B

FINANCE & RESOURCES COMMITTEE

14 March 2024

BORDERS COLLEGE REGIONAL BOARD

Strategic Risk update

1.0 PURPOSE OF PAPER
For discussion

1.1 The purpose of this paper is to present to the Committee the risks assigned to it, within the current strategic risk register, and to provide an update on the agreed actions.

2.0 EXECUTIVE SUMMARY

2.1 Following the Board development day on 9th November five risks have been assigned to the Committee.

2.2 Risk scores have been reviewed based on recent budget announcements and on actions completed. Two scores have been amended. Risk 1.2 – Delivery of College outcomes unaffordable has increased from 12 to 16 and risk 3.4 – Disruption or failure of IT/Digital services has decreased from

2.3 Four of the five risks are currently within or below the agreed risk appetite agreed by the Board with agreed actions progress to ensure the remaining risk is within the agreed risk appetite.

2.4 Appendix 1 details each risk and the progress on the agreed actions.

3.0 RECOMMENDATION

3.1 It is recommended the Committee:

3.1.1 note the progress on the agreed actions.

3.1.2 Note the revised risk scores for risk 1.2 and 3.4

4.0 BACKGROUND

4.1 Identifying and managing risk is a corner stone of effective management and good governance. The strategic risk register was developed through a period of engagement with Board Members and with the Senior Leadership Team. The Board development day on 9th November agreed the revised format of the risk register and the Committee responsible for monitoring progress on the risks.

4.2 The Board agreed risk appetites for each of the identified risks. The table over provides details the parameters for each risk appetite:

Risk Appetite	Description	Risk Appetite Score
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.	Lower than 7
Minimal	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.	between 7 -9
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken my carry a high degree of inherent risk that is deemed controllable to a large extent.	between 10 - 14
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.	between 15- 19
Hungry	Eager to be innovative and to choose options based on maximizing opportunities and potential higher benefit even if those activities carry a very high residual risk.	20 and above

5.0 F&R RISKS UPDATE

5.1 Following the Board Development day on 9th November the following were agreed for the F&R Committee to monitor.

no	Risk	Appetite	Score
1.1	Commercial income targets not fully reached.	Open	9
1.2	Delivery of College outcomes unaffordable	Cautious	16
3.2	College unable to recruit, retain and maintain effective and skilled staff	Cautious	6
3.3	Closure/disruption/denial of access to site facilities	Minimal	6
3.4	Disruption or failure of IT/Digital services or infrastructure	Minimal	9

5.2 Due to the recent budget announcements which will see a funding reduction to the college sector risk 1.2 has been rescored. The impact score has been increased from 3 to 4 to reflect the possible size of the funding reduction. The overall score increases from 12 to 16 which is now above the risk appetite agreed by the Board. Work is ongoing to gain information on impact to the funding of the College, but it is unlikely to be known until the end March when SFC provide indicative funding allocations.

5.3 Due to the work completed for staff training and the successful award of Cyber Essential Plus the score for risk 3.4 has been reviewed. The likelihood remains at 3 as there is still a possibility of the risk occurring but the impact has been reduced from 4 to 3. This has reduced the overall risk score from 12 to 9 and brings the risk within the agreed risk appetite. This reflects the controls and mitigations in place which would limit the impact to any disruption.

5.4 Four of the five risks are currently within or below the risk appetite agreed by the Board. The financial risk in 1.2 is being carefully monitored and up dates will be given to the Committee as the position is further clarified.

5.5 Progress has been made on the actions agreed by the Board and these are detailed in Appendix 1.

5.6 The Senior Leadership Team has fully reviewed the risks and progress of actions on 19 December, 23 January and 20 February. No new risks have been added to the strategic risk register and the risk 1.2 has changed its risk score changed following these reviews.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

There are no direct financial implications from the contents of this report.

6.2 Learner Implications

There are no direct learner implications from the contents of this report.

6.3 Staff Implications

There are no direct staff implications from the contents of this report.

6.4 Equality and Diversity Implications/Equality Impact Assessment

There are no direct equality implications from the contents of this report.

6.5 Sustainability/Environmental Implications

There are no direct sustainability implications from the contents of this report.

7.0 RISK COMMENTARY

7.1 The management of risks is an essential part of good governance for an organisation. The monitoring of risk is a key element of this management. This report provides the Committee with assurance that the monitoring of risks is undertaken and agreed actions to further mitigate risks are being progressed.

