AUDIT COMMITTEE REPORT

Subject: Strategic Risk Register	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Hazel Robertson	**Date:** 12 November 2020

Purpose:
To provide members with the current strategic risk register for scrutiny

Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland

Executive Summary:

There is an agreement that the strategic risk register and process requires renewal. The desktop review and redesign of the risk register continues. This will assist with preparation for the Board risk workshops being held on Wednesday 13 January at 1.30pm and 21 January at 4pm.

As per discussion at the Board Strategy session on 12 November, to implement the Board Development Plan, the risk workshops will cover:

- Strategic Risk Identification, Assessment and Monitoring
- Scenario Planning
- Establishing the right balance in the Board's Attitude to risk
- Understanding and developing the roles accountabilities of the Board Committees
- Maintaining a clear distinction between issues that relate to governance and those that are operational in nature.

As part of the workshop we will also consider the cybersecurity Board toolkit.

Members are reminded that risk is about uncertainty, so going forward for the new risk register we also need to identify areas where we can use uncertainty to our advantage, to improve our ability to achieve our strategic ambition.

Risk Register Policy

The new matrix continues to be adopted. The Risk Register Policy will be finalised after the risk workshops in January 2021.

The Regional Board retains responsibility for risk within the College and will be provided with the revised Risk Register Policy for approval.

Risk Register

The current strategic risk register is attached as Appendix 3. This is an interim register until the Board can consider the risks associated with delivery of the new Strategic Ambition.

Two risks are recommended for closure

3b	Learners travelling to other areas to study	This is not material. No evidence to support this being a strategic or operational risk
5m	Spread and impact of Covid 19 causing adverse impact on income and cost	Based on Annual Accounts review and QTR1 Business Review, financial consequences are well within budget parameters Even with change in tier in Scotlands framework, our provision will continue and costs will not materially increase, in fact they may reduce if we have less staff and students on site.. Education is protected at all tiers. We continued to function with significantly lower teaching supplies costs, travel, printing and other support costs when in lockdown. Additionally we have been able to identify an additional budget to provide support to students who do not meet the SFC funding criteria.

Risks have been realigned to the 3 strategic objectives:

1. We will provide high quality learning and training opportunities which are relevant, enabling and flexible
2. We will proactively engage with our community and stakeholders to ensure our practice reflects their need
3. We will take a leading role in enabling an inclusive, resilient and sustainable Scotland

The 5x5 summary matrices have been updated with the revised scores (Appendix 4). This summary by strategic objective hopefully makes it easier for members to understand where our most significant risks are, and thus, where our efforts need to be focussed.

Looking at the 5x5 matrices is probably the easiest way to identify any risks that have been missed or any that may require review and rescore. Similarly, these matrices may also help members to think about risk appetite.

The greatest risk exposure currently is:

- Potential excess costs associated with national bargaining/job evaluation (no information available to further assess this until the outcome of job evaluation begins to become available). Potential pressures on support staff pay due to pay negotiations. Assumptions currently assume SFC funding, but is a risk and potentially a time lag.

- Potential worsening impact of COVID on delivery of curriculum. We are gradually increasing student numbers on site whilst maintaining safe systems of work. We are expanding the available 1-1 support for students who require it, our support services are setting out their plans, which will be included in a service directory so that staff and students know what is available and how. The directory will be available on line week commencing 16 November.

- Outcomes not showing a positive trend. Measures to support the COVID risk above will also address this risk. Renewed Curriculum Strategy will address this risk in the longer term.

- BREXIT impact on the economy and the College not being able to meet regional need (unable to adequately assess due to lack of sufficient information).
- Lack of growth funding from SFC (risk of insufficient capital funds for IT has reduced in the current year due to the development of a funding model for the currently scoped Digital Transformation Programme)
- Potential impact of ineffective engagement with partners (much of our strategic ambition relies on this). Appointment of an Exec Director and Director will have a direct impact on this area of our activity. A new Stakeholder Strategy is being developed. This will also positively impact on our marketing activity including website.

