



AUDIT and RISK COMMITTEE

Strategic Risk Register

Ref. 35-22

Regional Strategic Risk Register

Ref. 37-22

DATE:	25 April 2022
TITLE OF REPORT:	Strategic Risk Register
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PURPOSE:	To inform members of the movement in strategic risk assessment in the College and the Region.
KEY RECOMMENDATIONS/ DECISIONS:	Committee to <ul style="list-style-type: none"> • review and approve the strategic risk analysis (Ref 35-22) and • to note the Regional Strategic Risk Register (Ref 37-22).
RISK	<ul style="list-style-type: none"> • That College strategic risks are not identified and mitigating actions are not taken. • That the Region is not identifying strategic risks and mitigating actions are not taken.
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable behaviours.
SUMMARY OF REPORT:	<ul style="list-style-type: none"> • The indicative Grant in Aid allocation to the Region for 2022/23 is effectively “flat cash”, which in real terms is a funding cut, and the settlement for the succeeding year is expected to be no better and potentially worse. • The College is suffering reputational risk through continued adverse press coverage. • Members are asked to note the risks identified in the Regional Risk Register. <p>Members should note that the SLC Head of Finance attends the meetings of the Regional Risk Group and presents the SLC Strategic Risk Register. The Regional Risk Register is completed and maintained by NCL staff and is presented to SLC Board meetings for information.</p>

Commentary on movements to risk scores

Risk 1, Financial Sustainability:

Whilst the College recorded an operating surplus for the year to 31st July 2021, the situation will not be as encouraging for 2021/22. There may be a slight shortfall in credits from target and this may result in a consequential shortfall in central funding drawdown. This has been reflected in the most recent Management Forecast as presented to the Finance and Resources Committee. Longer term, the Region has received its indicative Grant in Aid allocation for 2022/23 and this is effectively “flat cash”, although the activity target has been reduced and this has been communicated as a provision for inflation. As members will be aware this represents a cut in real terms will require the College to take steps to reduce costs accordingly. As 76% of costs relate to staffing the College will require to consider how best to maximise its staffing budget when delivering the agreed credit target. This reduction in resources is also likely to mean that the College cost base will require to be reconfigured in order to produce a balanced budget.

If funding from 2023/24 onwards remains below inflation it is anticipated that medium term financial viability will be at risk. Therefore, major mitigating actions will be required.. General inflation, specific inflation of utility and raw material costs, potentially above-budget salary award settlements and a decrease in HN activity affecting fees will all impact adversely on College finances.

Risk 3, Credit target:

It is anticipated that the College will not meet its activity target for the year although a range of mitigating actions are being taken. Members will recall that this was noted in the review of the Risk Register at the previous meeting. Discussions are still to take place with New College Lanarkshire on the split of Regional activity for 2022/23. The results of the discussions may have an impact on the risk rating.

Risk 5, Capital funding requirements:

Although the College has ring fenced its own funds for capital replacement, the allocation via the Backlog Maintenance Fund for 2022/23 is only £30k, and SFC have indicated that there will not be an allocation thereafter. This gives the risk that there be very limited resources available to support major maintenance in the medium to long term..

Risk 8, Damage to integrity of MIS systems:

The College is aware of cyber security breaches in the sector and recognises the additional risks current inherent. It has, though, invested in additional security and is about to have its system tested via audit.

Risk 12, The Learner Experience:

Industrial action, both current and planned, is having a negative impact on the learner experience, but it is outwith the control of the College, as the dispute is a national one. In additional, External Quality Assurance activity is at risk due to lecturers potentially not engaging and resulting learners as part of their industrial action.

Risk 14, Failure of Corporate Governance:

The College is subject to an Audit Scotland Section 22 Report for failing to meet all the requirements of the Code of Good Governance for the period immediately after the 2020/21 year end. Issues with Governance were quickly identified and are being addressed via a Governance Improvement Plan. This is monitored by the College Board and, in conjunction with a comprehensive review of policies and procedures, these issues are being addressed.

The College continues to have adverse media coverage related to this matter which may have a negative impact on student and staff recruitment.

