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**AUDIT COMMITTEE MEETING**

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Date of Meeting	7 June 2017
Paper Title	Risk Register
Agenda Item	17.22
Paper Number	17.22A
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	For Discussion

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**1 REPORT PURPOSE**

The Report considers the College’s Strategic Risk Register which is updated regularly and reported to each Audit Committee.

**2. RECOMMENDATION**

Committee Members are invited to DISCUSS this paper.

**3. BACKGROUND**

The College Strategic Risk Register is updated regularly and considered at least quarterly by College Senior Management and is a key part of the College’s risk management framework.

**4. RISK ANALYSIS**

**4.1** The College Strategic Risk Register is a key part of the College’s risk management framework.

**4.2** There are 12 risks on the College Strategic Risk Register and of these 5 risks are scoring as high after mitigating actions and the main reasons for this are summarised in paragraphs 4.3 to 4.7 below.

**4.3** Risk F1 – Adverse Funding Changes (SFC/SDS/ESF). This is scoring as probability of 5 and impact of 4 after mitigating actions. There are challenges for each of these funding strands particularly in the medium term. The SFC funding allocation does not fund the Region to the full value of the simplified model and recent indications from SFC are that this is now going to be reviewed over a longer transition period than originally stated with transition now through to 2020/21. For SDS there are changes in the funding strands they provide and changes to SDS itself. For ESF this funding increases in

2017/18 however will then significantly reduce as the current programme ends. This risk is also flagged as increasing since last report to the Board due to the lack of available information on the Flexible Workforce Development Fund for 2017/18 and the recent capital funding policy changes by GCRB where 50% of the Regional funding is either subject to a bidding process or part of a central Regional fund for emergency needs.

- 4.4** Risk F2 – Failure to achieve contracted overall teaching delivery targets for any key partner (SFC/SDS/ESF). This is scoring as probability of 3 and impact of 5 after mitigating actions. This is high because there are a range of delivery requirements particularly associated with SDS and ESF funding. Also the portfolio planning is now closer to the target requirement than in previous years with less extra capacity built in.
- 4.5** Risk F3 – Failure to achieve surplus targets for non-SFC commercial activity. This is scoring as probability of 3 and impact of 5 after mitigating actions. The College plans to at least maintain its commercial income and this is challenging in difficult economic circumstances and with some increased economic uncertainties e.g. Brexit. This risk is also flagged as increasing because of two significant areas of funded activity not being available next year i.e. the Employability Fund and Cashback for Communities. These total almost £400k of funding between these two funds although substantially offset by reduced costs.
- 4.6** Risk O1 – Negative impact on employee relations (e.g. national bargaining, industrial action, local consultation). This is scoring as probability of 4 and impact of 5 after mitigating actions. This is certainly high and has been indicated as increasing given recent position regarding national bargaining industrial action. It is also the case that some of the key issues in this risk are associated with decisions that are not within the College’s direct control.
- 4.7** Risk O2 – Failure of College operational processes/systems/ICT infrastructure (including risk of fraud). This is scoring as probability of 3 and impact of 5 after mitigating actions. This is just scoring within the high range and is due to the volume of activity across the College processes and in areas such as cyber security.
- 4.8** Risk G1 – Also there is one further risk which is scoring overall as low however is flagged as increasing which is G1 - Failure to meet all legislative and regulatory requirements and/or recommended guidance. This is increasing due to the significant new requirements of the General Data Protection Regulations which are required to be met by May 2018.

**5. LEGAL IMPLICATIONS/ FINANCIAL IMPLICATIONS/ REGIONAL  
OUTCOME AGREEMENT IMPLICATIONS**

The College is required to have a risk register as part of the Financial Memorandum.

**6. HAS AN EQUALITY IMPACT ASSESSMENT BEEN CARRIED OUT**

N/A