Recommendation:
Members to
- Participate in the forthcoming risk workshops in January 2021
- Seek clarification on any specific risks and gain assurance on mitigation plans.
- Identify any additional strategic risks to be added to the Register.

Previous Committee Approvals:
F&GP 19 November 2020

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

APPENDIX 1 Proposed risk impact matrix

Descriptor	Negligibile	Minor	Moderate	Major	Extreme
Student experience	Reduced quality of student experience/outcome directly due to curriculum delivery	Unsatisfactory student experience / outcome - readily resolvable	Unsatisfactory student experience / outcome - resolvable within xxx time	Unsatisfactory student experience / outcome - resolvable within xxx time	Unsatisfactory student experience / outcome - long term impact
Objectives / Project	Barely noticeable impact on scope, quality or schedule	Minor reduction in scope, quality or schedule	Reduction in scope, quality or schedule	Significant project overrun / reduction in quality	Inability to meet project objectives / impact on reputation
Injury to student/ staff / visitors	Adverse event not requiring first aid	Minor injury/illness requiring first aid	Agency reportable	Long term incapacity requiring medical treatment or counselling	Death or major permanent incapcity
Complaints	Locally resolved verbal complaint	Justified written complaint	Justified complaint involving lack of professionalism	Multiple justified complaints	Complex justified complaints
Business interuption	Interuption in a service which does not affect delivery of educational services	Short term interuption which has minor impact on educational delivery	Some disruption with unacceptable impact on educational delivery. Temporary loss of ability to provide services.	Sustained loss of service which has serious impact on ability to delivery educational services, resulting in major contingency plans being invoked.	Permanent loss of core service or delivery. Disruption to services causing significant knock on effect
Staffing	Short term low staffing levels temporarily affecting service quality	Ongoing low staffing level reducing service quality. Minor error due to ineffective training	Late delivery of objectives due to lack of staff. Moderate error due to ineffective training.	Uncertain delivery of objectives due to lack of staff. Major error due to ineffective training	Non delivery of key objective due to lack of staff. Loss of key staff and inability to recruit. Critical error due to ineffective training.
Financial	Negligibile <£1k	Minor >£1k to £10k	Significant >£10k to £50k	Major >£50k to £100k	Over £100k
Inspection / Audit	Small number of recommendations - minor quality improvement	Recommendations which can be addressed by low level of management action	Challenging recommendations which can be addressed with appropriate action plan	Enforcement action, low rating. Critical report	Prosecution, zero rating, severely critical report.
Reputation	Rumours, no media coverage, little impact on staff morale	Local press, little impact on morale and public perception	Local media coverage. Long term adverse publicity. Significant effect on staff morale and public perception	National media coverage less than three days. Public confidence undermined. Use of services affected	National media coverage > 3 days. MSP/MP concern (questions in Parliament), pubic enquiry, enforcement

APPENDIX 2 Proposed probability scoring and overall Risk Matrix

	Rare	Unlikely	Possible	Likely	Almost certain
Probability	Cant believe this event would ever happen - will only happen in exceptional circumstances	Not expected to happen but definite possibility exists - unlikely to occurr	May occurr occasionally - has happened before on occasions - reasonable chance of occuring	Strong possibility that this could occurr - likely to occur	This is expected to occur frequently - more likely to occur than not

Previous matrix

Impact /Likelihood	**Negligibile**	**Minor**	**Moderate**	**Major**	**Extreme**
Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unikely	2	4	6	8	10
Rare	1	2	3	4	5

Proposed

Impact /Likelihood	**Negligibile**	**Minor**	**Moderate**	**Major**	**Extreme**
Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unikely	2	4	6	8	10
Rare	1	2	3	4	5

