

Board of Management Development Committee

Date of Meeting	Thursday 31 October 2024
Paper No.	DC1-F
Agenda Item	4.6
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Drew McGowan Associate Director of Governance and Risk
Date of production	24 October 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 Development 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. Five strategic risks are reported to the Committee. One risk score is proposed for removal in this review:

No.	Risk Title	Previous Score	Proposed Score
SR20	Failure to maximise income via diversification	● 20 (5 x 4)	● 12 (4 x 3)
SR28	Failure to manage the College's strategic, physical and digital assets effectively	New Risk	● 12 (4 x 3)

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	2	10	↔	Oct '24	Learning
SR2	Failure to establish an optimal pedagogical model	VPSE	5	1	5	↔	Oct '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	↔	Oct '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	↔	Oct '24	Audit
SR10	Failure to attract, engage, and retain suitable staff	VPPCS	4	4	16	↔	Oct '24	People
SR12	Negative impact of statutory compliance failure	DPr ADGR	5	2	10	↔	Oct '24	Audit
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	5	1	5	↔	Oct '24	Audit
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	4	2	8	↔	Sept '24	Audit
SR15	Failure of corporate governance	Pr ADGR	5	1	5	↔	Oct '24	Audit
SR16	Failure of business continuity	ADGR	4	3	12	↔	Aug '24	Audit
SR17	Negative impact of industrial action	VPPCS	5	2	10	↔	Oct '24	People
SR18	Failure of IT system security	DIT	5	2	10	↔	Oct '24	People
SR19	Failure to achieve operating surplus	CFO	4	3	12	↔	Sept '24	Finance
SR20	Failure to maximise income via diversification	CFO VPCDI	4	3	12	↘	Oct '24	Development
SR21	Failure to obtain funds from the Foundation for the College's priorities	CFO	4	3	12	↔	Oct '24	Finance
SR23	Failure to secure a sustainable model/level of funding	CFO	4	4	16	↔	Oct '24	Finance
SR24	Failure to secure sufficient capital investment	CFO	4	4	16	↔	Oct '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	↔	Oct '24	Learning
SR28	Failure to manage the College's strategic, physical and digital assets effectively	VPCDI CFO	4	3	12	↗	Oct '24	Development

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

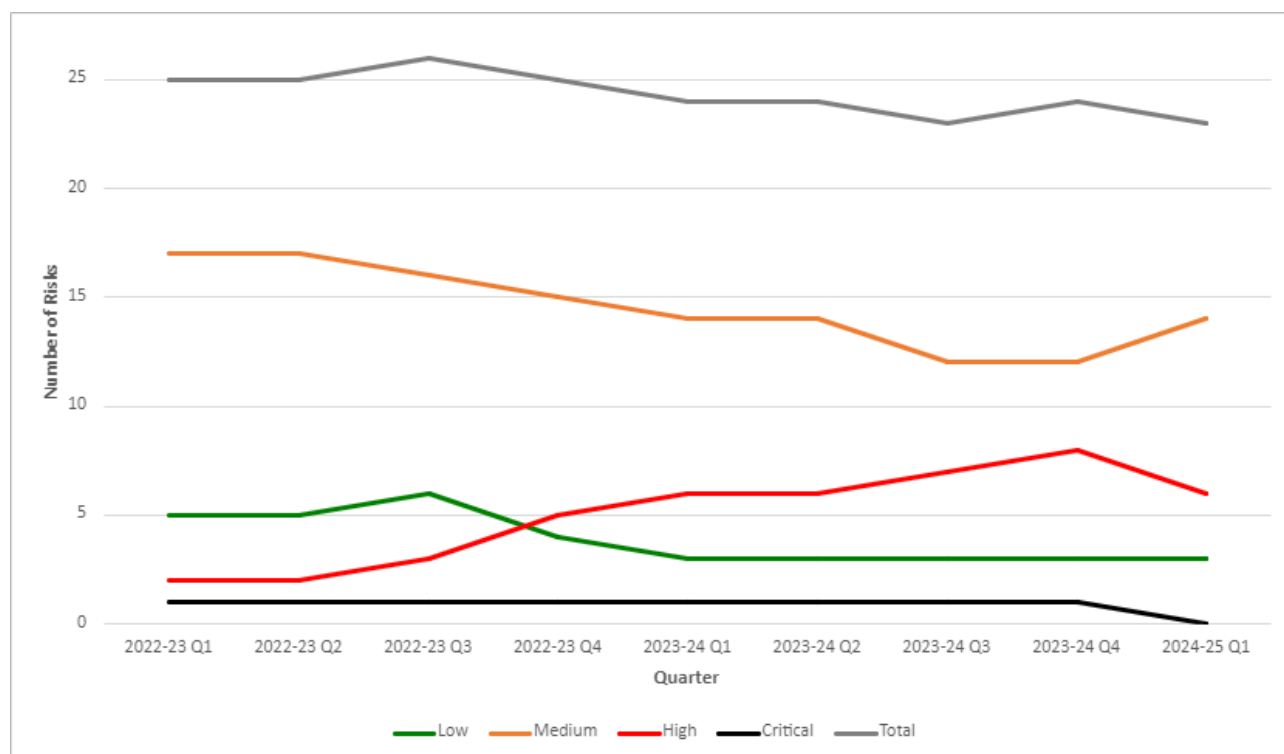
	5	5	10	15	20	25
LIKELIHOOD	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		IMPACT				

