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REGIONAL BOARD REPORT

Subject: Strategic Risk Register – Addressing high risk items	**Purpose:** **For Approval** X **For Discussion** ☐ **For Information** ☐
Prepared by: Steven Ker, Chair of Audit Committee	**Date:** 5 June 2018

Purpose: To seek approval to further Board discussion on aspects of the College's Strategic Risk Register.

Linked to Strategic Goal 5: Build Sustainability.

Executive Summary:

The Chair of the Audit Committee has prepared the attached paper on risk identification and management.

Recommendation: The Board agree to adopt a more structured review of the Strategic Risk Register.

Previous Committee Approvals:

For publication X	**For publication with redactions** ☐	**Not for publication** ☐

RISK IDENTIFICATION AND MANAGEMENT

Board discussion regarding the strategic risk register currently tends to revolve around:

(i) Whether the identified risks have been rated appropriately
(ii) Whether the target rating for identified risks is appropriate
(iii) Whether the identified risks have been articulated properly

This discussion is worthwhile and necessary, however there are two other elements to the discussion which the Board must consider, being:

(i) What other risks are there which have not yet been identified and are therefore not being managed?
(ii) For identified risks where the current rating is significantly above the target (i.e. 'red' on the risk register), the Board needs to satisfy itself that the proposed actions by management are appropriate and sufficient to help bring the rating back in line (or below) target.

It is therefore proposed that more 'structure' is placed around the Board strategic risk register discussions, as follows:

1) Are the Board comfortable that the current ratings and target levels are appropriate?
2) For each 'red' risk, is there anything else the College can do to reduce risk levels in line with target (i.e. the Board's 'appetite)?
3) Are there any risks which do not appear on the risk register but should? One way this discussion could be facilitated/stimulated is by using the principles of a PESTEL analysis.

A PESTEL analysis is often used to help identify the weaknesses or threats in a SWOT analysis. It involves thinking about each of the below factors in turn to identify events or trends which create risk for the College. It is not proposed that each example is discussed in turn; rather that this provides a framework for risk identification.

PESTEL Factors

Factor	Example
Political	- Government policies - Government term and change - Funding, grants and initiatives - Lobbying and pressure groups - Elections and political trends - Internal political issues - Local commissioning processes - Bureaucracy
Economic	- Local economy - Inflation - Interest - Economy trends
Social	- Demographics - Media views of the industry - Brand image - Lifestyle trends - Cultural Taboos - Ethical issues - Advertising and publicity

Technological	- Emerging technologies - Maturity of technology - Technology legislation - Research and Innovation - Information and communications - Competitor technology development - Intellectual property issues
Environmental	- Environmental regulations - Ecological regulations - Reduction of carbon footprint - Sustainability - Impact of adverse weather
Legal	- Current legislation - Future legislation - Regulatory bodies and processes - Employment law - Health and safety regulations - Industry-specific regulations