APPENDIX 3 UPDATED RISK REGISTER

BORDERS COLLEGE STRATEGIC RISK REGISTER
Strategic Risk Appetite - MODERATE

Date: 12/11/2020

	Objectives and Risks	Baseline controls	Likelihoo (1 - 5)	Impact (1 - 5)	Rating (max =25)	TYPE	Likelihoo (1 - 5)	Impact (1 - 5)	Rating (max =25)	Target Actions to reach target
1	**We will provide high quality learning and training opportunities which are relevant, enabling and flexible**				29					**We will provide high quality learning and training opportunities**
2a	IF learners' needs are not properly articulated when considering resource planning, THEN learners may be enrolled in the wrong course and / or not achieve their desired outcomes.	The move from face to face to online learning has introduced different resourcing issues. Investment in elearning facilitators, additional support for learning through achievement coaches and focused student support. Strong engagement with BCSA continues.	2	3	6	Student Experience	2	3	6	TREAT - further investment in digital learning support and technology. Further 1-1 support for students is being identified
2b	IF staff are not fully motivated and engaged in delivering the best learner experience, THEN students may not achive desired outcomes.	This risk has not materialised in 2019/2020.	2	3	6	Student Experience	2	3	6	TREAT - further investment in digital learning - staff capability
2h	IF our outcomes don't show a positive trend THEN it may impact on our Education Scotland grade and potentially our SFC funding.	There are specific COVID19 impacts on our ability to complete some qualifications which meant that over 500 students were affected. The priority in 2020/21 is to timetable these students, to support their achievement in 2020/21.	3	3	9	Inspection/audit	3	3	9	TREAT - Continue to enhance tracking and monitoring arrangements. 10 welfare measures have been implemented including feel good day, protected CPD and social activities
3b	IF significant numbers of learners decide to travel to study at other colleges and HEIs, THEN learner choice may be reduced.	This risk has not materialised in 2019/2020	2	2	4	Objectives				TERMiNATE - this is not a concern. We are attracting students from rest of Scotland and RUK, especially in relation to Sports and outdoor activity
4f	IF the College does not work effectively in partnership with other Colleges toimplement shared delivery eg digital THEN our ability to access future grant funding from SFC/SOSEA may be impaired.	Although additional funding has not been agreed through SOSEA, this is likely due to the ecomonic impact of COVID19, which is a factor outwith our control. Discussions are ongoing about the next phase. Discussions re wider federations are ongoing	2	2	4	Objectives	2	4	8	TREAT - End of project report submitted. Implementation of spokes nearly complete (some delays due to Covid). Programme for use of schools has been delayed due to covid. Reprofiled plan to be develped.
2	**We willl proactively engage with our community and stakeholders to ensure our practice reflects their need**				32					**We willl proactively engage with our community and stakehold**
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.	The 2019/20 bid for redistribution was successful however was funded at a much lower rate than expected, due to sector wide demand.	2	2	4	Student Experience	3	4	12	TREAT - Continue to lobby SFC for recurrent growth
1b	IF there is not successful engagement with partners, THEN the College will not receive enough funding to be able to identify and meet their needs.	Strong engagement with partners has continued and where possible within the context of COVID19 we are continuing to meet their requirements under current constraints	2	3	6	Objectives	3	4	12	TOLERATE. - Transformation Programme Board has been formed to oversee significant projects with external stakeholders. Appointment of Exec Director and Director, along with renewal of the Stakeholder Strategy will provide focus for engagement. Website renewal will support.
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.	This risk is not in our ability to control. It has not materialised in 2019/2020 or 2020/2021 to date	3	3	9	Objectives	4	4	16	TREAT - Continue to discuss with SFC. Attend BREXIT forums. Await further advice from SFC.
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.	Impact has been factored into financial assessment. This risk has not materialised in 2019/20	2	2	4	Financial	3	3	9	TREAT - Continue to explore opportunities. Appointment of Exec Director and Director will provide focus for growth. Set stretch targets for curriculum portfolios as part of budget setting for 20/21
5l	IF the Coronovirus continues to spread and increase in impact, THEN the College may need to invoke contingency measures to protect staff and to maintain critical services	This is no longer an issue - it is a risk. We have well established and proven mechanims for dealing with the specific risks and taking action promptly to preserve service delivery. Propose closing this risk. Any significant issues will be reported to the relevant committee and Board as routine.	3	3	9	Business interuption	3	3	9	TREAT - Continue with IMT as required. Keep in touch with national discussions and guidance. Strive to thrive framework created which will allow us to flex up and down as required. Service directory and communications plan being updated, for staff and students. Plan to reopen Hawick campus in mid November to allow additional targetted 1-1 support, and space for staff hot desking and small meetings.
3	**We will take a leading role in enabling an inclusive, resilient and sustainable Scotland**				40					**We will take a leading role in enabling an inclusive, resilient an**
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.	There has been no tangible progress on this matter in this year.	4	4	16	Financial	4	4	16	TOLERATE - assume SFC redistribution of funds would address = current risk lowered. Some pressure on support staff pay award, which can be accomodated within current budget availability without too much strain.

