

South Lanarkshire College

Finance and Resources Committee

Meeting to be held on Monday 12th February 2018

at 17.30 hours in the Boardroom

AGENDA

1. Apologies
2. Declaration of Members' Interests
3. Minutes of Previous Meeting 6 Nov. 2017
4. Matters Arising
5. Head of Finance Report
6. Management Forecast - 2017/18
 - Commentary (Appendix 1A)
 - P & L - 12 months to July 2018 (Appendix 1B)
 - P & L - 6 months to January 2018 (Appendix 1C)
 - P & L - 3 months to January 2018 (Appendix 1D)
 - Balance Sheet as at 31st January 2018 (Appendix 1E)
 - Cashflow Return to SFC (Feb 2018) (Appendix 1F)
 - Quarterly Resource Return (QRR) to SFC (December 2017) (Appendix 1G)
7. Consolidated Regional Accounts 2016/17 (Appendix 2)
8. External Audit Report on Consolidated Regional Accounts (Appendix 3)
9. Update on Grant-in-Aid allocation 2018/19 S. McKillop
10. Procurement Update (Appendix 4)
11. Estates Report (Appendix 5)
12. AOCB

South Lanarkshire College
Finance and Resources Committee (Board of Management)
Held on 12th February 2018

Present J Gallacher
C Gibb
S McKillop

In attendance Keith McAllister, Angela Martin

Apologies S Dillett

1. Declarations of Members' Interests

No declarations were received.

2. Minutes of the Previous Meeting

The minutes of the meeting held on the 6th November 2018 had previously been approved by the Board of Management.

3. Finance Manager's Report

Mr McAllister stated the main purpose of the report was to present the College's management forecast for the 12 months to July 2018 and the most recent submissions to the Funding Council. Also for information the consolidated financial statements for the Lanarkshire Region and the associated external audit reports are presented.

Management Forecast – 12 months to July 2018

The management forecast has been prepared for the 12 months to July 2018 showing a modest surplus, much in line with budget. All departments and faculties have been given challenging non-salary expenditure budgets for the year, reflecting the income forecast.

Income - cashflow continues to be challenging at certain points in the year due, mainly, to the restrictions imposed upon the sector regarding the distribution of central funding.

Mr McAllister drew members' attention to additional income received through ESF and the Flexible Workforce Development. These income streams had not been anticipated when the budget was set and also the delivery of the provision linked to this had staffing and material costs attached.

The Principal added that the College had now almost met its credit target and as the costs attached had been frontloaded to achieve this, and the College was now holding firm on all salary expenditure for the remainder of the year.

Discussion took place regarding the moving in-house of the designer for marketing and the considerable saving due to this. The Principal explained that savings were also being made as there was a limited need for marketing as student numbers had been reached. The Principal stated that the best mode of marketing when surveyed was through recommendation and word of mouth.

Payroll – the sector continues to attempt to cope with results of collective bargaining agreements which have produced settlements well above the Scottish Government’s target of 1% for the public sector. The original budget assumed a level of central support to offset this but this has not been given to the level hoped for. As noted previously the situation has been exacerbated by the moving of the settlement date back from 1st August to 1st April.

Non-salary Expenditure – procurement measures are helping to produce efficiencies in property-related costs but there are still difficult market pressures in areas such as utility costs.

There is an additional cost associated with the hiring of the premises in Lanark for the Rural Academy this is of course off-set by the funding received through the project.

Net depreciation reflects the updated figure included in the College Financial Forecasting Return. It was decided to amend the budget figure for this to align the internal management and Scottish Funding Council budgets and to transfer the saving to help support the pressures on the salaries budget.

An increase in the Central Services costs is to support the additional activity. Mr McAllister explained that this was for the provision of PPE etc required by certain courses.

Discussion took place regarding the member of staff seconded from APUC. Mr McAllister explained the benefits and the undoubted asset having the post in place was to the College.

Members then noted the content of the Balance Sheet, year to 31st July 2018.

