decline. | Principal | 4 | 4 | 16 | Staff consultation and communication | 4 | 3 | 12 | 2 | 2 | 4 | Above Target | TREAT - Continue to influence external policy on National Bargaining and Workforce for the future. Communicate reguarly with internal staff and students not participating in but are affected by strike action and work together to mitigate impact. | Principal | Continuous |
| 3 | **Provide a high quality College experience - Risk Appetite - MODERATE** | | | | | | | | | | | | | | | |
| 3a | IF SFC does not provide sufficient capital maintenance funding THEN the quality of student experience will be reduced. | VP F&R | 4 | 4 | 16 | Outcome agreement, engagement with SFC, business cases for capital projects, resource planning | 3 | 3 | 9 | 3 | 2 | 6 | Above Target | TREAT - Create headroom in budget to allow for onggoing investment | VP F&R | 31/07/2017 |
| 3b | IF significant numbers of learners decide to travel to study at other colleges, THEN learner choice will likely be reduced. | VP Q&I | 3 | 3 | 9 | Curriculum planning, marketing strategy, engament with schools and prospective learners, employers | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TREAT - Manage impact through curriculum planning. Analyse areas of loss to inform refresh of the curriculum. Coordinated planning with the schools. Adjust admissions policy. | Principal | Continuous |

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| 3c | | IF the Students' Association does not continue to be pro-active in engaging with the College, THEN the learner experience will likely be diminished. | VP Q&I | 3 | 3 | 9 | Financial and SMT Support to SA, partnership agreement, clear BCSA development plan, feedback on engagement | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TREAT - Review reasons for lack of effectiveness. Support BCSA to make changes. Engage NUS (Scotland) and SPARQS to provide support to SA. | Principal | Continuous |
| 3d | | IF students are not engaged in driving the learner experience, THEN the College may not develop an appropriate learner experience. | VP Q&I | 3 | 3 | 9 | Student feedback, students' association, surveys and feedback, faculty councils | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TREAT - continue with student engagement, | VP C & SS | |
| 3e | | IF Erasmus funding is withdrawn, THEN the College will not be able to provide such a high quality learning experience. | VP C &SS | 5 | 3 | 15 | Resource planning, engagement with SFC | 4 | 3 | 12 | 4 | 2 | 8 | Above Target | TOLERATE - Amend programme experience from Europe to UK | VP C & SS | 31/03/2018 |
| **4** | | **Grow our business - Risk Appetite - CAUTIOUS** | | | | | | | | | | | | | | | |
| 4a | | IF the SFC does not fund growth in the Scottish Borders, THEN the College will not be able to create new provision to meet demand. | VP C &SS | 4 | 4 | 16 | Outcome agreement, engagement with SFC, development of business cases to support growth | 4 | 3 | 12 | 3 | 2 | 6 | Above Target | TREAT - Continue to explore alternative funding streams to respond to demand. Board Chair and SMT continue to raise the profile of the college with regional stakeholders who have influence with decision makers. Continue to seek efficency savings in order to invest in new provision. FWDF allows for some additional activity with employers. | Executive | Continuous |
| 4b | | IF the market for commercial delivery is not sufficient to enable the College to meet income targets, THEN we may not have the ability to generate sufficient funds to invest in new resources. | VP F&R | 3 | 4 | 12 | Employer/client engagement, work on new markets and products | 3 | 3 | 9 | 2 | 2 | 4 | Above Target | TREAT - Build on relationship with newly formed DYW Industry Group and existing Employer Relationships. Promote our successes with Employers. Continue to explore a CRM system to capture all enquiries. | VP C & SS/VP F&R | Continuous |
| 4c | | IF the College is not able to recruit appropriately qualified staff, THEN it will not be possible to enable growth in student numbers or commercial business. | Principal | 4 | 3 | 12 | Review recruitment strategy i.e. employment fairs, university graduates, starting salaries for non qualified teachers in skill shortage areas | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TREAT - Continue to promote college successes through proactive marketing and PR campaigns making us an attractive employer. | Principal | Continuous |
| 4d | | IF BREXIT adversely affects the Regional economy, THEN employers may not have the capacity to undertake commercial training. | VP F&R | 3 | 4 | 12 | Employer/client engagement, work on new markets and products | 3 | 3 | 9 | 2 | 2 | 4 | Above Target | TREAT - Widen client base to spread risk | VP F&R/Head of BDU | Continuous |
| **5** | | **Build sustainability - Risk Appetite - MODERATE** | | | | | | | | | | | | | | | |
| 5a | | IF SFC funding is reduced, THEN the College may be unable to invest in a sustainable ICT infrastructure to offer up-to-date learning and improve business processes. | VP F&R | 4 | 4 | 16 | Engagement with SFC, Outcome Agreement Process, curriculum and business planning, replacement infrastructure project 2017 | 3 | 2 | 6 | 2 | 2 | 4 | Above Target | TERMINATE - Creation of sinking fund for ISLT resource | VP F&R | 01/07/2018 |
| 5b | | IF alternative sources of income are not found, THEN the ability to develop new delivery and trial new products is restricted. | VP F&R | 3 | 4 | 12 | Employer/client engagement, work on new markets and products | 3 | 3 | 9 | 2 | 2 | 4 | Above Target | TREAT - Work with BDU and faculties to to increase commercial engagements and wider funding opportunities. | VP F&R | Continuous |
| 5c | | IF national bargaining drives pay awards upwards ahead of any additional resources which are generated through growth, THEN the College will have less flexibility in managing its remaining resources. | VP F&R | 5 | 5 | 25 | Engagement with Employers' Association, resource planning | 5 | 4 | 20 | 5 | 3 | 15 | Above Target | TREAT - create financial headroom in budget to reduce impact of above inflaton increases. | VP F&R/Head of F&P | 31/07/2018 |
| 5d | | IF regional demand reduces, THEN the credit target may not be achieved and funding reduced. | VP C &SS | 4 | 4 | 16 | Engagement with CPP, schools, employers groups, data analysis, business engagement, adult provision | 3 | 3 | 9 | 3 | 3 | 9 | On Target | TREAT - Create new provision in non-traditional subject areas, grow our HN provision and community and business courses | VP C & SS/VP F&R | Continuous |
| 5e | | IF procurement reform does not deliver efficiencies, THEN the College will have reduced resources to deploy to support activity. | VP F&R | 3 | 4 | 12 | Resource Planning cycle, procurement management | 3 | 3 | 9 | 3 | 2 | 6 | Above Target | TREAT - Maximise use of efficient procurement via contracts register and collaborative frameworks, create headroom in budget | VP F&R/Head of F&P | 31/07/2018 |
| 5f | | If EU-funded Credit activity is withdrawn, THEN the College may not be able to sustain activity levels | VP F&R | 5 | 4 | 20 | Outcome agreement, engagement with SFC, curriculum and business planning | 5 | 3 | 15 | 5 | 2 | 10 | Above Target | TREAT - minimise impact of withdrawn funding by efficient esource planning. Notificaton of rejection of SFC claims means we have increased risk here | VP F&R | 01/07/2018 |
| 5g | | IF the grades resulting from the Education Scotland Evaluation Report are poor THE the College may suffer reputational damage, resulting in poor student recruitment and loss of funding. | Director BI & P | 3 | 3 | 9 | Working closely with Education Scotland to ensure accurate judgements about ourselves, work around quality assurance, clear strategies/policies to address concerns. | 2 | 2 | 4 | 2 | 2 | 4 | On Target | TOLERATE - no additional actions | Director BI & P | Continuous |
| 5h | NEW | IF the College is unable to meet the requirements of GDPR THEN the College may suffer financial and reputational damage | Director BI & P | 4 | 5 | 20 | Staff awareness and training, project to ensure compliance, DPO appointment | 3 | 3 | 9 | 1 | 2 | 2 | Above Target | TREAT - detailed project plan. Report to Board, ongoing compliance. | Director BI & P | Continuous |
| 5i | NEW | IF protection against cyber attack is not sufficient, THEN the College could suffer financial and reputational damage, or negative impact on student success | VP F & R | 3 | 3 | 9 | Current security including Firewalls, anti-virus protection, passwords, web filtering, awareness, network segmentation, patches, traffic monitoring, backups, DRP etc | 2 | 3 | 6 | 2 | 2 | 4 | Above Target | TREAT - ensure compliance with SG guidance when issued, as appropriate | Head of ISLT | 31/03/2018 |