- 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 Appetite

Risk Appetite ¹	Risk Categories
Avoid: The College avoids any form of risk, striving to maintain an entirely risk-free approach.	Preparedness
Averse: The College prefers to accept minimal risk, prioritising safe decision-making while recognising potential limitations on innovation and opportunities.	Compliance and Governance
Cautious: The College is willing to accept some low risks while primarily favouring safe decision-making, acknowledging the potential for restricted innovation and limited outcomes.	Financial
Moderate: The College tends to expose itself to moderate levels of risk, aiming for acceptable, though not overly ambitious, outcomes.	Reputation
Open: The College is open to innovative decisions and strategic implementations, prioritising productive outcomes even when accompanied by elevated risk levels.	Change and Development People and Culture
Hungry: The College actively seeks pioneering decisions and strategic implementations, embracing substantial risk to secure highly successful outcomes and benefits.	Education and Student Experience

Score Trend Chart



¹ Full risk appetite statements for each risk category are outlined in the Risk Management Policy.

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
SR6	Negative impact upon the College's reputation	VPCDI	<p>There is a risk of a negative impact upon the College's reputation due to several factors, including failure to protect and maintain our brand, complaints upheld by the SPSO, significant breaches of College policies and procedures, and instances of gross misconduct by staff members.</p> <p>To treat this risk, the College maintains regular communication with staff, students and stakeholders through internal/external channels and receives monitoring and advise from a public affairs consultancy. The College ensures the availability and communication of the Complaints Procedure to employees, conducts training on policies/legal requirements. Management monitoring is supported through internal/external auditors. The College emphasises values and behaviours, supported by robust policies and procedures.</p>	<p>Aug '24: The College has recently concluded unprecedented organisational change and continues to be impacted by ongoing national industrial action. However, sentiment analysis and stakeholder engagement strongly indicate that the College's reputation continues to be positive overall. The College has a strong following and presence on several social media channels. The latest Brand sentiment (inbound public comments/mentions or private/direct messages) is as follows:</p> <ul style="list-style-type: none"> - 49.9% Positive - 21.9% Semi Positive - 18.7% Neutral - 6.8% Semi Negative - 2.8% Negative 	Moderate	3	3	9	5	5	5	25	↔	Aug '24	<p>Oct '23: Score reduced from 12 to 9.</p> <p>Aug '23: Edited for transfer to new MAP.</p>
SR7	Failure to achieve improved business development with stakeholders	VPCDI	<p>There is a risk of failure to achieve improved business development with stakeholders, leading to the loss of effective partnerships, reputational risks, and potential negative impacts on staff health and well-being.</p> <p>To address this risk, the College manages employer relationships and business engagement through the Corporate Development team, following the agreed Business Development Process Map. The Corporate Development Strategy focusses on brand, global ambition, innovation/research, workforce planning, industry academies, partnerships/developments and CGI Ltd.</p>	<p>Aug '24: While facing significant challenges, including the removal of FWDF and ongoing industrial action, the College continued to perform well - exceeding its target for AY 2023-24.</p> <p>Jan '24: The Corporate Development team continue to work with the Faculties in procuring new business as well as sourcing sustainable and reputable opportunities for additional non-government income. However, it should be noted that the recent announcement in late December, that the removal of FWDF funding for AY23/24 & 24/25 will impact on activity. The estimated income that the College was expecting to receive was approx £700k.</p>	Open	3	3	9	5	5	5	25	↔	Aug '24	<p>Oct '23: Score reduced from 20 to 9.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>Nov '20: Score decreased from 25 to 20.</p>