Strategic Risk Register				Dated reviewed by College Leadership Team		03 May 2022		Next date of review		16 August 2022										
No.	Date Raised	Link to Quality Indicators	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments	Risk Owner		
1	26/04/2021	3.1, 3.5, 3.6	That the College cannot maintain financial stability	4	3	12	8	↓	That the College would not be able to meet its financial obligations and /or that investment in student activity could not be maintained to an appropriate level.	SFC funding in 2020/21 was increased from previous years and was in excess of budget, allowing the College to meet, and more, any additional requirements. The College also reached its credit target in 2020/21, so no clawback of central funding will occur. Increased scrutiny of spend and improved approaches to budgetary management introduced. Enrolments and consequent fee income currently below budget level. Current cash holding is, though, sufficient to sustain a one-year drop in income. Note that the College's current cash holding balance is higher than anticipated, which creates a risk of SFC clawback. This is being actively managed, including via providing clarity to the SFC about funds ring-fenced for repayment to SFC (f. bursary funds) or for committed estates investment, as well as the funding earmarked for our Strategic Investment Plan, currently being drafted. SFC May 2022 Indicative allocations have now been issued, which show a -3.4% decrease for the region.	4	3	12	6	↓	Facilities actively planning for January recruitment and enhanced budgetary controls will ensure that spend and income is monitored closely to allow action to be taken swiftly, as required. On the higher than anticipated cash holding, the College has reported to SFC that some of this is earmarked for current spend, and that it will be utilised to support its Strategic Investment Plan, which will incorporate a refreshed Estates Strategy. Jan 2022 Risk score now being impacted by: SFC informed the sector of the flat cash budget for next year, which is a decrease of £52m for the sector. Increase of energy costs Additional NI contributions cost. Recruitment shortfall across the sector and the college. May 2022 Increased risk due to SFC indicative allocation for 2022-23 and "flat cash" situation. Inflation will be anywhere between 2.5% and 3%. Risk of pay awards. Pay awards beyond college control. Additional professional costs being incurred.	6	6	College reporting surplus for 2020/21 and the years of modest surpluses have allowed the College to build up a cash balance that is sufficient to maintain short term financial stability Finance Action Jan 2022: Undertake scenario planning and modelling to look at the impact of the funding against our costs. May 2022 Modelling of college budget now in progress.	Head of Finance
2	26/04/2021	3.1, 3.2, 3.5, 3.6	That there is a failure of financial controls	4	3	12	12	→	Insufficient or incorrect information available to senior management and the Board of Management; potential for fraud.	Programme of internal and external audit, overseen by Audit and Risk Committee. Ongoing review of financial controls, policies and processes in train. Management response to IA review in relation to improvements to financial and other controls. Introduction of a new approach to control, assurance and risk management arrangements now in train. College to institute its own rolling review of audit recommendations to ensure that all IA recommendations are followed through according to timetable. This to be reviewed by the Audit and Risk Committee at each meeting. College is undertaking a fundamental review of its procurement arrangements, supported by a College-wide training programme to ensure that (a) the College's arrangements for procurement are appropriate, and (b) all relevant staff are fully aware of these arrangements and their responsibilities. College is looking at the feasibility of introducing stock control systems.	3	3	9	9	→	Closer scrutiny of previous internal audit recommendations, both via senior management and the Audit and Risk Committee. Introduction of new approach to control, assurance and risk management arrangements. May 2022 New auditors appointed. Internal audit plan approved.	Introduction of formal ARC monitoring on an ongoing basis.	Head of Finance		
3	26/04/2021	1.6, 2.2, 2.4	That there is failure to meet Credit target and /or failure to retain major public and private contracts.	3	3	9	9	→	Clawback of SFC activity funding and shortfall in income. Failing to meet credit targets on a consistent basis may affect annual activity allocation. Failure to meet ESF target is likely to affect income as this income is fully dependent on achieving the core and ESF credit target.	Student activity is monitored on a weekly basis by senior management via the SLT meetings, with those weekly reports being made available to faculty and admissions staff. Additional enhanced reporting in use through Power BI to monitor real time information. Faculty teams are reviewing their course offer to maximise credits as well as offer new courses. Marketing campaign now live for January 2022 courses, with information event planned for 25 November.	