

Board of Management

Audit & Assurance Committee

Date of Meeting	10 March 2025
Paper No.	AAC3-I
Agenda Item	5.9
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Drew McGowan Associate Director of Governance and Risk
Date of production	14 February 2025
Action	For Discussion and Decision

1. Recommendations

- 1.1. To discuss and approve the Strategic Risk Register for risks reported to the Committee, recommending any changes to the Board of Management for final approval.
- 1.2. To note the Risk Management Action Plans for risks reported to the Committee.

2. Purpose

- 2.1. To provide the Audit & Assurance Committee with an update on the most recent quarterly review of the College's strategic risks for those reported to the Committee. The Strategic Risk Register and the Management Action Plans (MAPs) are enclosed.

3. Consultation

- 3.1. All strategic risk owners were consulted during the latest quarterly review.

4. Key Insights

- 4.1. Risk management is a key component of the College's internal control and governance arrangements and, as such, is an important responsibility of the Board of Management, the Executive Leadership Team (ELT) and the Senior Management Team (SMT). Final approval of the Strategic Risk Register is reserved to the Board and the Audit & Assurance Committee has oversight over the College's risk management approach.
- 4.2. ELT and SMT members are invited to review the risks they own on a quarterly basis. This is to ensure that the College, our Board and its committees, remain aware of any changes in the risk environment and that our risk management plans remain up-to-date and effective. Committees review the risks that are within their remit and recommend any changes to the Board for final approval.
- 4.3. The Strategic Risk Register and the MAPs are enclosed for the Committee's consideration and approval of members. Six strategic risks are reported to the Committee. Three changes to scores are proposed in this review.

No.	Risk Title	Previous Score	Proposed Score
SR9	Failure to manage performance and achieve improved performance	● 20 (5 x 4)	● 15 (5 x 3)
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	● 5 (5 x 1)	● 10 (5 x 2)
SR16	Failure of business continuity	● 12 (4 x 3)	● 8 (4 x 2)

5. Impact and Implications

- 5.1. The effective management, control and mitigation of risks are essential to the College's institutional and financial sustainability, compliance, reputation and future growth.

Appendices:

Appendix 1: Strategic Risk Register

Appendix 2: Risk Management Action Plans

Strategic Risk Register

The Risk			Assessment			Changes		Board
ID	Risk Title	Owner	Impact	Prob.	Net Score	Trend	Updated	Committee
SR1	Failure to support successful student outcomes and progression	VPSE	5	2	10	↔	Jan '25	Learning
SR2	Failure to establish an optimal pedagogical model	VPSE	5	1	5	↔	Oct '24	Learning
SR4	Failure of the College's duty of care to students	VPSE	5	2	10	↔	Sept '24	Learning
SR5	Failure to realise planned benefits of Regionalisation	Pr DPr	3	3	9	↔	Jan '25	Conveners'
SR6	Negative impact upon the College's reputation	VPCDI	3	3	9	↔	Jan '25	Development
SR7	Failure to achieve improved business development with stakeholders	VPCDI	3	3	9	↔	Jan '25	Development
SR8	Failure to manage strategic risks associated with CGI Ltd	VPCDI	5	2	10	↔	Jan '25	Development
SR9	Failure to manage performance and achieve improved performance	DE	5	3	15	↘	Jan '25	Audit
SR10	Failure to attract, engage, and retain suitable staff	VPPCS	4	4	16	↔	Jan '25	People
SR12	Negative impact of statutory compliance failure	DPr ADGR	5	2	10	↔	Jan '25	Audit
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	5	2	10	↗	Jan '25	Audit
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	4	2	8	↔	Jan '25	Audit
SR15	Failure of corporate governance	Pr ADGR	5	1	5	↔	Feb '25	Audit
SR16	Failure of business continuity	ADGR	4	2	8	↘	Feb '25	Audit
SR17	Negative impact of industrial action	VPPCS	5	2	10	↔	Jan '25	People
SR18	Failure of IT system security	DIT	5	2	10	↔	Jan '25	People
SR19	Failure to achieve operating surplus	CFO	4	4	16	↔	Jan '25	Finance
SR20	Failure to maximise income via diversification	CFO VPCDI	4	3	12	↔	Jan '25	Development
SR21	Failure to obtain funds from the Foundation for the College's priorities	CFO	4	3	12	↔	Jan '25	Finance
SR23	Failure to secure a sustainable model/level of funding	CFO	4	4	16	↔	Jan '25	Finance
SR24	Failure to secure sufficient capital investment	CFO	4	4	16	↔	Jan '25	Finance
SR26	Failure to prepare and respond to emerging public health incidents and crises	DPr	5	2	10	↔	Jan '25	Conveners'
SR27	Failure to prepare for the impact and harness the capabilities of AI	VPSE	3	3	9	↔	Jan '25	Learning
SR28	Failure to manage strategic, physical and digital assets and infrastructure effectively	VPCDI CFO	4	3	12	↔	Jan '25	Development