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR8	Failure to manage strategic risks associated with CGI Ltd	VPCDI	<p>There is a risk that the College may not effectively manage the strategic risks associated with CGI Ltd, leading to a failure to maximise income opportunities in existing and potential markets and partnerships to the benefit of the College.</p> <p>To treat this risk, the College has developed a Corporate Development Plan aligned with the College Corporate Development Strategy. The plan will be diligently managed and monitored to ensure its successful implementation. The Commercial and International Teams, along with Faculties, will conduct regular reviews of income diversification efforts, progress, and targets. Moreover, growth and development, in relation to these targets, will be consistently reported to the Development Committee.</p>	<p>Aug '24: In addition to the new Board members, a refreshed business plan has been drafted over the summer of 2024. The plan highlights the Director's commitment to for the company to carry out training, consultancy and business services. It also sets out in more detail the working relationship between the College and details the markets it will target in the first two years of trading. A new member of staff will be procured in the coming months who will be expected to drive forward sales and explore new market opportunities. Working with colleagues in Finance, a revised financial plan has also been included with a recommendation for seed funding expected to go to the Development Committee in October 2024.</p>	Open	5	2	10	5	5	5	25	↔	Aug '24	<p>Aug '23: Edited for transfer to new MAP.</p> <p>Oct '22: New risk added and score set to 10.</p>
SR20	Failure to maximise income via diversification	CFO VPCDI	<p>There is a risk that the College may not effectively maximise income by capitalising on opportunities within current and potential markets and partnerships, hindering the diversification of revenue streams.</p> <p>To treat this risk, the College has developed a Corporate Development Plan aligned with the College Corporate Development Strategy. The plan will be diligently managed and monitored to ensure its successful implementation. The Commercial and International Teams, along with Faculties, will conduct regular reviews of income diversification efforts, progress, and targets. Moreover, growth and development, in relation to these targets, will be consistently reported to the Development Committee.</p>	<p>Aug '24: As referenced in SR7, the College continues to operate in a difficult environment - global market, industrial action and removal of FWDF. However, despite this, the College continues to perform well commercially. The College achieved £8.7 million in 2023-24, exceeding the £6.6 million target. As per the budget presented to and approved by the Board in June 2024, we are projecting growth in non-government funding activity taking the target to £9.4 million. The College has also been successful in securing income from a more diverse range of funding sources.</p> <p>Oct '23: The College has continued to perform well with businesses. In AY 2022-23, the target income from Commercial & International activity was £5.585m but achieved £6.732m - exceeding the target by 21%.</p>	Cautious	4	3	12	9	5	5	25	⬇	Oct '24	<p>Oct '24: Score reduced from 20 to 12</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>May '21: Score decreased from 25 to 20.</p>

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR28	Failure to manage the College's strategic, physical and digital assets effectively	VPCDI CFO	<p>There is a risk that the College fails to manage its high-value strategic, physical and digital assets effectively. This could potentially lead to financial costs, disrupted operations, legal liabilities, reduced competitive advantage, reputational damage and missed opportunities.</p> <p>To treat this risk, the College has implemented and will maintain a robust asset and estate management framework that includes regular audits of both physical and digital assets. A Digital Strategy and encrypted digital storage and back-up solutions are in place. An Estates Masterplan to progress the development of the Charles Oakley Building and the new Innovation Centre at the Riverside campus. As per SR24, a Capital Asset Replacement Plan is also in place to ensure renewal and maintenance of critical assets.</p>	<p>Oct '24: New entry added to the Strategic Risk Register and MAPs following discussion at the Audit & Assurance Committee and Finance Committee meetings in September. The College's new Estates Masterplan aims to develop the Riverside and City campuses. The College has issued a tender for the Riverside Innovation Centre and Accommodation business case to progress this initiative. The review into the future development of the Charles Oakley Building remains ongoing and will be reported to the Development Committee.</p>	Open	4	3	12	8	4	5	20	↗	Oct '24	Oct '24: Risk entry created.