3	2	6	6	→	Marketing campaign now live for January 2022 courses with recruitment event planned for 25 November. National request from sector to SFC still awaiting response, on last year's flexibilities being carried over into 2021-22. For example, increase of 16-18 credits across all FT courses. Jan 2022 Additional Flexibilities granted and applied. Credit Gap Current risk is the shortfall of 400 FA credits, which was a late allocation impacting on planning. There is a strong partnership model already in place for FA with the local authority. May 2022 Additional work taking place to meet credit gap. Forecast gap is 285, however this is a projected with actual gap being -1,813. Financial mitigation in budget. SFC 30 March 2022 letters emphasises that there may not be clawback for deferred credits of 866.	College reached activity target for 2020/21 but enrolments are currently short of target in some areas. Target this year is 50,435 and for the first time includes 700 credits for FAs that are non transferable. Gap with best case scenario for Jan recruitment, not including SFC flexibilities is 3000 credits. Retention due to covid restrictions may also impact. All Jan 22 start courses are advertised, marketing campaign in progress. Jan 2022 Aug '22 FT courses launched in Jan 2022. On track to meet current contracts such as CITB, Modern Apprenticeship SPS Contracts. FWDF contract is being monitored. Rural academy contract renewed for another year.	Depute Principal		
4	26/04/2021	2.1, 3.2, 3.4, 3.6	That there is a breach of legislation and associated regulations (incl. GDPR)	2	3	6	6	→	Breach or leak of sensitive data impacting on college reputation.	Data Protection Officer in place to advice on general Data Protection Regulation. Staff mandatory training and policies in place and actively marketed to heighten awareness. Compliance/audit checks in place. GDPR policies currently being updated as part of College-wide policy refresh exercise. Training planned for all staff on legislative and regulatory issues, including conflict of interest, bribery and corruption and security of assets.	2	2	4	4	→	Info Asset Register links to be finalised to incorporate information required for ROPA; Records Retention Schedule and Policy to be compiled and signed-off. Data Protection Policy has been updated, final sign off required.	Data protection team have worked through a number of ROPA with each area and are currently pulling together Info Asset Register. Records Retention Policy in progress.	Head of IT		
5	26/04/2021	2.1, 2.2, 2.6, 3.5	That there are insufficient funds for capital project and maintenance requirements	4	2	8	8	→	The College estate is reaching an age that will require constant monitoring and an appropriate level of funding to address major issues (e.g. roof, air handling, lifts, CCTV, etc.)	SFC undertook a condition survey and has allocated funds over a five year period to address backlog maintenance and dilapidation works. The College appointed professional advisors to assist in the management of the projects which have been undertaken. College has enhanced its procurement arrangements to ensure that all major items of expenditure are reviewed by a senior management committee, thus ensuring value for money as well as an additional level of control over non salary spend. As part of our approach to the introduction of a Strategic Investment Plan, the College is currently considering introducing its own estate condition survey, given the age of the building and the number of significant repairs now being required.	3	2	6	1	↓	Current planning is to utilise cash holding to fund an infrastructure investment programme. Additionally, the college is planning to undertake an estate condition survey to ensure that a clear plan for any additional work is captured. The air conditioning units and the roof are all currently being replaced. Air Conditioning replacement completed. Roof project almost completed, snagging being undertaken. Building is weather proofed. May 2022 Building condition survey taking place to identify work plan. Risk is that further urgent work is required post survey.	Central funding received in 2020/21 and 2021/22 allowed the College to address major repairs and renewals sooner than originally planned. This includes a major upgrade to the fabric of the roof, which would be most vulnerable to possible issues associated with the natural lifespan of the building. Next steps are progression of lift shaft work and plant room project.	Head of Finance / Head of Estates		
6	26/04/2021	1.1, 1.2, 1.3, 1.4, 2.1, 3.1, 3.3	That there is a failure to meet statutory and legislative health and safety as well as safeguarding requirements.	3	3	9	9	→	Impacts on safety of all employees and students leading to serious injury or death. Unable to protect our most vulnerable students.	Health and Safety Committee meet regularly to monitor health and safety arrangements and any issues are raised. Staff induction in place on H&S. Separate COVID risk register in place to monitor operational arrangements. Facilities Teams and H&S Officer ensure all risk assessments are updated annually. Regular reporting on Health and Safety to HR Committee as part of their remit requirements. Full review of Health and Safety Policy and Procedures being undertaken. Lead Safeguarding Officers in place and appropriate training in place; Safeguarding group meets regularly.	3	2	6	6	→	Full review of H&S policy and procedure in train. Review of safeguarding processes in place for staff and students as part of our continual improvement cycle. May 2022 Review of Health and Safety policy is in train. Review of health and safety training. More regular health and safety catch ups now taking place outwith the regular Committee Meeting. Education Scotland Safeguarding progress visit planned for 16 May 2022.	Interim H&S consultant in post whilst recruiting for perm.			