Mr Gallacher then asked what the delay was to the move from the Clydesdale Bank to the Royal Bank of Scotland. Mr McAllister stated that although the delay had been on the side of the bank, the process was now almost at its conclusion.

Discussion then took place regarding the cost of an overdraft facility. Ms Gibb enquired as to the need and cost implications. The Principal explained that although the College rarely required to use the facility, it was essential to have it in place due to the funding stream. Mr McAllister stated that the College was subject to UK Treasury rules.

Consolidated Regional Accounts 2016/17

(a copy of the document had been distributed with the papers)

Mr McAllister stated that the financial statements incorporate New College Lanarkshire; its commercial subsidiary, Amcol and South Lanarkshire College. It should be noted that New College Lanarkshire have also produced financial statements for itself and Amcol but do not propose to produce these for 2017/18 and only consolidated accounts will be produced for New College Lanarkshire.

Members raised concerns regarding the lack of separation of the two sets of college accounts. Assurance was sought that South Lanarkshire College would not be subsumed into one set of Regional Accounts and would continue to produce its own accounts, stressing that the Committee could not support anything less than this. The Principal stated that this was indeed the case and would continue to be so.

Members also asked for confirmation that the Consolidated Regional Accounts 2016/17 remained in the same layout and content as agreed at the previous meeting, including a clause showing that South Lanarkshire College had made a modest surplus. Mr McAllister stated that this is the case.

New College Lanarkshire Consolidated Regional Accounts – Draft Annual Audit Report to the Board of Management and the Auditor General for Scotland for the year ended 31st July 2018

Members noted the content of the report and the dialogue which had taken place between the College and Mazars in the finalising of the content.

Discussion took place regarding the distribution of these documents to the Board. It was agreed that the Consolidated Accounts and Audit Report would be placed on the Board Portal. Mr McAllister would include the 'recommendation' within the Mazars report with the Board papers.

Procurement

Mr McAllister drew members' attention to the content of the Quarterly Procurement Report. In particular, he highlighted the collaborative contract with New College Lanarkshire. This has brought about sizeable savings in the Waste Management Contract along with an improved service. Members welcomed that further joint projects were in discussion at present.

Banking

The move to the Government's banking arrangements with the Royal Bank of Scotland have been extended beyond the initial intended deadline. The new deadline is 1st March 2018 and this should be achieved.

Mr McAllister stated that as previously discussed the Royal Bank of Scotland would provide an overdraft facility at the current rate of £300K. This was acknowledged by the Committee.

Insurance

There has been no central decision on the future of insurance arrangements for the sector; discussions between the colleges, the Scottish Funding Council and the Scottish Government are continuing.

Mr McAllister explained the process thus far. Ms Gibb enquired if everything was underwritten and not self-insuring. Assurances were given that this was indeed the case and it was hoped to continue in this way.

Lennartz

The College retrains tax advisors to review its Lennartz provision each year. This latest review took place in December 2017 before the end of the ten-year repayment period. It was calculated that due to changes in the VAT rate and the mix of education within the College over the 10-year period, the total liability to HMRC would be approximately £300K less than that received back via the Lennartz adjustment. A final review will be undertaken in December 2018 but it is not expected that the reduction in the overall amount to be repaid will be changed appreciably.

Nursery Tender Update

(Paper tabled on 12th February 2018)

The College has an arrangement whereby an external provider effectively rents the nursery space for a consideration. This is currently £40K per annum and the current contract has been extended until 31st July 2018.

Following a discussion with the Committee, the College undertook a tendering exercise via the APUC secondee and the Public Contracts Scotland website. Two prospective providers responded despite there being several more expressions of interest. The current providers, Bertram and one other company, Childcare Scotland submitted bids. The bids comprised of two elements, quality and price.

In both categories Bertram were clear winners. The contract is for two years plus an option to extend for two years. The net income to the College will be approximately £72K up approximately £32K on the previous contract.

The Principal added that whilst delighted by the increase in income, he was particularly pleased that as part of the contract Bertram had agreed to pay the Glasgow Living Wage to the nursery staff from August 2018.

