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# REGIONAL BOARD REPORT

BORDERS COLLEGE REGIONAL BOARD

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|---|---|
| **Subject:** Strategic Risk Register | **Purpose:**<br>**For Approval** ☐<br>**For Discussion** ☒<br>**For Information** ☐ |
| **Prepared by:** Hazel Robertson, VP Finance & Corporate Services | **Date:** 23 November 2021 |

**Purpose:** To present the November 2021 report on the new Risk Register

**Linked to Strategic Ambition: Take a leading role in enabling an inclusive, resilient and sustainable Scotland**

**Performance Measures: Recognised as national leaders in sustainable practice**

**Linked to Strategic Risk Register: New Risk (outwith themes)**

**New Risk Commentary:** Encompassing all risks

**Executive Summary:**

**Introduction**

This report comprises the second round of reporting on the new register. Performance indicator information has been included where possible. Student experience information will be added prior to presenting the report to the Curriculum & Quality Committee.

**Summary risk profile**

| Perspective | Risk theme | Target | Rating |
|---|---|---|---|
| Customer | 1a Delivery model changes to political environment | 6 | 6 |
| | 1b Alumni skilled, resilient and agile – impact of COVID | 4 | 4 |
| | 1c Alumni skilled, resilient and agile – practice reflects need | 6 | 6 |
| Financial | 2 Financial plan and in year targets | 6 | 16 |
| Organisational | 3a Integrated asset management | 6 | 9 |
| | 3b Breakdown in internal controls | 6 | 9 |
| Staffing | 4 Motivated, engaged and capable staff | 6 | 6 |

There are no changes in the risk profile although it should be noted that the financial planning assumptions for 2022/23 are expected to become clearer after the Scottish Government Budget is announced on 9 December 2021. This clarify is essential in order to inform our savings requirements and our planning approach for next year.

**New risks**

Following the first round of committee and Board meetings, there are a number of reports which were unable to be allocated to a risk theme. Several of these related either to all risk themes or could be seen as being related to our governance

processes. I have a planned meeting with the Board Secretary to incorporate a new theme.

**Changes to risk profile**

There are none.

**Internal financial controls**

Risk 3b relating to internal financial controls has been reviewed in some detail, reflecting the current position in relation to outstanding audit actions, and reflecting on the significant impact of historic turnover in the senior finance team and the long term absence of one of the Finance Officers. Given that we have two significant issues from the external audit these will be prioritised, along with the review of Purchase to Pay procedures.

Risk 4 Human Resources has been amended to incorporate increasing access to time limited funding for training roles such as modern apprentices and interns. This has a positive and negative aspect.

**Notable progress on actions** (marked in red type on the register)

| | |
|---|---|
| 1a | CRF grant approved, and extended date to 30 June 2022 |
| 1a<br>2 | SG Budget announcement due 11 December, by which we anticipate further clarity re financial scenario and consequent savings assumptions |
| 1a | CRM project kicked off |
| 1b<br>1c<br>3a | Some continuing issues with utilisation of ProSolution – extended dates for tracking and monitoring - extra support being provided – and process mapping ongoing to make further improvements re timetabling |
| 1b | High level of concern at SG regarding winter pressures. No action at moment but risk of potential for scaling back on site delivery. |
| 1c | Ongoing negotiation with SG in relation to additional credit activity |
| 1c | Quality check points system under review |
| 2<br>3b | Finance transformation programme commenced with marked improvements in creditor days |
| 3a | Datavita migration complete, with no issues |
| 3b | Full review of outstanding action points to the Audit Committee |

Not specifically referenced in the risk register, we have recently had very positive feedback from our Education Scotland review.

**KPI performance**

KPI performance has been incorporated where available and meaningful. This has been useful in informing the action updates.

**Recommendation:**
Members are asked to review the changes in the register and endorse the current status of risks, actions and linked performance review.