7	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is business interruption due to major disaster, IT failure etc	4	2	8		↓	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Business Continuity Plan for College in place. Business interruption insurance in place. Member of HEFESTIS and benefit from shared intelligence.	3	2	6	6	→	Existing business continuity arrangements being reviewed in light of recent events. Key estates risks now been identified and have been or are being resolved.	The College had a developed Business Continuity Plan embedded prior to the COVID pandemic and has built on that via infrastructure improvements and additions utilising additional SFC ring-fenced funding.	Chris Sumner		
8	26/04/2021	2.1, 2.5, 2.6, 3.5, 3.6	That there is a theft of, or damage to, Management Information System (incl. cyber crime)	4	2	8	8	→	Impacts on the college's ability to provide a service to its users as well as potential financial and performance impacts.	Shared sector approach in place through HEFESTIS and advanced intelligence. Robust and regular testing of IT systems Business continuity plans in place for IT and MIS areas. Annual certification with Cyber Essentials Plus Incident response training	2	3	6	2	↓	May 2022 Cyber security audit taking place.	Update of Business Continuity Planning Documentation is planned. College recently successfully completed its August 2021 Cyber security audit with no issues.	Chris Sumner		
9	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.3	That there is a failure to achieve acceptably high standards of learning and teaching.	4	2	8	8	→	Impacts on the student experience, the college's reputation and Education Scotland risk ratings. Impacts on student recruitment leading to financial risk.	2021-22 monitor of teaching KPIs across all subject areas and action taken to address areas of concern. Quality mechanisms undertaken through annual cycle including self evaluation and internal and external verification processes. Lots of activity has been undertaken by quality with course teams on new arrangements for assessment during COVID period. Review of quality processes in train to improve reporting against KPIs. Faculty staff work with students association, class reps and student feedback mechanisms to monitor feedback on quality and follow up on any issues Enhance the monitoring of a range of KPI data on an ongoing basis to quickly identify any emerging negative trends in student performance. May 2022 Education Scotland progress visit was very positive.	2	2	4	6	↑	Transitional quality cycle in place for the pandemic years. Self Evaluation completed for Faculties and for college. Continued utilisation of improved reporting to support business insight and action. Course Team Reports completed for block 1. Jan 2022 Risk to attainment especially for FE FT students as they are the most at risk due to not being on campus due to COVID. Action: to ensure that the college does not lose the learning from COVID for example what should the SLC blended model of the future look like. May 2022 Education Scotland visit positive, demonstrates progress against actions.	Power BI being used to generate much improved business insights. To date the following reports have been established: Retention and Achievement Credit Projection Curriculum Planning Jan 2022 Concerns over retention of students especially FE FT due to limited blended learning. Higher than usual volume of students requiring additional learning support, which if staff are not recruited timely enough could impact on attainment. Education Scotland progress visit taking place Feb 2022.	Depute Principal		
10	26/04/2021	2.1, 2.3, 2.6, 3.1, 3.3, 3.4	That there is a failure to provide an engaging and effective employee journey.	4	2	8	8	→	Impact on the employee experience and could result in high turnover, high absence rates, disengagement, poor employee relations and industrial relations matters, poor performance of employees and subsequently a poor experience for students and negative impact on college reputation.	Ongoing, effective development of people managers to ensure the enablement of engagement, management and leadership practices. Effective response to the 2021 Employee Survey in progress. Re-launch and automation of the Career Review process, including manager training on performance feedback and coaching. Further staff engagement in train via the IIP and LID re-accreditation processes, including surveys and focus groups, will provide further intelligence to support organisational response. HR support provided locally to support staff absence management. Regular meetings with JNC, which take place every 3 weeks.	2	2	4	4	→	Implementation of College wide training-need analysis, employee engagement processes and measures and effective talent management (including succession planning). Review and enhance the employee experience processes and consider automation where appropriate.	College accreditations are being refreshed.	Head of HR		

