Board of Management
Audit & Assurance Committee

Date of Meeting	**Tuesday 3 September 2024**
Paper No.	**AAC1-M**
Agenda Item	**5.8**
Subject of Paper	**Strategic Risk Review**
FOISA Status	**Disclosable**
Primary Contact	**Drew McGowan** **Associate Director of Governance and Risk**
Date of production	**16 August 2024**
Action	**For Discussion and Decision**

1. Recommendations

1.1. To discuss and approve the Strategic Risk Register for risks reported to the Committee, recommending any changes to the Board of Management for final approval.

1.2. To note the Risk Management Action Plans for risks reported to the Committee.

2. Purpose

2.1. To provide the Audit & Assurance Committee with an update on the most recent quarterly review of the College's strategic risks for those reported to the Committee. The Strategic Risk Register and the Management Action Plans (MAPs) are enclosed.

3. Consultation

3.1. All strategic risk owners were consulted during the latest quarterly review.

4. Key Insights

4.1. Risk management is a key component of the College's internal control and governance arrangements and, as such, is an important responsibility of the Board of Management, the Executive Leadership Team (ELT) and the Senior Management Team (SMT). Final approval of the Strategic Risk Register is reserved to the Board and the Audit & Assurance Committee has oversight over the College's risk management approach.

4.2. ELT and SMT members are invited to review the risks they own on a quarterly basis. This is to ensure that the College, our Board and its committees, remain aware of any changes in the risk environment and that our risk management plans remain up-to-date and effective. Committees review the risks that are within their remit and recommend any changes to the Board for final approval.

4.3. The Strategic Risk Register and the MAPs are enclosed for the Committee's consideration and approval of members. 6 strategic risks are reported to the Committee. A change to 1 risk score is proposed in this review:

No.	Risk Title	Previous Score	Proposed Score
SR9	Failure to manage performance and achieve improved performance	🔴 15 (5 x 3)	🔴 20 (5 x 4)

5. Impact and Implications

5.1. The effective management, control and mitigation of risks are essential to the College's institutional and financial sustainability, compliance, reputation and future growth.

Appendices:

Appendix 1: Strategic Risk Register

Appendix 2: Risk Management Action Plans

Strategic Risk Register

	The Risk		Assessment			Changes		Board
ID	Risk Title	Owner	Impact	Prob.	Net Score	Trend	Updated	Committee
SR1	Failure to support successful student outcomes and progression	VPSE	5	4	20	↔	Aug '24	Learning
SR2	Failure to establish an optimal pedagogical model	VPSE	5	1	5	↔	Aug '24	Learning
SR4	Failure of the College's duty of care to students	VPSE	5	2	10	↔	Aug '24	Learning
SR5	Failure to realise planned benefits of Regionalisation	Pr DPr	3	3	9	↔	Aug '24	Conveners'
SR6	Negative impact upon the College's reputation	VPCDI	3	3	9	↔	Aug '24	Development
SR7	Failure to achieve improved business development with stakeholders	VPCDI	3	3	9	↔	Aug '24	Development
SR8	Failure to manage strategic risks associated with CGI Ltd	VPCDI	5	2	10	↔	Aug '24	Development
SR9	Failure to manage performance and achieve improved performance	DE	5	4	20	↗	Aug '24	Audit
SR10	Failure to attract, engage, and retain suitable staff	VPPCS	4	4	16	↔	Aug '24	People
SR11	Failure to achieve taught degree awarding powers	DPr	4	4	16	↘	Aug '24	Learning
SR12	Negative impact of statutory compliance failure	DPr ADGR	5	2	10	↔	Aug '24	Audit
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	5	1	5	↔	Aug '24	Audit
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	4	2	8	↔	Aug '24	Audit
SR15	Failure of corporate governance	Pr ADGR	5	1	5	↔	Aug '24	Audit
SR16	Failure of business continuity	ADGR	4	3	12	↔	Aug '24	Audit
SR17	Negative impact of industrial action	VPPCS	5	4	20	↔	Aug '24	People
SR18	Failure of IT system security	DIT	5	2	10	↔	Aug '24	People
SR19	Failure to achieve operating surplus	CFO	4	5	20	↘	Aug '24	Finance
SR20	Failure to maximise income via diversification	CFO VPCDI	5	4	20	↔	Aug '24	Development
SR21	Failure to obtain funds from the Foundation for the College's priorities	CFO	4	3	12	↔	Aug '24	Finance
SR23	Failure to secure a sustainable model/level of funding	CFO	4	4	16	↔	Aug '24	Finance
SR24	Failure to secure sufficient capital investment	CFO	4	4	16	↔	Aug '24	Finance
SR26	Failure to prepare and respond to emerging public health incidents and crises	DPr	5	2	10	↔	Aug '24	Conveners'
SR27	Failure to prepare for the impact and harness the capabilities of AI	VPSE	3	3	9	↔	May '24	Learning