5h	IF the College is unable to meet the requirements of GDPR THEN the College may suffer financial and reputational damage	Information Governance audit identified some actions for completion. These actions are not new, but the report serves as a helpful basis for ensuring a focus on implementing our already agreed action plan. Report reviewed by audit committee and risk level remains, to be further reviewed in October.	2	3	6	Inspection/audit	3	2	6	TREAT - Data sharing agreements and Data Protection Impact Assessments are now a priority. IT systems audit report highlighted risk of data leakage through USB devices, plan to be implemented. Data breach with associated financial loss, notified in January has identified further technical, operational and training actions. Data protection action plan will be refreshed by end November 2020.
5i	IF protection against cyber attack is not sufficient, THEN the College could suffer financial and reputational damage, or negative impact on student success	We are aware of cyber security risks as a result of COVID 19 however there are no current issues locally. Report reviewed by audit committee and risk level remains, to be further reviewed in October. Cyber risk review nearing completion, and cyber esssentials plus re-acccreditation pending	3	3	9	Business interuption	2	4	8	TREAT - cyber risk technical assessment completed Sep 2020, cyber essentials plus re-accreditation completed Sep 2020. Resource investment required and will be reported to audit committee in December. The DTP will improve our ability to comply with cyber security standards and we need to address any remaining skills gaps as part of our forward plannig, to be implemented alongside the DTP.
5m	IF the Coronovirus continues to spread and increase in impact, THEN the College may incur a deficit due to increased costs and reduced income.	Forecast deficit due to reduction in income and increase in costs. Reduced to some degree by our application for the furlough scheme. Unclear how the SFC will want to handle this position, which is felt across the sector.	3	3	9	Financial				TERMINATE - this is no longer a risk - it is an issue which we are dealing with on day to day basis. Our quarter one business review demonstrates a relatively low level of direct Covid spend, a significant impact on cleaning staff and a deficit from the Union. These factors are all built into our budget assumptions. Any material new issues regarding costs or income will be reported as part of the finance report to the F&GP committee.

APPENDIX 4 5X5 Risk matrices

We will provide high quality learning and training opportunities which are relevant, enabling and flexible **Total risk rating** **29**

Likelihood	1	2	3	4	5
5					
4					
3			2h Outcomes trend not positive		
2		3b Learners travel to study elsewhere (CLOSE) 4f Ineffective working in partnership with other Colleges to develop digital delivery (REDUCED)	2a Learners needs not articulated 2b Staff motivation		
1					

Impact

Acceptable level of risk - risk appetite **OVERALL STRATEGIC RISK APPETITE - MODERATE**

Risk appetite	Definition
OPEN	The College is willing to consider all delivery options and select those with the highest level of productive outcomes, even
MODERATE	The College will only accept exposure to modest levels of risk in selecting delivery options, recognising that this may restrict
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.

We willl proactively engage with our community and stakeholders to ensure our practice reflects their need **Total risk rating** **32**

Likelihood	1	2	3	4	5
5					
4					
3			5l Impact of COVID19 on delivery 1k BREXIT impact on economy		
2		1a Lack of SFC funding for growth 1b Fail to capitalise on commercial opportunities	ib Unsuccessful engagement with partners		
1					

Impact

We will take a leading role in enabling an inclusive, resilient and sustainable Scotland **Total risk rating** **30**

Likelihood	1	2	3	4	5
5					
4				5c Excess cost of national bargaining	
3			5i Insufficient protection from cyber attack		
2			5b Non compliance with GDPR		
1					

Impact