Members agreed that it was excellent to see a tender process based on both quality and price evaluation and with the added benefit that the College had extended its ethical employer process.

Members then agreed that the Bertram bid be accepted.

Risk

Following discussion at the Board it was agreed to distribute the Risk Register to all the Committees of the Board and this would allow the members of each Committee to assess whether the arrangements made in terms of risk were acceptable.

Members discussed the present process, acknowledging that a College Risk Strategy Group was in place and it was important that members did not impede on the operational aspect. It was suggested that each Committee look at the top 5 risks.

Members noted that Ms Gibb and Ms Stillie would be meeting with the Principal to discuss the Risk Register and that feedback from this would be received by the Board in due course.

4. Estates Report

Members noted the content of the report from the period October 2017 to December 2017.

Thanks was expressed to the marked improvements to the document and the information given.

There being no further competent business the Chair closed the meeting by thanking everyone for their attendance.

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 12th February 2018

HEAD OF FINANCE REPORT

1 Introduction / Purpose of Report

The main purpose of this Report is to present the College's management forecast for the 12 months to July 2018 and the most recent submissions to the Funding Council. Also presented for information are the consolidated financial statements for the Lanarkshire Region and the associated external audit report, and updates on finance-related issues.

2 Executive Summary

2.1 Management Forecast – 12 months to July 2018 (Appendix 1)

The Management Forecast shows a projected surplus for the 12 months of £18k – see Appendix 1B. Appendix 1A provides a commentary on the forecast.

It should be noted that there are several additional major sources of income either won by or made available to the College since the drawing up of the original budget. This additional income is also reflected in salary and academic consumables costs.

Appendices 1E provides a Balance Sheet and the cashflow forecast prepared for the Funding Council is attached as Appendix 1F.

Attached for information as Appendix 1G is the latest Quarterly Reporting Return as supplied to the Funding Council for the information of members, to illustrate the information and format of reports being requested.

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 12th February 2018

HEAD OF FINANCE REPORT

Executive Summary (continued)

2.2 Consolidated Regional Accounts 2016/17 (Appendices 2 & 3)

Attached as **Appendix 2** for the information of the Committee are the above. These financial statements incorporate New College Lanarkshire; its commercial subsidiary, Amcol; and South Lanarkshire College. It should be noted that New College Lanarkshire have also produced financial statements for itself and Amcol, but do not propose to produce this for 2017/18; only consolidated accounts will be produced. SLC will continue to prepare its own accounts.

Attached as **Appendix 3** is the report of the external auditors on the consolidated accounts. Members will note that Messrs Mazars undertook this audit, along with undertaking the audits of NCL and SLC.

2.3 Procurement

Attached as Appendix 4 is the quarterly procurement report. Of particular note is that the College have secured a significantly more advantageous waste management contract via a tendering exercise "hosted" by APUC and involving the College's Regional partner, New College Lanarkshire.

2.4 Estates Report

Attached, as Appendix 5, is the report from the College's Head of Facilities. It should be noted that, as an integral part of the collaborative tender for waste services, the College looked for the successful bidder to improve recycling, including obtaining better value for money, via an examination of its waste management processes. An initial commitment has been made to ensure that no waste uplift goes to landfill.

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 12th February 2018

HEAD OF FINANCE REPORT

Executive Summary (continued)

2.5 Finance Issues Update

2.5.1 Banking

The move to the Government's banking arrangements with RBS have been extended beyond the initial intended deadline, but the new deadline of 1st March 2018 should be achieved. An overdraft facility will be in place.

2.5.2 Insurance

There has been no central decision on the future of insurance arrangements for the sector; discussions between the colleges, the Scottish Funding Council and the Scottish Government are continuing.

2.5.3 Lennartz

The College retains tax advisors to review its Lennartz provision each year. The latest review took place in December 2017 before the end of the ten-year repayment period. It was calculated that, due to changes in (a) the VAT rate and (b) the mix of education within the College over the 10 year period, the total liability to HMRC would be approximately £300k less than that received back via the Lennartz adjustment. A final review will be undertaken in December 2018, but it is not expected that the reduction in overall amount to be repaid will be changed appreciably.

