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BORDERS COLLEGE REGIONAL BOARD

# FINANCE & RESOURCES COMMITTEE

## 30 November 2023

## 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 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.

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

### 3.0 RECOMMENDATION

3.1 It is recommended the Committee note the progress on the agreed actions.

### 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 category:

| 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 | 12 |
| 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 | 12 |

5.2 Four of the five risks are currently within or below the risk appetite agreed by the Board. Actions have been agreed and are being progressed to reduce the current risk score for 3.4 to bring within the approved risk appetite.

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

5.4 The Senior Leadership Team has fully reviewed the risks and progress of actions on 20th November 2023. No new risks have been added to the strategic risk register or scores changed following this review.

## 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**:

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|---|---|
| **For publication** ☒ | **Not for publication** ☐<br><br>**If not, why not?** |

APPENDIX 1

Borders College Risk Register as at 23/11/2023

| no | Risk | Causes/ Risk factors | Consequences/ Potential Effect | Risk Owner | Committee | Appetite | Existing Mitigation Actions | Likelihood | Impact | Score | Actions | Progress as at 23/11/23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Financial Stability** | | | | | | | | | | | |
| 1.1 | Commercial income targets not fully reached. | Availability of external grants<br>lack of Employer demand<br>lack of Student demand<br>External training providers competing for same market | income targets not achieved resulting in budget deficit<br>Costs incurred not fully covered by income resulting in losses<br>Under utilization of permanent staff and resources<br>Not meeting needs of community & employers<br>Possible impact on credit targets<br>Long term financial targets not achieved. | Dir Fin & Proc/ VP Finance & Corp Services | F&R | Open | Income targets set and monitored on regular basis<br>Membership of National, local and sectors to identify potential funding sources<br>Regular market research and communication with employers<br>Regular Partnership working | 3 | 3 | 9 | TREAT<br>- Increased monitoring and reporting of Non Core funding to SLT and F&R Committee<br>- Identify new funding sources<br>- Imbed commercial income into curriculum areas supported by DEBI | - New report developed as part of Business Review papers, to be presented to F&R Committee on 30 Nov 23<br>-Grantfinder implemented across college.<br>-Commercial administration support to be provided by DEBI and process beginning to develop<br>-additional funding for Employability Courses secured via SBC.<br>-SPF Retrofit project commenced. |
| 1.2 | Delivery of College outcomes unaffordable | Strategic political policies<br>Changes to SFC funding methodology & allocations<br>Identified savings not achieved<br>Loss of HWU rent/SLA income<br>Unaffordable national pay awards<br>Under utilization of estate | Possible reductions in funding and credits<br>reduction could result in deficit position<br>Unable to deliver to the level required by students and employers<br>Long term Financial targets not achieved<br>Adverse impact on reputation of College<br>Possible staff losses | Dir Fin & Proc/ VP Finance & Corp Services | F&R | Cautious | Budgetary monitoring process in place<br>Membership of CDN networks<br>Regular contact with SFC and outcome agreement manager<br>Working with Colleges and CES to lobby<br>Regular reporting to SLT and F&R Committee<br>Partnership working with HWU | 4 | 3 | 12 | TREAT<br>- Develop 3 year budget setting<br>- Increased monitoring and reporting of savings target<br>- Undertake increased liaison with HWU for future estate use<br>- Savings monitor report to be developed for SLT<br>- Agree KPI's for Board and F&R reports | - revision of F&R reports is complete for Q1 budget review, to be presented to F&R Committee 30 Nov 23.<br>- KPI's for the Board and F&R presented to Board on 26 Oct.<br>- 2024/25 Budget timetable/process being finalised |
| | **Objectives/Strategies** | | | | | | | | | | | |
| 3.2 | College unable to recruit, retain and maintain effective and skilled staff | Failed recruitments<br>Low staff moral<br>External competition<br>Age profile of staff<br>Pay awards<br>Lack of succession planning | High staff turnover<br>Inability to provide services due to staff vacancies<br>Strike action from staff<br>High sickness levels<br>Increased staff performance issues<br>Poor student experience | Dir People Services | F&R | Cautious | Workforce Strategy<br>Policies and Procedures, regularly reviewed<br>Regular monitoring and reporting to F&R Committee<br>Regular staff survey via Great Places To Work<br>Staff Performance and Reviews carried out regularly | 2 | 3 | 6 | TREAT<br>-Increased publicity around success<br>-Improve profile of Great Place To Work - more staff involvement<br>-Consider succession planning | -Good news stories being included in College magazine and social media.<br>- Global Citizenship Awards for staff.<br>-Staff Engagement Group being set up.<br>40th Birthday celebrations.<br>-Action plan for GPTW in place to be reviewed in January. |

| no | Risk | Causes/ Risk factors | Consequences/ Potential Effect | Risk Owner | Committee | Appetite | Existing Mitigation Actions | Likelihood | Impact | Score | Actions | Progress as at 23/11/23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.3 | Closure/disruption/denial of access to site facilities | Power failure<br>Fire<br>Pandemic<br>Power rationing/disruption<br>Terrorist event<br>Building defects | Business Interruption<br>Impact on student outcomes<br>Impact on ability to meet future obligations<br>Potential loss of essential data<br>Building defects cause building to be unsafe for occupation | Dir Estate & Facilities/ VP Fin & Corp Services | F&R | Minimal | Business Continuity Plan in place<br>Active membership and participant of the Contest group<br>Under regular statutory inspections<br>Planned preventative maintenance Program<br>Statutory training mandatory<br>Fire test and evaluation tests undertaken<br>Risk assessments undertaken<br>Regular internal inspections<br>Required Permits in place | 2 | 3 | 6 | TREAT<br>-Improve awareness of Business Continuity Plan with staff group<br>- RAAC survey work being undertaken | -RAAC Survey Completed, awaiting further remedial works detail from Structural Engineers to reduce risk to tolerable level. - Long term works will be required to either remove RAAC from premises or implement internal support structure to mitigate further risk. |
| 3.4 | Disruption or failure of IT/Digital services or infrastructure | Cyber attack<br>Power Loss<br>system failure<br>Data breach<br>Business interruption | Business Interruption<br>Potential loss of essential data<br>Impact on student outcomes<br>Impact on ability to meet future obligations<br>Adverse financial impact | Dir IT & Digital/ VP Fin & Corp Services | F&R | Minimal | Various technical controls in place for end users and infrastructure<br>Cyber threat early warning notifications<br>Server/Network Monitoring/Alerts<br>Backup as a Service<br>Disaster Recovery as a Service | 3 | 4 | 12 | TREAT<br>-Network redesign to remove SBC as single point of failure<br>-Network infrastructure refresh<br>-End User Awareness Training | - Working with DataVita and JISC on network redesign to mitigate single point of failure at SBC. Update meeting planned for end Nov23.<br>- Working with vendors on network refresh to discover potential costs which will determine procurement process.<br>- Next step of end user awareness training planned for January |