# Board of Management

# Audit & Assurance Committee

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| Date of Meeting | 3 March 2026 |
| Paper No. | AAC3-J |
| Agenda Item | 5.4 |
| Subject of Paper | Strategic Risk Review |
| FOISA Status | Disclosable |
| Primary Contact | Marcus Walker<br>Associate Director Governance & Risk |
| Date of production | 23 February 2026 |
| Action | For Discussion |

**1. Recommendations**

**1.1.** To discuss the Strategic Risk Register for risks reported to the Committee, agreeing to recommend 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. Consultation**

**2.1.** All strategic risk owners were consulted during the latest quarterly review.

**3. Key Insights**

**3.1.** 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.

**3.2.** 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.

**3.3.** 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. **No changes to risk scores** are proposed in this review.

**3.4.** For information only, at the request of the Joint Audit and Finance Committee the narrative for SR19 (Failure to achieve operating surplus) has been updated to include reference to cashflow and liquidity. The proposed risk description is as follows:

*"There is a risk that the College may fail to achieve an operating surplus due to pressures on income and increased expenditure. To mitigate this, the College maintains robust financial management, including meeting credit targets to secure SFC funding, close monitoring of course fees and non-SFC income, and the control of staff and operating costs. Inflation and energy cost impacts are also proactively managed.*

*There is also a related risk of cashflow pressure or reduced liquidity headroom arising from operating deficits, timing differences in income, or cost commitments. Reduced liquidity may limit the College's ability to meet short-term obligations or respond quickly to financial pressures. Cashflow will be monitored regularly, with mitigations applied as needed to maintain stability."*

**3.5.** SR19 is monitored and reviewed by the Finance Committee and will be considered at its next meeting in March 2026.

## 4. Impact and Implications

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

**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 '26 | Learning |
| SR2 | Failure to establish an optimal pedagogical model | VPSE | 5 | 1 | 5 | ↔ | Jan '26 | Learning |
| SR4 | Failure of the College's duty of care to students | VPSE | 5 | 2 | 10 | ↔ | Jan '26 | Learning |
| SR5 | Failure to realise planned benefits of Regionalisation | Pr DPr | 3 | 2 | 6 | ↔ | Jan '26 | Conveners' |
| SR6 | Negative impact upon the College's reputation | VPCDI | 3 | 3 | 9 | ↔ | Jan '26 | Development |
| SR7 | Failure to achieve improved business development with stakeholders | VPCDI | 3 | 3 | 9 | ↔ | Jan '26 | Development |
| SR8 | Failure to manage strategic risks associated with CGI Ltd | VPCDI | 5 | 2 | 10 | ↔ | Jan '26 | Development |
| SR9 | Failure to manage performance and achieve improved performance | DE | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR10 | Failure to attract, engage, and retain suitable staff | VPPCS | 4 | 4 | 16 | ↔ | Jan '26 | People |
| SR12 | Negative impact of statutory compliance failure | DPr ADGR | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR13 | Failure of compliance with Environmental Social and Governance (ESG) duties | DPr ADGR | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR14 | Failure of compliance with the General Data Protection Regulations (GDPR) | DPr | 4 | 2 | 8 | ↔ | Jan '26 | Audit |
| SR15 | Failure of corporate governance | Pr ADGR | 5 | 1 | 5 | ↔ | Jan '26 | Audit |
| SR16 | Failure of business continuity | ADGR | 4 | 2 | 8 | ↔ | Jan '26 | Audit |
| SR17 | Negative impact of industrial action | VPPCS | 5 | 1 | 5 | ↔ | Jan '26 | People |
| SR18 | Failure of IT system security | DIT | 5 | 2 | 10 | ↔ | Jan '26 | People |
| SR19 | Failure to achieve operating surplus | CFO | 4 | 4 | 16 | ↔ | Jan '26 | Finance |
| SR20 | Failure to maximise income via diversification | CFO VPCDI | 4 | 4 | 16 | ↗ | Jan '26 | Development |
| SR21 | Failure to obtain funds from the Foundation for the College's priorities | CFO | 4 | 3 | 12 | ↔ | Jan '26 | Finance |
| SR23 | Failure to secure a sustainable model/level of funding | CFO | 4 | 5 | 20 | ↔ | Jan '26 | Finance |
| SR24 | Failure to secure sufficient capital investment | CFO | 4 | 5 | 20 | ↔ | Jan '26 | Finance |
| SR27 | Failure to prepare for the impact and harness the capabilities of AI | VPSE | 3 | 3 | 9 | ↔ | Jan '26 | Learning |
| SR28 | Failure to manage strategic, physical and digital assets and infrastructure effectively | DPr CFO | 4 | 3 | 12 | ↔ | Jan '26 | 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