3 Conclusions and Recommendations

It is recommended that Members of the Finance Committee:

- 3.1 Review and approve the Management Forecast for the period to July 2018.
- 3.2 Note the documents remitted to SFC re cashflow and resources.
- 3.3 Note the work being done on procurement.
- 3.4 Note the Estates Report.
- 3.5 Note the finance-related developments

SOUTH LANARKSHIRE COLLEGE

Finance and Resources Committee

Meeting of 12th February 2018

HEAD OF FINANCE REPORT – ADDENDUM, tabled on 12th February

1 Nursery tender update

The College has an arrangement whereby an external provider effectively rents the nursery space from us for a consideration. This is currently £#### p.a. and the current contract has been extended until 31st July 2018.

Following discussion at the Finance Committee, the College undertook a tendering exercise via their APUC secondee and the Public Contracts Scotland website. In the event, only two prospective providers responded, despite there being several expressions of interest.

The current providers, ####, and one other company, #####, submitted bids. The bids comprised two elements, quality and price. As regards the former, they were evaluated by the Depute Principal, the Head of Finance and the Head of Student Services. The latter was summarised by our APUC secondee, who also sought clarification where required.

In both categories, ##### were clear winners. The contract is for two years plus an option to extend for two years. **Appendix 6** refers and is attached. It should be noted that the financial figures in **Appendix 6A** have been amended slightly following clarification sought by the College re #### but the net income to the College will be approximately £#### p.a.

2 Risk

Following discussion on several areas of risk affecting the College, it was agreed to distribute the current Risk Register to all the Committees of the Board. This would allow members of each Committee to assess whether the arrangements being made in terms of risk in their particular area are acceptable. This would then be discussed and summarised at the next Board of Management meeting.

The most recent Risk Register (now attached as **Appendix 7**) was sent to members on 15th February for consideration.

Conclusions and Recommendations

It is recommended that the Bertram bid be accepted.

It is recommended that the Risk Register be reviewed and, if appropriate, it be agreed that risks in the area of Finance and Estates are being dealt with satisfactorily.

Procurement Update

Overview

South Lanarkshire College has made progress by keeping to process and procedure when it comes to Procurement. Some internal training has taken place across the College with various departments, and further training is planned for 2018. This will include providing information to staff on the standard procurement process and existing collaborative contracts that can be used.

Of the contracts awarded recently, the financial benefits of the change in the waste management contract allows a meaningful release of funds to be utilised elsewhere or to form part of the savings of the year. This was a collaborative tender with New College Lanarkshire. The College has also spent a considerable amount of time and effort on a Nursery tender. This should be concluded in mid-February.

Collaborative Opportunities

The system has been recently updated to reflect the College's current collaborative contract usage, which is still low, however the following contracts are newly awarded:

- Waste Management (collaboration with NCL)
- Taxi Services (collaboration with NCL)
- Fire Walls (Crown Commercial framework)
- Mobile Phones (Scottish Procurement)

And the following in progress tenders

- Water Supply (Scottish Procurement)
- PPE (collaboration with NCL)
- Water Quality Management (APUC Framework)

Finance Regulations and Procedures

The Financial Regulations are currently under review and the Procurement Manual has been updated in line with recent legislation, with defined processes and procedures. The manual is currently in its first draft but following approval, shall be made accessible to all College staff.

Procurement Strategy

The College is not obliged to publish a Procurement Strategy as the total annual spend for the College is below the required minimum. However, a Procurement Strategy is currently under development and a draft is currently being reviewed. This will be in line with best practice and reflect the College's regional partner, New College Lanarkshire.

Operational Procurement Review

An Operational Procurement Review was completed in January 2017. The College was provided with positive feedback and an action plan to further develop Procurement.

Sustainability

Sustainability requirements have been included within recent tender exercises. An example of progress in this area is the recent Waste Management Contract, where it has been agreed that all waste collected from the College will be disposed of without using landfill sites.

