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CURRICULUM AND QUALITY COMMITTEE REPORT

Subject: Strategic Risk Register & Risk Appetite Management	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 12 February 2019
Purpose: To discuss the changes to the Strategic Risk Register and for members to provide comments on the suggestions around risk appetite monitoring and annual review by the Board.	
Linked to Strategic Goal 5: Build Sustainability.	

Executive Summary:

<u>Risk Register redesign</u>

The next stage of redesign of the Strategic Risk Register has been completed. This redesign has involved the following activities:

- For all risks which are at target level, the future actions have been incorporated into current controls.
- For the majority of the risks which are above target level, the completion date has been changed from CONTINUOUS to a specific date. This is to provide additional focus on management actions.
- For all risks which are above target levels, Senior Leadership Team responsibility has been added.
- The risk response has been reviewed and is either TREAT, TOLERATE, TRANSFER or TERMINATE. When a risk has been effectively transferred or terminated this would indicate that the risk would be closed.

The next and final stage of review of the risk register will involve a team based review of all the risks currently above target, with more detailed analysis of the activities required to reduce likelihood and / or impact.

In addition, a separate impact and risk assessment is being conducted in relation to BREXIT.

<u>Current Strategic Risk Register</u>

The College's Strategic Risk Register (attached) was considered by the Executive Team in January 2019. The following changes have been made:

4b	Commercial delivery targets	Risk description changed to more accurately reflect the potential uncertainty. Risk mitigation now includes the need for improved reporting on commercial activity.

4e NEW RISK	Potential uncertainty of our contribution to the Centre of Excellence for Textiles	Scored currently at an 8 due to a high level of uncertainty. To be mitigated though further discussion and documentation of our role.
4f NEW RISK	Potential for ineffective joint working with D&G in relation to the implementation of the hub and spoke model	Scored currently at 10 due to the good working relationships but potentially very significant impact if the risk materialises. To be mitigated through continued effective working relationship, project management, project documentation and governance. Joint workshop to take place on benefits realisation and risk.
5a	Sustainable ICT infrastructure	Risk has been increased to 12 to reflect the need to ensure sinking fund provision is sufficient to accommodate refresh and update of hub and spoke. We have also recently submitted a return on our future requirements for ICT. We have not yet quantified the resources we require for replacement and upgrade of our various management systems e.g. MIS, finance, HR.

Risk Appetite

It is also important that we give adequate consideration to our risk appetite. The following information has been extracted from our Risk Register Policy and sets out our approach to risk appetite.

The Regional Board has agreed an acceptable level of risk for each of the College's Strategic Goals.

Strategic Goal	Risk Appetite	Definition
Respond to the needs of our region	OPEN	The College is willing to consider all delivery options and select those with the highest level of productive outcomes, even when there is an elevated level of associated risk.
Deliver successful outcomes for our learners	OPEN	The College is willing to consider all delivery options and select those with the highest level of productive outcomes, even when there is an elevated level of associated risk.
Provide a high quality College experience	MODERATE	The College will only accept exposure to modest levels of risk in selecting delivery options, recognising that this may restrict potential rewards.
Grow our business	CAUTIOUS	The College remains guarded, with a preference for safe delivery options that have no more than a low degree of risk, recognising that these may have restricted potential for reward.
Build sustainability	MODERATE	The College will only accept exposure to modest levels of risk in selecting

		delivery options, recognising that this may restrict potential rewards.

We have of course a further level of risk appetite expressed on our register, that being the target risk level for each risk.

The Board

- must determine the appropriate risk appetite or level of exposure for the College and will approve major decisions affecting the College's risk profile or exposure;
- will monitor the management of significant risks and will satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- will annually review the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

The Audit Committee is required to report to the Regional Board on internal controls and alert Board members to any emerging issues. In addition, the Committee oversees internal audit, external audit and management as required in its review of internal controls. The Committee is therefore well-placed to provide advice to the Board on the effectiveness of the internal control system, including the College's system for the management of risk. This will be achieved through regular reports and formally through the annual report of the Audit Committee.