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|---|---|
| **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 |

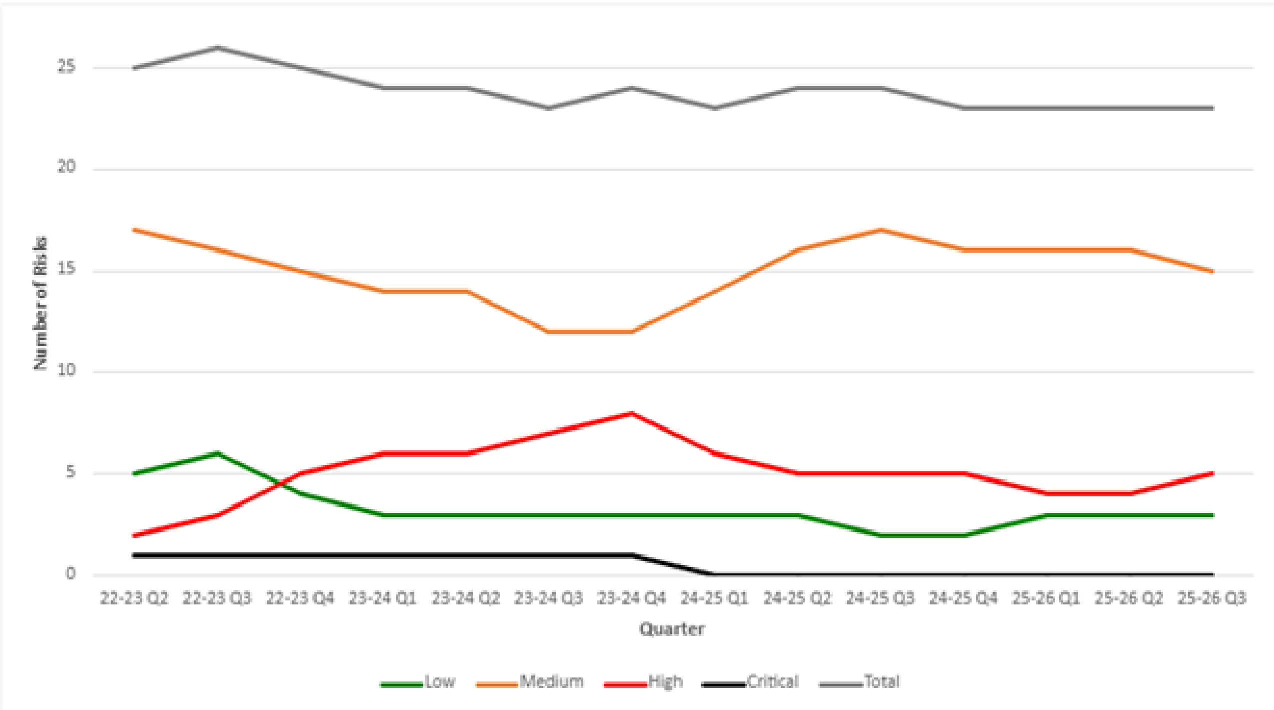
IMPACT

| | |
|---|---|
| **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<br>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 | 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.<br><br>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. | Jan '26: Risk remains low. Positive end of year academic performance has been supported by a continued decline in FT early withdrawals.<br><br>We achieved a record response rate (66%) to our internal student survey - 6501 students compared to 5516 student for the previous year, more than double the number of students responding in AY23/24 (3174). All Faculties managed to improve their response rates and the overall satisfaction rate was a high of 96%. All end of year quality reporting was completed and portfolio decisions reached.<br><br>The SEAP was reviewed, refreshed, submitted deadline. This followed a successful installation of the ILQR process which reviewed the Curriculum areas of Engineering and Sport & Fitness. | Open | 5 | 2 | 10 | 5 | 5 | 4 | 20 | ↔ | Jan '26 | Aug '25: Score decreased from 15 to 10.<br><br>Jan '25: Score decreased from 20 to 15.<br><br>Aug '24: Score increased from 15 to 20.<br><br>Apr '24: Score increased from 10 to 15.<br><br>Aug '23: Edited for transfer to new MAP.<br><br>Jan '23: Risks merged and score set to 10. |

| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SR12 | Negative impact of statutory compliance failure | DPr ADGR | 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.<br><br>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. | Jan '26: The new Contract Management Manual is now in active use, improving consistency and strengthening first line controls. All actions from the March 2025 internal audits are now complete with no high-risk findings, and non-compliant spend remains at 0%. Procurement staff continue to monitor relevant legislation, and no breaches of procurement law, SPPNs or internal policy were identified.<br><br>An anonymous concern about H&S arrangements at the Riverside Campus led to an HSE visit in December, resulting in a letter of contravention relating to information, instruction, and training, with a Fee for Intervention expected. The visit aligned with issues already under internal review and has prompted a wider look at Faculty arrangements for staff using high-risk equipment. The matter has also triggered an ongoing EIS dispute and may lead to personal injury claims, with a full report currently with solicitors. | Averse | 5 | 2 | 10 | 5 | 5 | 5 | **25** | ↔ | Jan '26 | Aug '23: Edited for transfer to new MAP. |

| 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 | 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.<br><br>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. | Jan '26: With guidance from the EAUC, a first draft Sustainability Action Plan was endorsed (subject to additional work) by the People & Culture Committee in Oct 2025.<br><br>To support organisational capability and awareness in relation to sustainability, a Procurement Climate Change Awareness module has been included, and completed by 235 employees. In addition, advanced sustainability training delivered by the Scottish Government has been completed by both procurement and facilities staff.<br><br>Work is continuing on the development of the Green Travel Plan. The Environment and Sustainable Working Group (ESWG) was re-established in Oct 2025, with revised terms of reference, to provide oversight and support for this activity. | Averse | 5 | 2 | 10 | 5 | 5 | 5 | **25** | ↔ | Jan '26 | Jan '25: Score increased from 5 to 10.<br><br>Aug '23: Edited for transfer to new MAP.<br><br>Jan '23: New risk added and score set to 5. |
| SR14 | Failure of compliance with the General Data Protection Regulations (GDPR) | DPr | 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.<br><br>To treat this risk, the College expects robust policies, procedures and notices to be in place. Annual mandatory e-learning to be undertaken, and Regular GDPR compliance reports to be provided to ELT/Audit & Assurance Committee (AAC) allowing senior level oversight. The DPO (from Thorntons) manages the day-to-day data protection function and progresses work on the College's compliance against the ICO framework and data protection legislation. | Jan '26: Data Protection Internal Audit currently in progress.<br><br>Oct '25:A new workflow is under development to build a process for managing the recording of data subject access requests (DSAR) and an accessible online form for data subjects to make requests. This is designed to streamline the DSAR process and create a more efficient, centralised method of recording requests received. This work shall progress into 2026.<br><br>Aug '25: In the 2024-25 academic year, the College recorded 11 data breaches. 1 data breach was reported to the Information Commissioner's Office; however, the ICO did not take action on the basis that it was satisfied with the steps the College had taken to resolve the matter. | Averse | 4 | 2 | 8 | 5 | 5 | 5 | **25** | ↔ | Jan '26 | Aug '23: Edited for transfer to new MAP.<br><br>May '21: Score decreased from 12 to 8. |

| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SR16 | Failure of business continuity | ADGR | 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.<br><br>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. | Jan '26: Incident Management Plan reviewed, updated, and disseminated in Dec 2025.<br><br>Aug '25: All recommendations from the exercise in May have been completed.<br><br>May '25: An unannounced business continuity exercise was delivered in May. The College responded well to the test scenario and we are awaiting a report from Ashton Resilience, which will be included in the paper tabled at the Audit & Assurance Committee in June. | Averse | 4 | 2 | 8 | 4 | 5 | 5 | **25** | ↔ | Jan '26 | Jan '25: Score decreased from 12 to 8.<br><br>Aug '23: Edited for transfer to new MAP. |
| SR15 | Failure of corporate governance | Pr ADGR | 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.<br><br>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. | Jan '26: New ADGR and Corporate Governance Officer both in post and meeting regularly with the Regional Chair.<br><br>Oct '25: New ADGR appointed. Assumes roles from Oct 2025.<br><br>Aug '25: As reported by correspondence, a delay in the Scottish Government appointing a new Chair meant the Board was not properly constituted from 30 July to 14 August. All corrective actions within the College's control were taken, and the matter was resolved within the review window and before it had a material impact, so the risk score remains unchanged. | Averse | 5 | 1 | 5 | 5 | 5 | 5 | **25** | ↔ | Jan '26 | Sept '23: Score decreased from 10 to 5.<br><br>Aug '23: Edited for transfer to new MAP.<br><br>April '23: Score increased from 5 to 10. |