8.0 CONCLUSION

8.1 The risks register has been reviewed and progress has been made on the actions approved by the Board.

Kirsty Robb, Vice Principal Finance & Corporate Services

Previous Board or College Committee Approvals: F&R Committee, 30 November 2023

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Borders College Risk Register as at 20/02/2024

							Pre Mitigation Score				Post Mitigation Scores				
no	Risk	Causes/ Risk factors	Consequences/ Potential Effect	Risk Owner	Committ	Appetit	Likelihoo	Impact	Score	Existing Mitigation Actions	Likelihoo	Impact	Score	Actions	Progress as at 20/02/24
	Financial Stability														
1.1	Commercial income targets not fully reached.	Availability of external grants lack of Employer demand lack of Student demand External training providers competing for same market	income targets not achieved resulting in budget deficit Costs incurred not fully covered by income resulting in losses Under utilization of permanent staff and resources Not meeting needs of community & employers Possible impact on credit targets Long term financial targets not achieved.	Dir Fin & Proc/ VP Finance & Corp Services	F&R	Open	4	4	16	Income targets set and monitored on regular basis Membership of National, local and sectors to identify potential funding sources Regular market research and communication with employers Regular Partnership working	3	3	9	TREAT - Increased monitoring and reporting of Non Core funding to SLT and F&R Committee (by 31/12/23) - Identify new funding sources (ongoing) - Embed commercial income into curriculum areas supported by DEBI (by 31/7/24)	- Report developed and presented to F&R on 30/11/23 and approved - Action Complete - Grantfinder implemented and live - Action Complete - Additional funding via Shared Prosperity Fund for AIMS and Digital skills via DDI has been achieved - Work progressing to embed the administration of commercial income into curriculum.
1.2	Delivery of College outcomes unaffordable	Strategic political policies Changes to SFC funding methodology & allocations Identified savings not achieved Loss of HWU rent/SLA income Unaffordable national pay awards Under utilization of estate	Possible reductions in funding and credits reduction could result in deficit position Unable to deliver to the level required by students and employers Long term Financial targets not achieved Adverse impact on reputation of College Possible staff losses	Dir Fin & Proc/ VP Finance & Corp Services	F&R	Cautious	5	4	20	Budgetary monitoring process in place Membership of CDN networks Regular contact with SFC and outcome agreement manager Working with Colleges and CES to lobby Regular reporting to SLT and F&R Committee Partnership working with HWU	4	4	16	TREAT - Develop 3 year budget setting - by 31/7/2024) - Increased monitoring and reporting of savings target (by 31/7/24) - Undertake increased liaison with HWU for future estate use (by 31/3/24) - Savings monitor report to be developed for SLT (by 31/7/24) - Agree KPI's for Board and F&R reports (by 31/12/23)	- Budget setting for 2024/25 commencing and to included future years. - additional reporting being developed - improved relationships with HWU via CMC - All staff workshops held to assist in identifying possible savings - KPI's presented to F&R on 30/11/23 - Action complete
	Objectives/Strategies														
3.2	College unable to recruit, retain and maintain effective and skilled staff	Failed recruitments Low staff moral External competition Age profile of staff Pay awards Lack of succession planning	High staff turnover Inability to provide services due to staff vacancies Strike action from staff High sickness levels Increased staff performance issues Poor student experience	Dir People Services	F&R	Cautious	3	4	12	Workforce Strategy Policies and Procedures, regularly reviewed Regular monitoring and reporting to F&R Committee Regular staff survey via Great Places To Work Staff Performance and Reviews carried out regularly	2	3	6	TREAT -Increased publicity around success (ongoing) -Improve profile of Great Place To Work - more staff involvement (end April 2024) -Consider succession planning (September2024)	College magazine issued monthly containing good news stories , staff award events taking place for Global Citizen awards, Staff Engagement group members identified and a meeting to take place in February/March, January review of GPTW actions being
3.3	Closure/disruption/denial of access to site facilities	Power failure Fire Pandemic Power rationing/disruption Terrorist event Building defects	Business Interruption Impact on student outcomes Impact on ability to meet future obligations Potential loss of essential data Building defects cause building to be unsafe for occupation	Dir Estate & Facilities/ VP Fin & Corp Services	F&R	Minimal	3	5	15	Business Continuity Plan in place Active membership and participant of the Contest group Under regular statutory inspections Planned preventative maintenance Program Statutory training mandatory Fire test and evaluation tests undertaken Risk assessments undertaken Regular internal inspections Required Permits in place	2	3	6	TREAT -Improve awareness of Business Continuity Plan with staff group (31/03/24) - RAAC survey work being undertaken (by 30/11/23)	- Very High Risk remedial works completed, planning underway to complete remaining works within the Tower over Easter break. Once complete overall risk level will reduce to tolerable.
3.4	Disruption or failure of IT/Digital services or infrastructure	Cyber attack Power Loss system failure Data breach Business interruption	Business Interruption Potential loss of essential data Impact on student outcomes Impact on ability to meet future obligations Adverse financial impact	Dir IT & Digital/ VP Fin & Corp Services	F&R	Minimal	3	5	15	Various technical controls in place for end users and infrastructure Cyber threat early warning notifications Server/Network Monitoring/Alerts Backup as a Service Disaster Recovery as a Service	3	3	9	TREAT -Network redesign to remove SBC as single point of failure (by 29/2/24) -Network infrastructure refresh (by 31/7/25) -End User Awareness Training (by 31/3/24)	- Design and costs to be provided during January for DataVita - Stage 1 of complete (current system health check) Scope of tender documents being finalised for inclusion in bid to capital budget setting - Cyber training scheduled 23/1/24, additional phishing campaign being scheduled