

Board of Management Audit & Assurance Committee

Date of Meeting	Wednesday 27 November 2024
Paper No.	AAC2-K
Agenda Item	5.10
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Drew McGowan Associate Director of Governance and Risk
Date of production	21 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 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. Six strategic risks are reported to the Committee. No changes to risk scores are proposed in this review.

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

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

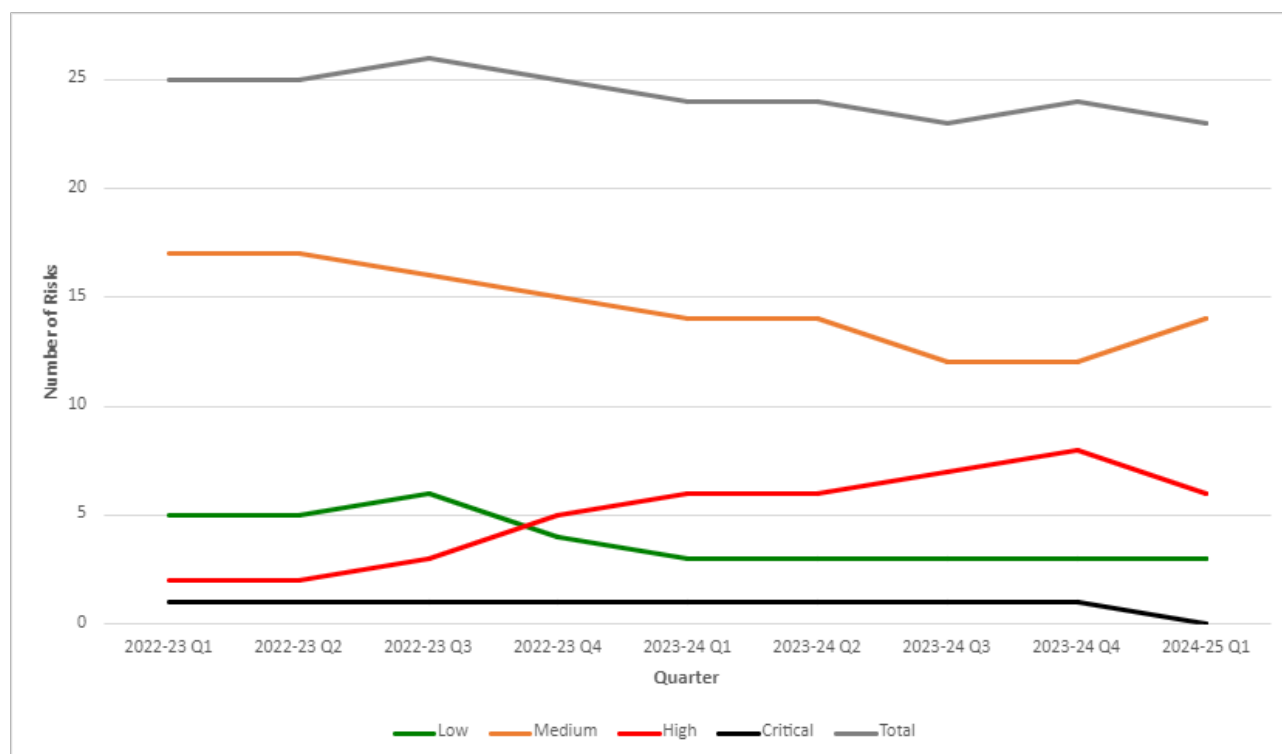
	5	5	10	15	20	25
LIKELIHOOD	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		IMPACT				

- 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

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	<p>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.</p> <p>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.</p>	<p>Oct '24: Risk level maintained reflecting the work undertaken and ongoing to raise awareness of the new TQEF, mapping its responsibilities across the College and embedding its principles within our annual quality reporting. At the commencement of the new academic year, we have held workshops with academic staff to help explain awarding body expectations on quality essentials – this includes launching a new Staff Handbook and cohering all quality assurance materials in one place for staff. We have secured a year long interim post to support the scoping of all international provision to ensure robust quality assurance of overseas centres. SMT has also recently approved a rebalancing of responsibilities over the management of examinations which will also support greater assurance over the process.</p>	Open	5	4	20	5	5	4	20	↔	Oct '24	<p>Aug '24: Score increased from 15 to 20.</p> <p>Apr '24: Score increased from 10 to 15.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>Jan '23: Risks merged and score set to 10.</p>
SR12	Negative impact of statutory compliance failure	DPr ADGR	<p>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.</p> <p>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.</p>	<p>Oct '24: The PMO is supporting HR in prioritising and RAG rating policies, with plans for consultation with trade unions. Procurement has retained a 94% Gold Status in the Procurement and Commercial Improvement Programme assessment. The Health and Safety team completed audits for three faculties, with the remaining faculty engagement scheduled after the October break, and conducted Fire Risk Assessments. Recent announced and unannounced fire drills have ensured compliance with the Fire (Scotland) Act 2005 and the Fire Safety (Scotland) Regulations 2006. The College has also increased its compliance rate for Freedom of Information (Scotland) Act 2002 requests to 99% in 2023-24 from 97% in 2022-23, despite a 183% rise in volume from 2021-22 and a further 16% increase in 2023-24.</p>	Averse	5	2	10	5	5	5	25	↔	Oct '24	<p>Aug '23: Edited for transfer to new MAP.</p>

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	<p>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.</p> <p>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.</p>	<p>Oct '24: The College is recommissioning the Rocket Composter following ELT approval. This innovative solution enables on-site food waste processing, enhancing our position in the Waste Hierarchy and reducing our carbon footprint and disposal costs. In partnership with Recycle Scotland, we promote the reuse of office furniture and assets.</p> <p>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 rainwater harvesting at City campus that is used for toilet flushing. Climate change and sustainability content has been introduced into the procurement awareness training module.</p>	Averse	5	1	5	5	5	5	25	↔	Oct '24	<p>Aug '23: Edited for transfer to new MAP.</p> <p>Jan '23: New risk added and score set to 5.</p>
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	<p>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.</p> <p>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.</p>	<p>Sept '24: Data breach identified and reported to ICO, who deemed that no further action was necessary. IT has put mitigation measures in place, as per SR18. An investigation was undertaken and a report was produced. The Audit & Assurance Committee received an update in September and will be kept apprised if there are further developments.</p> <p>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</p> <p>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.</p>	Averse	4	2	8	5	5	5	25	↔	Sept '24	<p>Aug '23: Edited for transfer to new MAP.</p> <p>May '21: Score decreased from 12 to 8.</p>

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	<p>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.</p> <p>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.</p>	<p>Oct' 24: Board Self-Evaluation and Board Development Plan published following discussion and approval at the Board in October. The Board also appointed a new Senior Independent Member in October. Reviews of the Conflict of Interest and Public Interest Disclosure (Whistleblowing) policies and procedures were completed as scheduled. The annual Strategic Planning Day will be held in September.</p> <p>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.</p>	Averse	5	1	5	5	5	5	25	↔	Oct '24	<p>Sept '23: Score decreased from 10 to 5.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>April '23: Score increased from 5 to 10.</p>
SR16	Failure of business continuity	ADGR	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	Averse	4	3	12	4	5	5	25	↔	Aug '24	<p>Aug '23: Edited for transfer to new MAP.</p>