It would make sense for the Board to formally consider its approach to risk appetite annually, as part of the process of considering the Financial Forecast Return submission, and our budget position for the coming year. Consideration of the appropriateness of risk management arrangements would be through the annual accounts process and consideration of the suite of annual reports.

Reporting on Risk Appetite

To assist the Board in understanding our current position in relation to risk appetite we could set a risk rating or risk score range for each of the risk appetite definitions. Using risk score would offer more subtlety. See table below for some thoughts:

Risk Appetite	Risk Rating	Risk score
Open	High	10-12
Moderate	Medium	8-9
Cautious	Low	1-6

Using risk score rather than risk rating would mean that some risks would be unacceptable even with an open appetite.

By adding this additional element to our risk analysis we would be able to report regularly where risks were above the risk appetite level for each of our five strategic aims.

Summary

Members are asked to:

- note the changes to the risk register as outlined in this paper;
- consider the two new risks added;
- note risk assessment work underway in relation to BREXIT;
- comment on the suggestions around risk appetite monitoring and annual review by the Board.

Recommendation:

Committee to note changes to Strategic Risk Register and provide comments on the suggested approach to risk appetite monitoring.

Previous Committee Approvals:
n/a

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

BORDERS COLLEGE STRATEGIC RISK REGISTER
Strategic Risk Appetite - MODERATE

Approved by:	Exec
Date:	22/01/2019

	Objectives and Risks	Original Likelihood (1 - 5)	Original Impact (1 - 5)	Original Rating (max =25)	Current Controls in place	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max =25)		Target Further Actions	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Rating (max =25)	Completion Date	Above / On Target	SLT lead	Exec owner
1	**Respond to the needs of our region - Risk Appetite - OPEN**				**Respond to the needs of our region - Risk Appetite - OPEN**					**Respond to the needs of our region - Risk Appetite - OPEN**					**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.	4	4	16	Outcome agreement, engagement with SFC, development of business cases to support growth	2	3	6		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	2	2	4	Continuous	Above Target	APs + DM	Principal
1b	IF partners do not engage successfully with the College, THEN the College will not be able to identify and meet their needs.	3	4	12	Engagement with Industry groups and other employers, local authority and schools, community planning partners, universities. ..Build on good reputation of the college to foster genuine partnerships and solutions to regional challenges. Continue to push positive PR re our successes. Develop bespoke and flexible solutions for schools. CLMs will meet monthly with DYW and schools.	2	3	6		TOLERATE. No further actions - at target	3	2	6	Continuous	On Target		Principal
1d	IF SFC/SDS funding is reduced, THEN the College will not be able to meet the demands of our stakeholders.	4	5	20	Engagement with SFC, Outcome Agreement Process, curriculum and business planning. 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	2	3	6		TOLERATE. No further actions - at target	3	2	6	Continuous	On Target		Principal
1h	If EU-funded Credit activity is withdrawn, THEN the College may not be able to sustain activity levels	5	4	20	Outcome agreement, engagement with SFC, curriculum and business planning. 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. This risk is at target level and is built into our 5 year financial forecast return.	5	2	10		TOLERATE - no additional actions - at target	5	2	10	Continuous	On Target		VP C&SS
1k	If BREXIT has a significant negative impact on the Borders economy, THEN this may mean the College cannot meet the needs of the Region.	3	3	9	Monitoring of external factors, engagement with stakeholders, discussion with SFC	3	3	9		TREAT - Continue to explore alternative funding streams to respond to demand.	3	2	6	Continuous	Above Target	AC and HR	VP F&CS
2	**Deliver successful outcomes for all our learners - Risk Appetite - OPEN**				**Deliver successful outcomes for all our learners - Risk Appetite - OPEN**					**Deliver successful outcomes for all our learners - Risk Appetite - OPEN**					**Deliver successful outcomes for all our learners - Risk Appetite - OPEN**		
2a	IF learners' needs are not properly articulated when considering resource planning, THEN learners may not achieve their desired outcomes.	3	4	12	Faculty councils, student feedback and engagement on College committees. Improved student engagement in resourcing decisions through user groups and committees. Ensure curriculum planning and resource planning are fully integrated. Work with Student Association to support students with issues such as mental health, cyber bullying.	2	2	4		TOLERATE - no additional actions - at target	2	2	4	Continuous	On Target		VP F&CS
2b	IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achive desired outcomes.	3	4	12	CPD and staff development, staff consultation, College meetings and briefings. 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. Work to ensure any effect from cultural shift is minimised. Maintain positive communicatons in relation to national bargaining.	2	2	4		TOLERATE - no additional actions - at target	2	3	6	Continuous	On Target		Principal
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.	3	4	12	Employer engagement programme, industry groups	3	2	6		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. Ensure engagement via CLMs	2	2	4	31/07/2019	Above Target	DM	VP C&SS & VP F&CS
2e	IF students are not enrolled on the most appropriate programme, THEN they may be less likely to succeed.	3	4	12	Admissions procedures and interviews, programme review, learner success mentor, course tutors. Continue to have clear entry requirements understood by those interviewing and suggest alternative provision when applicant doesn't match the course	2	2	4		TOLERATE - no additional actions - at target	2	2	4	Continuous	On Target		VP C&SS
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.	3	4	12	Outcome agreement, engagement with SFC, management, full utilisation and monitoring of SS Funds. Additional funding allocation received from in year re-distribution.	1	2	2		TOLERATE - Additional funding allocation received from in year re-distribution - at target	1	2	2	Continuous	On Target		VP F&CS
2h	IF our outcomes don't show a positive trend THEN it will impact on our Education Scotland grade and potentially our SFC funding.	3	3	9	Monitoring, achievement coaches,	2	3	6		TREAT -Continue to monitor and take corrective action as necessary. Director BI&P to work with staff to ensure teaching methods are engaging. Continue to improve student experience through L&T	2	2	4	31/07/2019	Above Target	HA and JR	VP C&SS
3	**Provide a high quality College experience - Risk Appetite - MODERATE**				**Provide a high quality College experience - Risk Appetite - MODERATE**					**Provide a high quality College experience - Risk Appetite - MODERATE**					**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.	4	4	16	Outcome agreement, engagement with SFC, business cases for capital projects, resource planning	3	3	9		TREAT - Create headroom in budget to allow for onggoing investment. Initial investment priorities agreed by end December 2018. Review again at end QTR 2	3	2	6	28/02/2019	Above Target	HR, RH and SM	VP F&CS