Impact and Probability Criteria

Score	Impact	Probability
1	Insignificant: the risk has minimal to no effect on the College's operations, objectives, reputation, stakeholders or financial sustainability.	Highly Unlikely: the likelihood of the risk occurring is minimal. It would be estimated that the risk has a 1-5% chance of happening.
2	Minor: the risk may cause slight disruption or impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	Unlikely: the likelihood of the risk occurring is unlikely but still possible. It would be estimated that the risk has a 6-25% chance of happening.
3	Moderate: the risk has a noticeable impact or disruption, affecting the College's operations, objectives, reputation, stakeholders or financial sustainability.	Possible: the likelihood of the risk occurring is reasonable. It would be estimated that the risk has a 26-50% chance of happening.
4	Major: the risk has a substantial impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	Likely: the likelihood of the risk occurring is probable. It would be estimated that the risk has a 51-75% chance of happening.
5	Critical: the risk is a severe threat to the College's operations, objectives, reputation, stakeholders or financial sustainability.	Almost Certain: the likelihood of the risk occurring is highly likely. It would be estimated that the risk has more than a 75% chance of happening.

Key

Pr	Principal & CEO
DPr	Depute Principal & COO
CFO	Chief Financial Officer
VPSE	Vice Principal Student Experience
VPCDI	Vice Principal Corporate Development
VPPCS	Vice Principal People & Corporate Services
ADGR	Associate Director of Governance & Risk
DE	Director of Excellence
DCS	Director of Corporate Support
DSE	Director of Student Experience
DIT	Director of IT

- ↗ New risk or existing risk score has increased since the previous review.
- ↘ Risk score has decreased since the previous review.
- ↔ Risk score has not changed since the previous review.