**Previous Committee Approvals:**
Finance and General Purposes Committee 18 November
Audit Committee 25 November

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

# Strategic Risk Management Report

**23 Nov 2021**

# Strategic Risk Management Report

| | Strategic ambition performance measures | Strategic Risk Theme | Scrutiny | Perspective | Target | Rating 23 Nov 21 | Rating 29 Sep 21 | Rating 07 Sep 21 |
|---|---|---|---|---|---|---|---|---|
| 1a | Recognised leader in sustainable practice; influential and collaborative partner; recocgnised nationally as progressive organisation; delivery models are personalised focus on individual and business need | Major changes / opportunities in socio political environment | Board | Customer | TREAT (6) | 6 | 6 | 6 |
| 1b | Alumni skilled, resilient and agile; student outcomes in the top quartile; engaged and empowered student body; student satisfaction in the top quartile | Profound impact of COVID19 on delivery and student achievement | Curriculum & Quality | Customer | TOLERATE (4) | 4 | 4 | 4 |
| 1c | Alumni skilled, resilient and agile; student outcomes in the top quartile; engaged and empowered student body; student satisfaction in the top quartile | Ability to proactively engage with our community and stakeholders to ensure our practice reflects their needs | Curriculum & Quality | Customer | TREAT (6) | 9 | 9 | 6 |
| 2 | Financial plan and in year financial targets to be met | Long term variability in spend and /or insufficiency in income streams leading to financial instability | Finance & GP | Financial | TREAT (6) | 16 | 16 | 9 |
| 3a | Integrated asset management - maximise technology deployment | Inadequate IT and information management and security leading to information breach, excess costs and service unavailability | Audit | Organisational | TREAT (6) | 9 | 9 | 9 |
| 3b | Compliance with financial regulations | Potential breakdown in internal financial controls leading to loss of funds / excess costs / fraud | Audit | Organisational | TREAT (6) | 9 | 9 | 9 |
| 4 | Agile and creative staff body; engaged and empowered staff body; staff satisfaction in the top quartile | Staff are not motivated, engaged or capable | Finance & GP | Organisational | TREAT (4) | 6 | 6 | 6 |

# Customer perspective (external partners)

| 1 Major changes / opportunities in socio political environment | | 23/11/2021 | | |
|---|---|---|---|---|
| Positive uncertainty – opportunity | Negative uncertainty – threat | | | |
| Significant funding / resources available from partnerships | Lack of clarity regarding future funding | | | |
| Partnership and driving value for money | Potential changes in priority areas | | | |
| Major changes in political environment eg Brexit, new Scottish or UK government, independence | Uncontrolled variability in funding streams | | | |
| | Tertiary sustainability (SFC review) | | | |
| Existing controls | Planned activity | **Responsible** | **Date** | **Update** |
| Liaise strategically with funding bodies eg SOSE, Borderlands, City Deal, Community Renewal Fund | Work with interested college/university partners | Execs | Jul-22 | CRF funding approved, and an extension to end |
| Liaise with policy forum - Principals Group, Colleges Scotland, SFC | Diversifying funding streams | SLT | Jul-22 | SG budget due 9/12, COVID risk discussins |
| Developing customer relationships | Investing in future products and delivery models to weather storm of changing priorities | SLT | Jul-22 | Investing in CRM to support engagement |
| Performance measures | Tolerance level | | | **Current position** |
| Apprenticeship starts up 33% | +/- 5% of contract level | | | Update for end 1st quarte |
| Increased funding from varied sources | Not meeting budget | | | Update for end 1st quarte |
| Employer satisfaction 100% | Not meeting non SFC target | | | No change |
| Advancement of service delivery in priority areas | Drop in employer satisfaction | | | Update for end 1st quarte |

| Owner | Scrutiny | Impact | Likelihood | |
|---|---|---|---|---|
| Angela Cox | Board | 3 | 2 | |
| | | Overall score (as is) | 6 | No change |
| | | Strategy and appetite | TREAT (6) | |

# Customer perspective (Covid19 impact)

| 1b Profound impact of COVID19 on delivery and student achievement | | 23/11/2021 | | |
|---|---|---|---|---|
| Positive uncertainty – opportunity | Negative uncertainty – threat | | | |
| Beyond level zero - flexibility for online and on campus | High level of concern at national level - may need to reduce activity | | | |
| Expect the average to be 2 days in college and one online | potential disruption due to isolation and illness of staff | | | |
| Lecturing staff ability and desire to redesign | Uncontrolled variability in funding streams | | | |
| Received funding to cover Covid costs | Low number of deferrals - 500 credits at risk due to deferrals - nothing else to add | | | |
| Existing controls | Planned activity | **Responsible** | **Date** | **Progress** |
| Apprentices will add missed activity into this year | | APs | ongoing | staff absences mean practical activity is stepped down and rescheduled - recoverable |
| Effective use of timetabling | Use of new MIS offers greater planning and tracking and monitoring functionality | APs | Dec | extended to allow familiarisation with MIS. Process mapping work underway |
| Performance measures | Tolerance level | | | **Current position** |
| number of deferrals | No COVID deferrals into 2022/23 | | | None expected, approach this year is more targetted, less risk, govt concern re winter period - unknown impact at moment |
| | | | | |

| Owner | Scrutiny | Impact | Likelihood |
|---|---|---|---|
| Heather Anderson | Curriculum and Quality | 2 | 2 |
| | | Overall score (as is) | 4 |
| | | Strategy and appetite | TOLERATE (4) |