BORDERS COLLEGE STRATEGIC RISK REGISTER
Strategic Risk Appetite - MODERATE

Approved by:	Exec
Date:	22/01/2019

	Objectives and Risks	Original Likelihood (1 - 5)	Original Impact (1 - 5)	Original Rating (max =25)	Current Controls in place	Current Likelihood (1 - 5)	Current Impact (1 - 5)	Current Rating (max =25)	Target Further Actions	Target Likelihood (1 - 5)	Target Impact (1 - 5)	Target Rating (max =25)	Completion Date	Above / On Target	SLT lead	Exec owner
3b	IF significant numbers of learners decide to travel to study at other colleges and HEIs, THEN learner choice will likely be reduced.	3	3	9	Curriculum planning, marketing strategy, engament with schools and prospective learners, employers	3	2	6	TREAT - Manage impact through curriculum planning. Analyse areas of loss to inform refresh of the curriculum. Coordinated planning with the schools. Adjust admissions policy. Additional targeted marketing	2	2	4	30/09/2019	Above Target	HA	VP C&SS
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.	3	3	9	Financial and SMT Support to SA, partnership agreement, clear BCSA development plan, feedback on engagement. Review reasons for lack of effectiveness. Support BCSA to make changes. Engage NUS (Scotland) and SPARQS to provide support to SA.	2	2	4	TOLERATE - no additional actions - at target	2	2	4	Continuous	On Target		VP C&SS
3d	IF students are not engaged in driving the learner experience, THEN the College may not develop an appropriate learner experience.	3	3	9	Student feedback, students' association, surveys and feedback, faculty councils	2	2	4	TOLERATE - At target level - feedback from student experience councils has been good and students using Buzz the Boss. Having new CLMs in post provides greater capacity for staff to engage with students.	2	2	4	Continuous	On Target		VP C&SS
4	**Grow our business - Risk Appetite - CAUTIOUS**				**Grow our business - Risk Appetite - CAUTIOUS**				**Grow our business - Risk Appetite - CAUTIOUS**					**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.	4	4	16	Outcome agreement, engagement with SFC, development of business cases to support growth. 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.	2	3	6	TOLERATE - no additional actions - at target	3	2	6	Continuous	On Target		VP C&SS
4b	IF we do not understand and capitalise on the market for commercial delivery sufficiently to meet income targets, THEN we may not have the ability to generate sufficient funds to invest in new activities.	3	4	12	Employer/client engagement, work on new markets and products	2	3	6	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. Introduce improved monitoring arrangements for commercial activities.	2	2	4	31/05/2019	Above Target	DM	VP F&CS & VP C&SS
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.	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	TREAT - Continue to promote college successes through proactive marketing and PR campaigns making us an attractive employer.	2	2	4	Continuous	Above Target	DK	Principal
4d	IF BREXIT adversely affects the Regional economy, THEN employers may not have the capacity to undertake commercial training.	3	4	12	Employer/client engagement, work on new markets and products	3	3	9	TREAT - Widen client base to spread risk	2	2	4	31/05/2019	Above Target	DM	VP F&CS
4e	IF the contribution of Borders College to the new Centre of Excellence for Textiles is not clearly undertood by all partners, THEN this may result in adverse reputation	4	2	8	Discussion and agreement with SBC and SDS	4	2	8	TRANSFER - Fomalise relationship with SBC	2	2	4	30/04/2019	Above Target	DM	VP F&CS