Contracts

Current Contracts

Requirement	Previous Supplier	Current Supplier	Award Date	Value	Est'd Annual Saving	Improved Efficiency/Benefits
Non Life Insurance	Zurich	Zurich	Aug 2016	£84K		
Electricity	Scottish Power	EDF Energy via SP f/w	1 st November 2016	Approx £200K per annum	Approx £20K	Benefit from framework contract conditions and contract management
Gas	Total Gas	Total Gas via SP f/w	Planned to be 1 st Feb 2017	Approx £78K p.a.	Approx £12k	As above
Multi-functional devices	Ricoh	Capital Solutions	October 2016	£28k per annum	Approx £7.5k	As above
Waste Management	Viridor	William Tracey	Sept 2017	Previous –approx. £73K		Improved efficiency through use of one supplier and rates through collaborative contract
Mobile Phones	EE	EE	November 2017	TBC	TBC	Benefit from collaborative contract conditions, contract management and rates
Firewalls		XMA Ltd	July 2017	Approx £74K	£2K	
Taxis	EK TOA	EK TOA	July 2018			Benefit from rates from collaborative contract with NCL

Upcoming Contracts

The table below contains projects that will be taken forward in the next 6 to 9 months

Requirement	Previous Supplier	Current Supplier	Est Award Date	Value	Improved Efficiency/Benefits	Comments
Nursery Provision	Bertram	TBC	February 2018	TBC	Increased income to the College	Tender under evaluation
Water Quality Management	ECG	TBC	March 2018		Potential cost savings	Mini-comp to appoint 2 suppliers for the provision monitoring and testing
PPE	Various	TBC	March 2018	£20K p.a.	Spend will become on contract	Lead by NCL for staff and student PPE
Water Supply	Business Stream	Anglian Water via SP f/w	TBC	Approx £38K per annum	Benefit from framework contract conditions and contract management	Contact made with Anglian water
Change of paper supply		Lyreco		11k pa – Potential 24.5% saving	Currently using non framework product	Current paper is off contract and more expensive than contracted product. A move to recycled paper is also recommended as a cost saving

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South Lanarkshire College

Finance and Resources Committee
of the Board of Management

Appendix 5

Estates Report

February 2018

Reporting period: October 2017 to December 2017

Our Mission

To ensure learners are well prepared for the future by developing their skills, knowledge and understanding in a high-quality learning environment

Our Vision

To be Scotland's leading provider of college education and training

Incorporated Services

Health & Safety – In house, managed by Facilities

Repair & Maintenance

Planned Preventative Maintenance (PPM). Ongoing throughout the year as per manufacturer's recommendations and legislation.

Larger works or works in classrooms are carried out during Easter, summer and October.

Easter works log – Appendix 1

Facilities Maintenance staff are utilised as much as possible thus minimising costs of contractors.

Landscape Services

As part of the PPM, landscape maintenance is carried out by Idverde and the college's Horticulture class group. Idverde carry out regular grass and hedge cutting, weed control and general clearing of grounds. Our Horticulture class have designated areas assigned to them including focal points at front of building and large external area designed for teaching.

Winter gritting and plough services are utilised as dictated by our service agreement in conjunction with the MET office. Grit service is initiated at expected temperatures of 2 degree, and snow ploughing as per forecast by MET office. In addition our building supervisors service utilising snow blowers and grit.

Operations & Maintenance

In-house – We have a maintenance team consisting of 2 multi-skilled staff and 5 apprentice painters overseen by a supervisor from the Construction faculty.

Electrical – We have one electrical contractor who is very familiar with the building as well as our processes.

Plumbing – Dependent on skill requirement, our maintenance team deal with general repairs and minor works. More complex works are carried out by our mechanical/plumbing service contractor ECG.

Service Control

Our high level/large volume maintenance and repair are contracted out to specialist businesses.