Risk Matrix

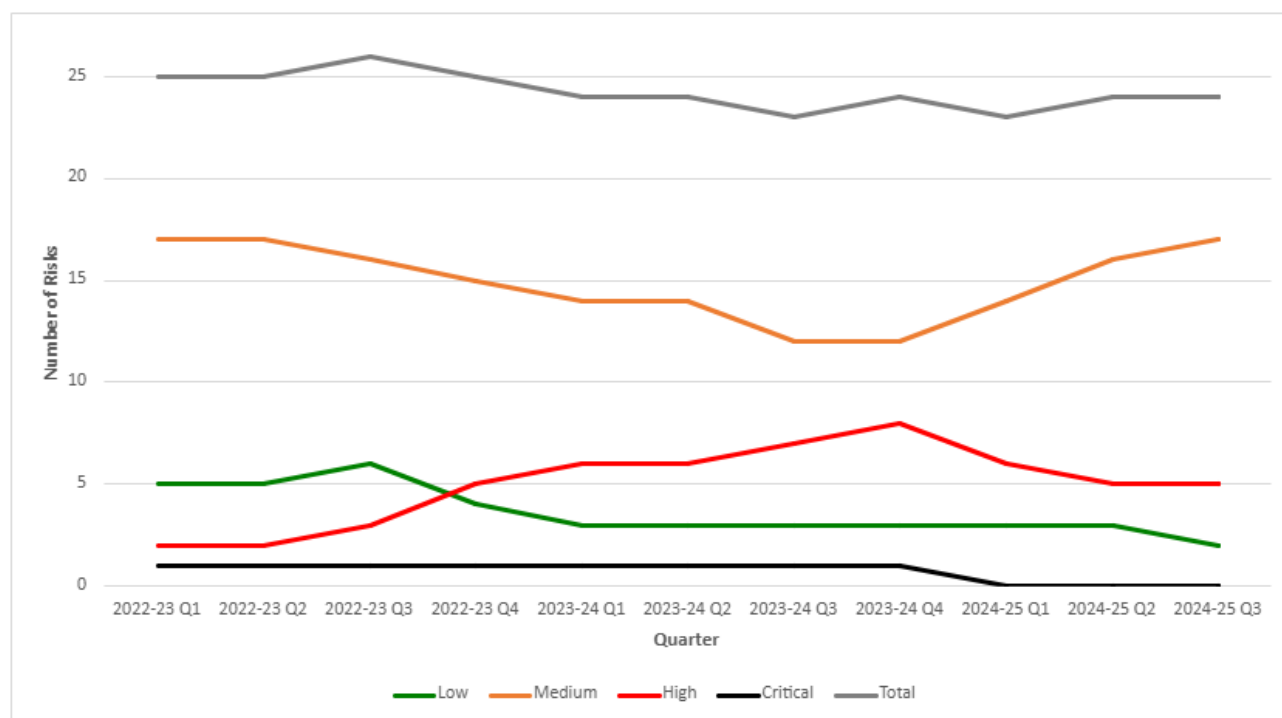
LIKELIHOOD	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
IMPACT						

- LIKELIHOOD**
- IMPACT**
- Low (1-5)** Acceptable level of risk subject to periodic review
 - Medium (6-12)** Moderate level of risk subject to regular monitoring and mitigating actions and plans being in place
 - High (15-20)** Unacceptable level of risk requiring immediate actions and plans to prevent or mitigate
 - Critical (25)** Critical level of risk requiring urgent attention and actions to prevent or mitigate

Risk Appetite

Risk Appetite ¹	Risk Categories
Avoid: The College avoids any form of risk, striving to maintain an entirely risk-free approach.	Preparedness
Averse: The College prefers to accept minimal risk, prioritising safe decision-making while recognising potential limitations on innovation and opportunities.	Compliance and Governance
Cautious: The College is willing to accept some low risks while primarily favouring safe decision-making, acknowledging the potential for restricted innovation and limited outcomes.	Financial
Moderate: The College tends to expose itself to moderate levels of risk, aiming for acceptable, though not overly ambitious, outcomes.	Reputation
Open: The College is open to innovative decisions and strategic implementations, prioritising productive outcomes even when accompanied by elevated risk levels.	Change and Development People and Culture
Hungry: The College actively seeks pioneering decisions and strategic implementations, embracing substantial risk to secure highly successful outcomes and benefits.	Education and Student Experience

Score Trend Chart



¹ Full risk appetite statements for each risk category are outlined in the Risk Management Policy.