No change - but winter concerns

# Customer perspective (learners)

| 1c Ability to proactively engage with our community and stakeholders to ensure our practice reflects their needs | | 23/11/2021 | | |
|---|---|---|---|---|
| Positive uncertainty – opportunity | Negative uncertainty – threat | Current position | | |
| Learners are enrolled to target in appropriate courses and success rates are high | If positive outcomes are not achieved, successful destinations will not be achieved, and Education Scotland Grade could be impacted | FTFE recruitment lower than target. Overall recruitment in lie with plan. Negotiation with SFC more credits | | |
| Wrap around support requirements are met | Complaints due to expectations not met | | | |
| Hierarchy of needs met - funding, support and safety | Uncontrolled variability in funding streams | | | |
| BCSA to provide vibrant community | Travel difficulties preventing engagement | | | |
| Assisted technologies provided to improve engagement | Poor connectivity, multiple people in home - inappropriate learning envirnonment - home or schools | | | |
| Collaborate with local providers of support | | | | |
| Further develop MH support - with local orgs | Non attendance | | | |
| Existing controls | Planned activity | Responsible | Date | Current position |
| Curriculum planning and marketing | Investment in elearning and quality standards for delivery | AP Q&D | Jul-22 | new quality manager in post (3 weeks). Quality standards for eLearning |
| Support through achievement coaches, course tutors, CLMs | Use tracking and monitoring through prosolution | CLMs | **Dec=21** | extended to allow familiarisation with MIS - interdependent on timetables/ room booking |
| Responsive support services - Student Support, MH, Student Finance, | Promote service management approach | VPF&CS | Jun-22 | Project scoping due to commence before end of calandar year |
| Student experience committee | 3 times a year meet, and implement action plan | APs & HoSS | ongoing | |
| Campus Management Committee/Sustainability committee | BCSA to co chair a workstream on behaviour | BCSA President | ongoing | |
| Feedback mechanisms - local, BCSA, national | Equalities, Enhancement plan, application and enrolment procedure | APs | ongoing | 4 year equalities plan in place, strong progress, report to c&QC |
| Quality check points | Implement action plan | APs | ongoing | Quality check points under review to link with wider quality processes |
| Student support services pastoral and finance, MH service | Mental Health action plan | H of SS | Jul-22 | On track |
| BCSA support , MH Agreement with SA | Recruitment to MH team | H of SS | Complete | |
| Performance measures | Tolerance level | | | **Current position** |
| % of students with positive destinations | less than 85% | | | latest information not avaiable |
| Retention rates | decreasing trend and /or less than national average | | | |
| Student progress | decreasing trend and /or less than national average | | | |
| Student retention | decreasing trend and /or less than national average | | | |
| Student satisfaction | decreasing trend and /or less than national average | | | |
| Credits used | less than 95% of allocation | | | |
| Quality of LTA | | | | |
| Student survey - 50 % response rate | decreasing trend and / or less than national averae | | | |
| OA measures | decreasing trends | | | |
| Equality measures | achievable targets not met | | | |

| Owner | Scrutiny | Impact | Likelihood |
|---|---|---|---|
| Heather Anderson | C&Q Committee | 3 | 3 |
| | | Overall score (as is) | 9 |
| | | Strategy and appetite | TREAT (6) |