These items and contractors include:

Gas - Supply – Total Gas
Gas - College Infrastructure – ECG
Electricity – Supply – EDF
Electricity – Feed In Tariff – Scottish Power
Electricity – College Infrastructure – Docherty Electrical
Elevators - Kone, maintaining all 5 elevators
Mechanical & Ventilation – ECG
Kitchen equipment, including refrigeration units – React Catering Services Ltd
Water – Supply – Business Stream
Water – College Infrastructure - ECG
Roofs - Roof Management Ltd
Cladding – Lakesmere
Laundry Equipment PPM & Reactive – JLA
CCTV – Connolly Security Services
Security Systems (Alarms & Access control) – Connolly Security Services
Fire Systems – Connolly Security Services (Fire Division)
Pest Control – Environmental Services Pest Control Ltd
Machine Maintenance – In-house
Mobile phones – EE
Telephones – Quantum Telecom and in-house
Waste & Recycling – William Tracey

External contracts such as above are obtained via Tendering process unless for minor works.

Capital Projects

Summary of Tenders/Energy spending

Science Lab – conversion from Care classroom – 162

Bistro Kitchen extension – 340 – On hold

4th Floor IT office – On hold

Facilities Management Requests

Responsiveness, Cost Effectiveness & Service Quality

Internal ticket system enables monitoring and closing of completed works.

Longer term, we plan on implementing a Computer Aided Facilities Management (CAFM) system.

Training & Development

All staff are trained in specifics relating to their roll prior to carrying out tasks including:

Maintenance – Machinery, Relevant H&S, COSHH, Manual Handling, and any specialist training such as Fork Lift and Access equipment.

Cleaners – H&S, COSHH, recycling processes, Cleaning equipment and machinery.
Building Supervisors – H&S, COSHH, PAT, Manual Handling, Fire Alarm operations, Evacuation process, Customer relations.

Technical Administration and Management – H&S, Asset management, PAT, Internal systems, High level Fire and Security systems (CCTV, Access Control), BMS, Lighting control.

Building Cleaning

We employ 28 cleaners split between Morning and Evening shifts as well as 3 day cleaners, supervised by our 4 building supervisors.

Equipment Deployment etc. – There are 2 cleaning cupboards located on each floor serving the local areas. These are stocked from our Building Supervisors store on a regular basis, which in turn is monitored and restocked on a routine basis as well as ad-hoc for specialist one off items such as spill kits.

Sustainability

Solar PV panels on workshop wing have produced 235.6 Mwh, offset 124.52 Co2 and earned £25,919 plus the incoming energy saving of £16,492 (0.07 per KWh) total saving of £42,411.00 from install in June 2013. This is in accordance with the projected payback time.

The Solar PV in the annex has produced 18.636 Mwh since install February 2016. We are awaiting calculations for income.

Energy Consumption

Feb - Apr	Gas - kWh	Electricity - kWh
2016	511,828	602,567
2017	537,762	628,662
Percentage Variance	5% Increase	4% Increase

May - Jul	Gas - kWh	Electricity - kWh
2016	401,218	458,727
2017	317,628	461,039
Percentage Variance	21% Decrease	0.5% Increase

Jul - Sep	Gas - kWh	Electricity - kWh
2016	237,194	483,927
2017	280,471	493,781
Percentage Variance	18% Increase	2% Increase

Oct - Dec	Gas - kWh	Electricity - kWh
2016	467,051	611,487
2017	493,079	626,917
Percentage Variance	6% Increase	2.5% Increase