4f	IF the College does not work effectively in partnership with Dumfries and Galloway College to implement the Hub and Spoke model THEN our ability to access future grant funding from SOSEA may be impaired.	2	5	10	Effective liaison at Executive and operational level. Joint specification for digital hub and spoke. Complementary curriculum development. Monthly Project Board meetings. Regular operational meetings including oversight group and project team meetings.	2	5	10	TREAT - Fomalise our project documentation. Joint outcomes based planning workshop to develop benefits realisation plan and review risks.	2	2	4	30/04/2019	Above Target	HR and HA	Exec Group
5	**Build sustainability - Risk Appetite - MODERATE**				**Build sustainability - Risk Appetite - MODERATE**				**Build sustainability - Risk Appetite - MODERATE**					**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.	4	4	16	Engagement with SFC, Outcome Agreement Process, curriculum and business planning, replacement infrastructure project 2017	3	4	12	TERMINATE - Creation of sinking fund for ISLT resource which will need to include provision for hub and spoke development and refresh. Capital planning submission made and also needs to be incorporated into future planning. No provision as yet for any upgrade/replacement of management systems.	2	2	4	31/07/2019	Above Target	PC and SM	VP F&CS
5b	IF alternative sources of income are not found, THEN the ability to develop new delivery and trial new products is restricted.	3	4	12	Employer/client engagement, work on new markets and products. Work with BDU and faculties to to increase commercial engagements and wider funding opportunities.	2	2	4	TOLERATE - no additional actions - at target	2	2	4	Continuous	On Target		VP F&CS
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.	5	5	25	Engagement with Employers' Association, resource planning. This risk is ahead of target level and is built into our 5 year financial forecast return.	3	4	12	TOLERATE - no additional actions - below target	5	3	15	Continuous	On Target		VP F&CS
5d	IF regional demand reduces, THEN the credit target may not be achieved and funding reduced.	4	4	16	Engagement with CPP, schools, employers groups, data analysis, business engagement, adult provision. Create new provision in non-traditional subject areas, grow our HN provision and community and business courses	3	3	9	TOLERATE - no additional actions - at target	3	3	9	Continuous	On Target		VP C&SS
5e	IF procurement reform does not deliver efficiencies, THEN the College will have reduced resources to deploy to support activity.	3	4	12	Resource Planning cycle, procurement management. Maximise use of efficient procurement via contracts register and collaborative frameworks, create headroom in budget.	3	2	6	TERMINATE - This risk is at target level with limited impact on objective. Recommend closing	3	2	6	Continuous	On Target		VP F&CS
5f	If EU-funded Credit activity is withdrawn, THEN the College may not be able to sustain activity levels	5	4	20	Outcome agreement, engagement with SFC, curriculum and business planning. minimise impact of withdrawn funding by efficient esource planning. Notificaton of rejection of SFC claims means we have increased risk here. This risk is at target level and is built into our 5 year financial forecast return.	5	2	10	TOLERATE - no additional actions - at target	5	2	10	Continuous	On Target		VP F&CS
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.	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	TOLERATE - no additional actions - at target	2	2	4	Continuous	On Target		Director BI&P
5h	IF the College is unable to meet the requirements of GDPR THEN the College may suffer financial and reputational damage	4	5	20	Staff awareness and training, project to ensure compliance, DPO appointment. Data Protection Policy agreed. Mandatory DP training on moodle.	2	3	6	TREAT - guidance to be finalised for data event notification and management. Work programme to be signed off by SLT in February focusing on update of records management register, implementation of Data Protection Impact Assessments and training.	1	2	2	31/07/2019	Above Target	HR	VP F&CS