Impact and Probability Criteria

Score	Impact	Probability
1	**Insignificant:** the risk has minimal to no effect on the College's operations, objectives, reputation, stakeholders or financial sustainability.	**Highly Unlikely:** the likelihood of the risk occurring is minimal. It would be estimated that the risk has a 1-5% chance of happening.
2	**Minor:** the risk may cause slight disruption or impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	**Unlikely:** the likelihood of the risk occurring is unlikely but still possible. It would be estimated that the risk has a 6-25% chance of happening.
3	**Moderate:** the risk has a noticeable impact or disruption, affecting the College's operations, objectives, reputation, stakeholders or financial sustainability.	**Possible:** the likelihood of the risk occurring is reasonable. It would be estimated that the risk has a 26-50% chance of happening.
4	**Major:** the risk has a substantial impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	**Likely:** the likelihood of the risk occurring is probable. It would be estimated that the risk has a 51-75% chance of happening.
5	**Critical:** the risk is a severe threat to the College's operations, objectives, reputation, stakeholders or financial sustainability.	**Almost Certain:** the likelihood of the risk occurring is highly likely. It would be estimated that the risk has more than a 75% chance of happening.

Key

Pr	Principal & CEO
DPr	Depute Principal & COO
CFO	Chief Financial Officer
VPSE	Vice Principal Student Experience
VPCDI	Vice Principal Corporate Development
VPPCS	Vice Principal People & Corporate Services
ADGR	Associate Director of Governance & Risk
DE	Director of Excellence
DCS	Director of Corporate Support
DSE	Director of Student Experience
DIT	Director of IT

↗ New risk or existing risk score has increased since the previous review.

↘ Risk score has decreased since the previous review.

↔ Risk score has not changed since the previous review.

Risk Matrix

Low (1-5) Acceptable level of risk subject to periodic review

Medium (6-12) Moderate level of risk subject to regular monitoring and mitigating actions and plans being in place

High (15-20) Unacceptable level of risk requiring immediate actions and plans to prevent or mitigate

Critical (25) Critical level of risk requiring urgent attention and actions to prevent or mitigate

Risk Management Action Plans

			The Risk			Net Score				Gross Score			Changes		
ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR9	Failure to manage performance and achieve improved performance	DE	There is a risk that the College may fail to manage performance effectively, resulting in subpar achievements and the inability to sustain high performance levels across all areas of service delivery. To address this risk, the College will implement a revised performance and enhancement process, incorporating Curriculum Planning. Operational Plans, aligned with Balanced Scorecards, will be developed and agreed upon as part of an annual planning framework. Faculty improvement plans will be supported to prioritize addressing underperformance with specific actions. Additionally, robust quality arrangements will be established for both credit-rated activities and overseas centers to ensure overall performance improvement and sustainability.	Aug '24: Risk level increased, reflecting the additional responsibilities and requirements of the new quality arrangements in Scotland – the Tertiary Quality Enhancement Framework, with no additional resource. A recent internal audit of quality assurance shows Faculties are not fully prioritising internal verification of assessment, which is a pre-requisite of compliance with awarding body standards, nor meeting expected requirements on levels of student engagement. The new quality arrangements will increase the risks associated with this and will require robust quality assurance of overseas centres. Support and development opportunities on Quality Essentials will commence from the start of the new term and the Portfolio Review and annual quality reporting have been aligned to the new TQEF.	Open	5	4	20	5	5	4	20	↗	Aug '24	Apr '24: Score increased from 10 to 15. Aug '23: Edited for transfer to new MAP. Jan '23: Risks merged and score set to 10.
SR12	Negative impact of statutory compliance failure	DPr ADGR	There is a risk of negative consequences resulting from failures to comply with statutory legislation and regulations, potentially leading to a negative impact on staff/students, legal action, reputational damage, and financial implications. To treat this risk, the College expects robust policies, procedures and training to be in place to support staff meet the College's statutory obligations, with key staff (e.g. health and safety, HR, finance, procurement, DPO and senior managers) able to advise as appropriate. The College's risk management approach, Assurance Framework, three lines of defence, Compliance Auditor role and regular internal audits are also measures that are in place to treat this risk.	Aug '24: The College is preparing for Martyn's Law by engaging partners, monitoring developments and training key staff. Since the new Fire Safety Officer took up post in April 2023, 76% of staff completed the new fire safety e-learning module. The Health & Safety team is supporting faculties with improved risk assessment practices. The procurement awareness training e-module has been updated to reflect new legislative and statutory changes - and has since been completed by 86% of staff. The Procurement team has also undergone fraud prevention training. Jan '24: The 2022-23 external audit confirmed "appropriate and effective governance," while the internal audit found "adequate and effective governance, control, and risk arrangements."	Averse	5	2	10	5	5	5	25	↔	Aug '24	Aug '23: Edited for transfer to new MAP.