No change

# Financial perspective (financial stability)

| 2 Long term variability in spend and /or insufficiency in income streams leading to financial instability | | 23/11/2021 | | |
|---|---|---|---|---|
| Positive uncertainty – opportunity | Negative uncertainty – threat | | | |
| Maximise opportunities for commercial funding | Loss of funding streams, insufficient income to deliver | | | |
| Bid for project funding to lever major changes in College capacity | National bargaining drives pay costs upwards without matched funding | | | |
| Additional in year allocations to advance College service provision | Uncontrolled variability in funding streams | | | |
| | No growth in SFC main grant in aid | | | |
| COVID19 restrictions ease such that excess spend reduces and commercial and community delivery can resume | Return to variable grant in aid income may result in threat to financial performance | | | |
| Existing controls | Planned activity | Responsible | Date | **Current position** |
| 3 year financial plan through FFR | Integrated planning approach | VPF&CS | Oct 21 | Prepared - clarity required from SFC. This should be known after SG budget 9/12 |
| Savings targets | Model impact of scenarios | VPF&CS | Oct 21 | Prepared - clarity required from SFC. This should be known after SG budget 9/12 |
| Budgetary control and management accounts system | Push out to 5 year plan | VPF&CS | Dec 21 | Intend to use margin analysis to inform modelling |
| Treasury management of debtors creditors and cash | Refresh KPIs and implement targets for P2P | AP Finance | Oct 21 | Transformation programme has started. See mproved performance below. |
| | Retain capital receipt - agree with SFC | VPF&CS | Complete | |
| Performance measures | Tolerance level | | **Current position** | |
| Variance from budget | 5% | | will be assessed from period 3 onwards | |
| % non SFC income | less than 15% | | will be assessed from period 3 onwards | |
| Staff costs as % of total costs | less than 67% | | will be assessed from period 3 onwards | |
| Cash days | less than 31 days | | 38 days October 2021 - in excess of need - change forecast | |
| Creditor payment days | increasing trend within 30 days | | Improved to 57% - best performance in seven years | |
| % savings delivered | less than 75% achievement | | will be assessed from period 3 onwards | |

| Owner | Scrutiny | Impact | Likelihood | |
|---|---|---|---|---|
| Hazel Robertson | F&GP Committee | 4 | 4 | |
| | | Overall score (as is) | 16 | no change |
| | | Strategy and appetite | TREAT (6) | |

# Internal process perspective (information management)

| 3a Inadequate IT and information management and security leading to information breach, excess costs and service unavailability | | 23/11/2021 | | |
|---|---|---|---|---|
| **Positive uncertainty – opportunity** | **Negative uncertainty – threat** | | | |
| Good information and data management supports day to day delivery and data analytics will lead to improved decision making and service delivery | Breaches of Data Protection – loss of information, potential regulatory action and reputational damage | | | |
| Strong IT services and provision will enable efficient working practices and enable remote working | Cyber attack - complete loss of data and service | | | |
| **Existing controls** | **Planned activity** | **Responsible** | **Date** | **Progress** |
| Article 30 register, Privacy notices, Data Sharing Agreements, DP Impact Assessments, FOI Policy and Publication Scheme | Review FOI publication scheme and DP Policy | VPF&CS | Mar 22 | FOI complete, DP going to next JCCP |
| | Promote retention and destruction action plans | VPF&CS | Dec 21 | DP Assurance Framework agreed, launch in Nov |
| Data analytics - stage of development | Develop and Implement action plan for deployment of analytics | Head of MIS | Jun 22 | not yet due |
| Cyber Acreditation, Cyber Technical Risk Assessment, Information Security Policy, Electronic Systems Policy | Complete implementation of action plan from CTRA | Head of ISLT | Sep 21 | Report to Audit Committee in Nov |
| | Move to datavita backup as a service, and disaster recovery as a service | Head of ISLT | Oct 21 | Complete |
| | Relaunch of IT Services function | Head of ISLT | Jan 22 | Part of Phase 2 DTP, revised date due to extneded time for datavita migration |
| **Performance measures** | **Tolerance level** | | | **Current position** |
| Positive audit outcomes | no high risk issues | | | audit to complete 12/11 |
| IT Service performance reporting | no high impact business continuity issues | | | no high impact issues |
| DP events | no more than 5 data events annually | | | zero data events this year |
| Maturity of data analytics | Assessed availability of data to service managers | | | some isues with use of prosolutions, additional support in place for curriculum staff |

| Owner | Scrutiny | Impact | 3 |
|---|---|---|---|
| Hazel Robertson | Audit Committee | 3 | 3 |
| | | Overall score (as is) | 9 |
| | | Strategy and appetite | TREAT (6) |