Risk Management Action Plans

The Risk						Net Score				Gross Score			Changes		
ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR9	Failure to manage performance and achieve improved performance	DE	<p>There is a risk that the College may fail to manage performance effectively, resulting in subpar achievements and the inability to sustain high performance levels across all areas of service delivery.</p> <p>To address this risk, the College will implement a revised performance and enhancement process, incorporating Curriculum Planning. Operational Plans, aligned with Balanced Scorecards, will be developed and agreed upon as part of an annual planning framework. Faculty improvement plans will be supported to prioritize addressing underperformance with specific actions. Additionally, robust quality arrangements will be established for both credit-rated activities and overseas centers to ensure overall performance improvement and sustainability.</p>	<p>Jan '25: Risk declining following the completion of the first cycle of reporting as part of the TQEF and the submission of the College SEAP. The Board also approved the College's annual Self-Evaluation report to the Scottish Funding Council. Planning is ongoing in support of the new quality arrangements and a presentation by the SFC is planned at a future SMT.</p> <p>A new Quality manager is in place to support the annual programme of external verification visits from the SQA and other awarding bodies. They will also lead on the continued efforts to improve centralised reporting of internal assessment verification, again, to ensure compliance with awarding body requirements.</p> <p>The College successfully retained the BSI ISO9001 standard.</p>	Open	5	3	15	5	5	4	20	↘	Jan '25	<p>Jan '25: Score decreased from 20 to 15.</p> <p>Aug '24: Score increased from 15 to 20.</p> <p>Apr '24: Score increased from 10 to 15.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>Jan '23: Risks merged and score set to 10.</p>
SR12	Negative impact of statutory compliance failure	DPr ADGR	<p>There is a risk of negative consequences resulting from failures to comply with statutory legislation and regulations, potentially leading to a negative impact on staff/students, legal action, reputational damage, and financial implications.</p> <p>To treat this risk, the College expects robust policies, procedures and training to be in place to support staff meet the College's statutory obligations, with key staff (e.g. health and safety, HR, finance, procurement, DPO and senior managers) able to advise as appropriate. The College's risk management approach, Assurance Framework, three lines of defence, Compliance Auditor role and regular internal audits are also measures that are in place to treat this risk.</p>	<p>Jan '25: Fire evacuation drills completed across all campuses in December. Fire risk assessments presented by external consultant in October, with an agreed action plan in place. Health & Safety audits finalised in October, with action plans now standing items for H&S Committee.</p> <p>Collaboration with OD underway to enhance mandatory H&S module, ensuring tailored, compliant training. Live modules include: Risk Awareness and DSE Awareness. Modules in progress include: COSHH, Roles & Responsibilities, Fire Safety and Manual Handling. Completion of modules due in April. Benchmarking with colleges across the UK shows the College's incident rate was 10 per 1,000 students in 2023-24, compared to the national average of 41 per 1,000.</p>	Averse	5	2	10	5	5	5	25	↔	Jan '25	<p>Aug '23: Edited for transfer to new MAP.</p>

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	<p>There is a risk that the College may not comply with ESG principles, encompassing carbon reduction, inclusivity and ethical governance. This could result in financial penalties, legal action, reputational damage, and loss of stakeholder trust, impacting staff, students, and the environment.</p> <p>To treat this risk, ESG principles are reflected in the College's Strategic Plan and are also linked to the existing compliance (SR12) and corporate governance (SR15) entries on the Strategic Risk Register. The College's commitment to environmental sustainability is also outlined in the Sustainability Strategy, which includes aims to reduce emissions of all greenhouse gasses by 75% by 2030 and cut carbon emissions by 60% against 1990 baseline data by AY 2023/24.</p>	<p>Jan '25: The College has engaged with the EAUC to advance our sustainability work. The EAUC report, to be tabled for discussion at the next meeting of the People & Culture Committee, identified the following areas of strength: Statutory reporting aligns with best practices; Emissions reductions since 2015-16 are strong: 36.8% (Scope 1) and 54% (Scope 2); and exemplary procurement processes are. Areas to address include: updating communications; the development of a Climate Action Plan and Sustainable Travel Policy; determining pathways to achieving net zero; and undertaking a statutory assessment of future climatic risk. The report also highlighted that there is a significant lack of sustainability staffing at the College, compared to the rest of the sector, may hinder strategic progress.</p>	Averse	5	2	10	5	5	5	25	↗	Jan '25	<p>Jan '25: Score increased from 5 to 10.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>Jan '23: New risk added and score set to 5.</p>
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	<p>There is a risk that the College may fail to comply with GDPR, which was introduced in May 2018. Non-compliance could result in substantial fines, increased potential for private claims from individuals, and reputational damage among external stakeholders, staff, and students.</p> <p>To treat this risk, the College initiated a comprehensive implementation project and a tailored training programme for staff to raise awareness of responsibilities and ensure compliance. Thorntons have also been appointed to provide the College's Data Protection Officer (DPO). The DPO manages the day-to-day data protection function and progresses work on the College's compliance against the ICO framework and data protection legislation.</p>	<p>Jan '25: The College was advised of a third party data breach that may have included CoGC staff accounts and passwords with the third party. Staff have been advised to change their password and be alert to suspicious activity. The DPO investigated and no further action was required from the College.</p> <p>Sept '24: Data breach identified and reported to ICO, who deemed that no further action was necessary. IT has put mitigation measures in place, as per SR18. An investigation was undertaken and a report was produced. The AAC received an update in September and will be kept apprised if there are further developments.</p> <p>Aug '24: The DPO continues to make good progress in ensuring full compliance with the requirements of GDPR and other DP legislation. Regular reports are provided to the AAC.</p>	Averse	4	2	8	5	5	5	25	↔	Jan '25	<p>Aug '23: Edited for transfer to new MAP.</p> <p>May '21: Score decreased from 12 to 8.</p>