Strategic Risk Register

Dated reviewed by College Leadership Team
 Next date of review

03 May 2022
 16 August 2022

Audit and Risk Committee
 May 2022
 Ref 35-22

No.	Date Raised	Link to Quality Indicators	Description	Impact Rating (1-4)	Probability Rating (1-4)	Risk Score	Previous submission risk score	Movement since last submission	Implications	Mitigation Action	Post-mitigation impact	Post-mitigation probability	Post-mitigation score	Previous submission mitigation score	Movement since last submission	Progress To Green: Key Actions	Comments	Risk Owner
11	04/02/2022	2.1, 2.3, 2.5, 2.7, 3.1, 3.2, 3.4, 3.6	That there is a failure to safeguard the health and wellbeing of staff and students.	3	3	9	9	↓ 3	Impacts on the health and wellbeing of staff and students. This could result in high absence, disengagement and higher withdrawal rates for students. Risk of serious harm to the individual if the appropriate safeguarding action is not taken. This would significantly impact the student and staff experience leading to potential risk of legal action, complaints and having a negative impact on the college reputation.	Ongoing effective development of safeguarding and health and wellbeing support for staff and students. Safeguarding / GBV Prevention / Corporate Parenting / Carers Support policies and procedures in place. Specialised staff in Student Services and HR responding to concerns or issues. Criminal Convictions and PVG is undertaken as part of the employee recruitment process. Safeguarding, Prevent and Corporate Parenting training is mandatory as part of the staff induction process. Safeguarding including Prevent, Corporate Parenting, Mental Health & Wellbeing information and videos part of the Learner Induction process. College Safeguarding Group is a cross-college group which has both student and staff membership - this group meets quarterly. GBV Prevention Strategy and Action Plan / Corporate Parenting Plan in place which is monitored by the Safeguarding Group. Other mitigations include:- • Student Support email address. Same day response, including responses to financial and emotional crisis support. • Guidance and support staff available on campus for in person support on same day appointment basis. • Staff are trained in Mental Health First Aid and ASIST • Dissemination and attendance of external safeguarding training opportunities, such as those provided by CDN. • Counselling Service for staff and students. • Weekly Yoga and Mindfulness classes for staff and students • Online Togetherall resource for staff and students • Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. • Guidance and support / line management staff available on campus for in person support on same day appointment basis. • Annual safeguarding, health and wellbeing calendar of events • College Mental Health Group and LGBT Champion Group in place • Peer support groups for staff and students	1	2	6	6	→ 0	Full review of Safeguarding policy and procedure planned for AY 2021-22 Review of safeguarding processes in place for staff and students as part of our continual improvement cycle. New safeguarder role and training remit produced with plans to create a network of safeguarders across the college that would feed into the College Safeguarding Group. May 2022 Additional training being put in place for August 2022 staff conference. Review		Head of Student Services
12	26/04/2021	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.5, 2.6, 2.7, 3.1, 3.3	That a lack of clarity of the learner journey means that there is a failure to provide an appropriate learner experience and support to students. Jan 2022 That students do not receive a good learning experience.	4	2	8	8	→ 0	Relates to application and recruitment experience, students not receiving the appropriate or accurate information or the necessary access to support such as financial or health and wellbeing. Recruitment impacted by outdated systems impacting the experience. Also any delays to bursaries, additional IT equipment and discretionary support may impact.	