no change

# Internal process perspective (internal financial controls)

| 3b Potential breakdown in internal financial controls leading to loss of funds / excess costs / fraud | | 23/11/2021 | | |
|---|---|---|---|---|
| **Positive uncertainty – opportunity** | **Negative uncertainty – threat** | | | |
| Strong and efficient internal financial controls will improve efficiency and effectiveness, and deliver value for money | Weak or missing internal financial controls may not prevent or detect attempts at fraud | | | |
| Effective management of senior finance capacity wiil enable redesign and improvements in processing, thus reducing rework and enabling good financial control | Workload pressure may cause capacity constraints for process redesign, reviewing financial position, analysis and projections | | | |
| **Existing controls** | **Uncontrolled variability in funding streams** | **Responsible** | **Date** | **Progress** |
| Financial Regulations, Finance Manual, Anti Fraud and Anti Bribery Policies, Procurement Policy, Fee Policy, Internal Audit | Complete review of finance procedures, prioritise purchase ledger and fixed assets, if workload demands are too high | AP Finance | Mar 22 | Transformation programme has commenced |
| | Improved fixed asset management | FBP | Mar 22 | Register reviewed to reflect new accounting policy |
| Internal and External audit recommendations | Ensure completion of audit action points, prioritising fixed asset controls and impairment | VP F&CS | Jul 22 | Full review will be presented to the Audit Committee in November |
| **Performance measures** | **Tolerance level** | | | **Current position** |
| Positive audit outcomes | only low risk IA issues - 2 significant derficincies in external audit - priority to address | | | No high risk issues in internal audit, one significant external audit |
| Material delay in implementing audit action plan | Both longstanding signficant deficiencies to be clear for 2021/22 | | | Proposal to go to AC in November |
| Serious breach of financial regulations | no reported issues | | | no reported issues |

| Owner | Scrutiny | Impact | Likelihood |
|---|---|---|---|
| Hazel Robertson | Audit Committee | 3 | 3 |
| | | Overall score (as is) | 9 |
| | | Strategy and appetite | TREAT (6) |

no change

# Organisational capacity perspective (staffing)

| 4 Staff are not motivated, engaged or capable | | 23/11/2021 | |
|---|---|---|---|
| Positive uncertainty – opportunity | Negative uncertainty – threat | | |
| Continuing to gather and use engagement info through GPTW | Not being able to attract the rright individuals | | |
| Wellbeing and mental health initiatives | Insufficent HR staff to support recruitment | | |
| Covid impact on turnover | Covid impact on turnover | | |
| Increasing access to funding for training posts MAs/interns | Over reliance on short term posts could destabilise | | |
| Funding for suitable training | Is training meeting our needs | | |
| National bargaining paying rates above average for region | Results delayed so long - staff uncertain about outcomes | | |
| Existing controls | Planned activity | **Responsible** | **Date** |
| HR policies and procedures, HR Manual | Monitoring of KPIs | Head of HR | ongoing |
| Workforce strategy | Annual review of performance against measures | Head of HR | Sep-21 |
| GPTW | Extension for 3 years, action plan in response, 2 areas of concern | Head of HR | |
| NJNC involvement | Involvement in national pay and grading group | Head of HR | |
| JCCP and local NJNC, Wellbeing Group | Informal meetings staff side, Principal and Head of HR | Principal | ongoing |
| H&S Committee | Agile workstation assessmenets, all training up to date | H&S Manager | Dec-21 |
| F&GP oversight | Report to every meeting | Head of HR | ongoing |
| SPDR reviews - interim and annual | 100% target - monitor through dashboard | WLT | as per plan |
| Performance measures | Tolerance level | | |
| KPIs - turnover, sickness | turnover > 7%, absence > 10% | | |
| Staff satisfaction | reduction of 2% | | |
| GPTW survey and action plan | Actions not completed by end of reference period | | |
| Completion rate Agile | less than 100% | | |
| Completion rate SPDR | less than 100% | | |
| Performance measures from workforce strategy | Actions not completed by end of reference period | | |

| Owner | Scrutiny | Impact | Likelihood |
|---|---|---|---|
| Debbie Kerr | F&GP Committee | 2 | 3 |
| | | Overall score (as is) | 6 |
| | | Strategy and appetite | TREAT (4) |

# Impact assessment

| Perspective | Element | Negligibile | Minor | Moderate | Major | Extreme |
|---|---|---|---|---|---|---|
| Customer (External) | 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 |
| Customer (learners) | 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 |
| | 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 |
| | Complaints | Locally resolved verbal complaint | Justified written complaint | Justified complaint involving lack of professionalism | Multiple justified complaints | Complex justified complaints |
| Financial | Financial | Negligibile <£1k | Minor >£1k to £10k | Significant >£10k to £50k | Major >£50k to £100k | Over £100k |
| Internal process | 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 |
| Organisational capacity | 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. |

# Likelihood assessment

| | 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 |

# Risk Rating

**Rating**

| Impact /Likelihood | Negligible | 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 |