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR15	Failure of corporate governance	Pr ADGR	<p>There is a risk of a corporate governance failure due to potential breaches of the Standing Orders, Scheme of Delegation, Code of Conduct, Code of Good Governance, Financial Memorandum and other relevant legislation, regulations and duties. This can result from lapses policy and procedure compliance and breakdowns in relationships within the Board and with the ELT/SMT.</p> <p>To treat this risk, the College will maintain and monitor sound governance procedures. ADGR in place to support and advise the Board, overseeing regular meetings of the Board and its committees, annual Board self-evaluation, triennial external review and Board Development Plan. Other measures include the Audit & Assurance Committee, the role of Senior Independent Member and internal/external auditors.</p>	<p>Feb '25: GCRB and SFC notified the College of a potential breach of the Financial Memorandum on 30 January 2025. The Principal has engaged with the GCRB Interim Chief Officer, informed the Chair and Audit Convener, and immediately commissioned an independent review by our internal auditors. The internal auditors' report will be reviewed by the Audit & Assurance Committee at its next meeting in March.</p> <p>Jan '25: External audit for 2023-24 concluded that the College had "appropriate and effective" governance arrangements in place. Internal audit also concluded that "adequate and effective" arrangements are in place for governance, risk and control.</p>	Averse	5	1	5	5	5	5	25	↔	Feb '25	<p>Sept '23: Score decreased from 10 to 5.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>April '23: Score increased from 5 to 10.</p>
SR16	Failure of business continuity	ADGR	<p>There is a risk of a failure of business continuity at the College as a result of potential disruption or breakdown in the essential operations and functions due to unexpected events or crises. This includes, but is not limited to, natural disasters, technological failures, cyberattacks, supply chain disruptions, or public health emergencies.</p> <p>To mitigate this risk, the College has an Incident Management Plan and 16 Business Recovery Plans in place to ensure the College's readiness to effectively respond to unforeseen events and maintain its operations with minimal disruption. The College also undertakes regular testing with third party support.</p>	<p>Feb '25: The College responded well to Storm Eowyn, aided by the new Incident Management Plan. Campuses closed on 24 January, with staff/students working from home, and re-opened on 27 January. Minor damage to campsues. Post-incident review carried out, with action implementation tracked by the Compliance Auditor and reported to AAC. Progress report on incident management and business continuity to be tabled at the AAC in May.</p> <p>Jan '25: Review of Incident Management and Business Continuity completed. A new Incident Management Plan has been drafted in consultation with more than 50 key staff across the College. SMT approved a new plan in January 2025, to be launched and training to be provided in February and March 2025.</p>	Averse	4	2	8	4	5	5	25	↘	Feb '25	<p>Jan '25: Score decreased from 12 to 8.</p> <p>Aug '23: Edited for transfer to new MAP.</p>