| Likelihood | | Impact | |
|---|---|---|---|
| 5 | Almost certain 80% + | 5 | Critical — Substantial effect upon the objective, thus making it extremely difficult/costly to achieve |
| 4 | Very likely 60% - 80% | 4 | Significant — Considerable effect on the objective, making it more difficult /costly to achieve |
| 3 | Likely 40% - 60% | 3 | Moderate — Evident and material effect on the objective, making it fully achievable only with some moderate additional difficulty or cost |
| 2 | Unlikely 20% - 40% | 2 | Minor — Small but noticeable effect on the objective , making it fully achievable but with some minor difficulty/cost |
| 1 | Very unlikely Less than 20% | 1 | Marginal — Peripheral effect upon the objective, impacting only in minor way upon achievement |

Likelihood

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|---|---|---|---|
| 5 | Almost certain<br>80% + | 5 | Critical |
| 4 | Very likely<br>60% - 80% | 4 | Significant |
| 3 | Likely<br>40% - 60% | 3 | Moderate |
| 2 | Unlikely<br>20% - 40% | 2 | Minor |
| 1 | Very unlikely<br>Less than 20% | 1 | Marginal |

Impact

Substantial effect upon the objective, thus making it extremely difficult/costly to achieve

Considerable effect on the objective, making it more difficult /costly to achieve

Evident and material effect on the objective, making it fully achievable only with some moderate additional difficulty or cost

Small but noticeable effect on the objective , making it fully achievable but with some minor difficulty/cost

Peripheral effect upon the objective, impacting only in minor way upon achievement

Appetite

| Likelihood | | | | | |
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| 5 | | | | | |
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Impact