Applications are monitored by the Student Services Team, review of application and enrolment system in train. Financial and emotional support offered by the Team. Team undertake regular training to provide the best possible service and to keep up to date with changes. Power BI now being used for curriculum planning and to ensure a more efficient application process. Other mitigations include • Same day response provided via dedicated student support email, including responses to financial and emotional crisis support. • Guidance and support staff available on campus for in person support on same day appointment basis. • Ongoing review of new Admissions electronic system to ensure smooth transition from application to enrolment. Additional work to be undertaken in this area via regular working group meetings. • Staff attendance at new Mental Health First Aid training, as provided by SLC. • Dissemination and attendance of external training opportunities, such as those provided by CDN, etc. • Review potential increase in counselling and guidance/support provision to ensure reduction in waiting times for emotional support. • Bursary software under review with developers. • Support being provided to SA including additional recruitment of new VP. • Provision of long term laptop loans via Library service to facilitate engagement in class and coursework. Jan 2022 - Robust electronic innovative induction process in place for Aug 2022 starts as well as refreshers in Jan 2022 includes video content.	3	3	9	6	↓ 3	Additional central funding has been received to allow additional resources to be brought in to address particular issues that may be exacerbated due to the COVID pandemic. Website refresh now out to tender. Power BI being used for applications and curriculum planning. Review taking place regarding staffing resources to meet student needs of financial and emotional support. This includes reviewing the possibility of additional recruitment within student funding, guidance and support, etc, including student placements for counselling. May 2022 Current strike action by EIS is having a negative impact on the learning experience. EQA activity at risk due to lecturers potentially not engaging and resulting learners as well.	As regards student support funds, SFC funds have proved to be more than sufficient in previous years and the current year's funding should be more than adequate for the FE body. Previous years have seen there to be insufficient funds available to support HE students to the same levels, but with a reduced HE intake, this problem will not be as acute in 2021/22. Jan 2022 Funds now identified to address the shortfall to funding HE students.	Head of Student Services
13	26/04/2021	3.1, 3.2, 3.4, 3.5, 3.6	That there is a failure of Corporate Governance arrangements	4	3	12	12	→ 0	That the College would fail in its duties as a public body and charity to adhere to statutory expectations. Risk to business delivery; risk to reputation; risk to effective relations between SLC and NCL e.g. given journey towards dissolution and risk of distraction or tension and ensuing impact on operational delivery.	Effective training and development for all staff, including in relation to compliance. Effective T&D for the Board, given 10 new members, building on the recommendations of the EER and including consideration of culture and values of Board. Advice sought from appropriate bodies (SFC, IA, Good Governance Steering Group). Planning for the transition to dissolution will be important to ensure that we have the right systems, processes and relationships in place to take up position as a Regional college. Work already in train to identify agreed actions; SFC has established a liaison group involving themselves, Scottish Government and the two colleges. The Audit and Risk Committee are overseeing a formal, quarterly review of all audit recommendations on a rolling basis to ensure that all actions agreed are completed appropriately and according to timetable.	3	3	9	9	→ 0	Awaiting finalisation of Board member induction programme. Awaiting Board discussion on SFC report to progress recommendations. Awaiting clarification from SFC/SG on timeframe for dissolution to allow for planning. Jan 2022 Governance Improvement Plan established post the SFC Governance review as well as input from internal auditors is now being actioned. Governance training and Induction session taking place on 1st Feb 2022 which addresses the majority of actions. May 2022 Board members have been inducted. Key policies have been updated, financial regulations and bribery have all been updated and approved by Committee. Disciplinary, capability and grievance also due to be signed off at next HR Committee meetings. Governance Improvement plan shows progress against key actions. Board strategy day planned for 16 May 2022. Acting Principal now in place until investigation has been resolved. Risk now of reputational damage due to increase in press coverage. Challenges in recruiting key staff and risks around staff being able to leave for additional positions.	Acting Chair and Acting Principal in place.	Principal

Risk Key
 Low 1-4
 Medium 5-11
 High 12-18

Risk Key
 1-4
 5-11
 12-18