BORDERS COLLEGE STRATEGIC RISK REGISTER
Strategic Risk Appetite - MODERATE

		Original			Current				Target						
	Objectives and Risks	Likelihood (1 - 5)	Impact (1 - 5)	Rating (max =25)	Controls in place	Likelihood (1 - 5)	Impact (1 - 5)	Rating (max =25)	Further Actions	Likelihood (1 - 5)	Impact (1 - 5)	Rating (max =25)	Completion Date	Above / On Target	SLT lead	Exec owner
5i	IF protection against cyber attack is not sufficient, THEN the College could suffer financial and reputational damage, or negative impact on student success	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	TREAT - ensure compliance with SG guidance when issued, as appropriate. Consultants engaged to support basic accrediation in January and plus in April 2019	2	2	4	30/04/2019	Above Target	SM	VP F&CS
5j	IF our Childcare ~~and ESF~~ targets are not met THEN this could have a negative impact on financial sustainability	4	3	12	Curriculum planning,monitoring of eapplications, enrolments, discussion with SFC	3	2	6	TREAT - continued monitoring and negotiation with SFC	2	2	4	30/04/2019	Above Target	JG DM	VP C&SS
5k	IF rules for student support funding no longer allow the use of bursaries to purchase mobile devices, THEN the ability to deliver our BYOD strategy will be compromised	4	4	16	Resource planning to create flexibility in ICT replacement. Additional funding allocation received from in year re-distribution - at target	4	1	4	TOLERATE - no additional actions - at target	4	1	4	Continuous	On Target		VP F&CS

Approved by:	**Exec**
Date:	**22/01/2019**

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

Risk Score

Likelihood					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5
	Impact				

Likelihood			
5	Almost certain 80%	5	Critical
4	Very likely 60%-80%	4	Significant
3	Likely 40% - 60%	3	Moderate
2	Unlikely 20% - 40%	2	Minor
1	Very unlikely - 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

Risk Score

Likelihood	5	5	10	**15**	**20**	**25**
	4	4	8	12	**16**	**20**
	3	3	6	9	12	**15**
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				