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	There is a risk that the College may not comply with ESG principles, encompassing carbon reduction, inclusivity and ethical governance. This could result in financial penalties, legal action, reputational damage, and loss of stakeholder trust, impacting staff, students, and the environment. To treat this risk, ESG principles are reflected in the College's Strategic Plan and are also linked to the existing compliance (SR12) and corporate governance (SR15) entries on the Strategic Risk Register. The College's commitment to environmental sustainability is also outlined in the Sustainability Strategy, which includes aims to reduce emissions of all greenhouse gasses by 75% by 2030 and cut carbon emissions by 60% against 1990 baseline data by AY 2023/24.	Aug '24: The College is currently considering options for the future staff resourcing of sustainability work. Preparations are being made to bring the Rocket Composter back into service in 2024 to reduce carbon emissions. Staff have also introduced measures to increase rain water harvesting at City campus that is used for toilet flushing. Climate change and sustainability content has been introduced into the procurement awareness training module. Aug '23: Establishing a 1990 baseline is challenging due to the 15 buildings across 9 sites of the 4 legacy colleges. Emissions fell by 33% from 2015-16 to 2020-21. Achieving the net-zero 2040 target requires thorough scope 1, 2, and 3 measurement. The College is confident in meeting interim targets based on current progress.	Averse	5	1	5	5	5	5	25	↔	Aug '24	Aug '23: Edited for transfer to new MAP. Jan '23: New risk added and score set to 5.
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	There is a risk that the College may fail to comply with GDPR, which was introduced in May 2018. Non-compliance could result in substantial fines, increased potential for private claims from individuals, and reputational damage among external stakeholders, staff, and students. To treat this risk, the College initiated a comprehensive implementation project and a tailored training programme for staff to raise awareness of responsibilities and ensure compliance. Thorntons have also been appointed to provide the College's Data Protection Officer (DPO). The DPO manages the day-to-day data protection function and progresses work on the College's compliance against the ICO framework and data protection legislation.	Aug '24: The DPO continues to make good progress in ensuring full compliance with the requirements of GDPR and other DP legislation. Regular reports are provided to the Audit & Assurance Committee Jan '24: the RoPA for Education & Humanities is complete and will serve as a template for the other faculties. Nautical & STEM will need to make the most additions to this proforma in order to cover their wider range of processing activities. Oct '23: The DPO has completed 10 further RoPAs. The Faculty RoPAs remain outstanding, and will be the main focus of work over the next few months. Aug '23: The DPO continues to work with Directorates and Faculties to progresscompilation of RoPAs (Records of Processing Activity) in each area of the College.	Averse	4	2	8	5	5	5	25	↔	Aug '24	Aug '23: Edited for transfer to new MAP. May '21: Score decreased from 12 to 8.

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR15	Failure of corporate governance	Pr ADGR	There is a risk of a corporate governance failure due to potential breaches of the Standing Orders, Scheme of Delegation, Code of Conduct, Code of Good Governance, Financial Memorandum and other relevant legislation, regulations and duties. This can result from lapses policy and procedure compliance and breakdowns in relationships within the Board and with the ELT/SMT. To treat this risk, the College will maintain and monitor sound governance procedures. ADGR in place to support and advise the Board, overseeing regular meetings of the Board and its committees, annual Board self-evaluation, triennial external review and Board Development Plan. Other measures include the Audit & Assurance Committee, the role of Senior Independent Member and internal/external auditors.	Aug '24: External Effectiveness Review, completed and approved by the Board in June, recognised "high levels of good governance" at the College. 5 new members join the Board and integration sessions are planned. The Board is now gender-balanced again. Annual self-evaluation completed with a report and new Board Development Plan being tabled at the Board in October. Jan '24: External audit for 2022-23 concluded that the College had "appropriate and effective governance arrangements". Internal audit concluded that "adequate and effective arrangements" are in place for governance, control and risk. Board EER to take place in 2024, concluding by June 2024. Board member annual reviews commenced in January 2024. Conflict resolution training session for the Board scheduled for February 2024.	Averse	5	1	5	5	5	5	25	↔	Aug '24	Sept '23: Score decreased from 10 to 5. Aug '23: Edited for transfer to new MAP. April '23: Score increased from 5 to 10.
SR16	Failure of business continuity	ADGR	There is a risk of a failure of business continuity at the College as a result of potential disruption or breakdown in the essential operations and functions due to unexpected events or crises. This includes, but is not limited to, natural disasters, technological failures, cyberattacks, supply chain disruptions, or public health emergencies. To mitigate this risk, the College has an Incident Management Plan and 15 Business Recovery Plans in place to ensure the College's readiness to effectively respond to unforeseen events and maintain its operations with minimal disruption.	Aug '24: The business continuity desktop exercise was delivered in May 2024, with the findings reported to the SMT and Audit & Assurance Committee. The recommendations will be implemented as part of the planned review of business continuity, with an unannounced exercise thereafter. April '24: Business continuity and recovery desktop exercise scheduled for SMT in May 2024. Work will be undertaken to revise the Business Continuity Plan in the new academic year, using lessons learned from the desktop exercise. Jan '24: A review of all Business Recovery Plans has now been completed. Preparations are also being made to test business continuity and recovery preparedness with a desktop exercise in the Spring. This work was delayed due to organisational change.	Averse	4	3	12	4	5	5	25	↔	Aug '24	Aug '23: Edited for transfer to new MAP.