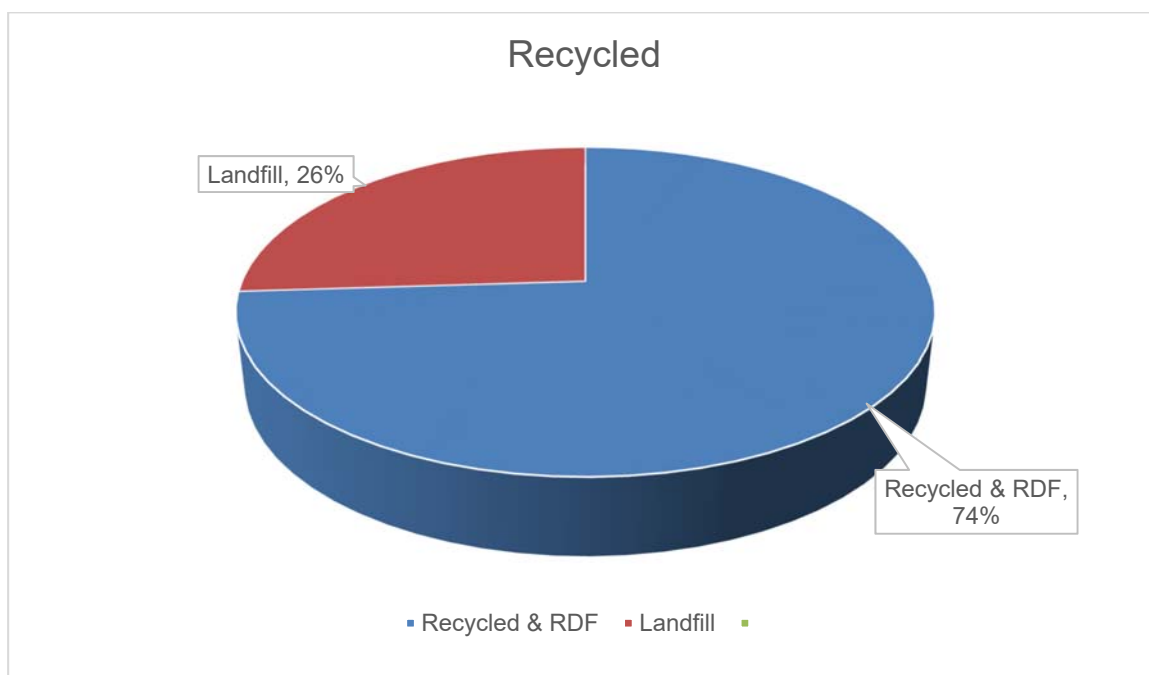
Water Consumption

Cubic Metres		
Oct - Dec	Main Building	Annex
2016	2,835	16
2017	2,997	12
Percentage Variance	5.7% Increase	25% Decrease

Waste

Waste for this quarter was 101 tonnes compared to 100 in last quarter. Recycling figures for this period are a total of 74%. This improvement is due to a change of contractor and waste streams.

Refuse-derived Fuel disposal was utilised in 2 of the 3 months covered by this Report.



South Lanarkshire College
Risk Register

Date of review	09-Feb-18
Next review due	01-Mar-18

RISK DEFINITION	ORIGINAL RISK				RESIDUAL RISK				Risk Appetite	Trend
	Likelihood	Impact	Total	Risk Level	Likelihood	Impact	Total	Risk Level		
FINANCE										
1	College cannot maintain financial stability - Long Term									
	4	4	16	High	3	4	12	High	Low	=
2	College cannot maintain financial stability - Short Term									
	4	3	12	High	3	3	9	Medium	Low	=
3	Failure of financial controls									
	2	3	6	Medium	1	3	3	Low	Low	=
4	Failure to maximise allocated activity re Government training programmes / EU-funded courses									
	3	3	9	Medium	3	3	9	Medium	Low	=
HUMAN RESOURCES										
5	Loss of key staff; failure to recruit suitably qualified staff									
	3	3	9	Medium	1	3	3	Low	Low	=
6	Breach of legislation & associated regulations									
	2	4	8	Medium	1	3	3	Low	Low	=
ESTATES										
7	Insufficient funds for capital project and maintenance requirements									
	4	3	12	High	3	3	9	Medium	Low	=
8	Health & Safety - Staff / Students, Breach of laws & regulations									
	3	4	12	High	1	4	4	Low	Low	=
9	Severe disruption due to major disaster, such as fire or flood									
	3	4	12	High	1	4	4	Low	Low	=
IT										
10	Theft of, or damage to, Management Information System									
	3	4	12	High	3	2	6	Medium	Low	▲
11	Cyber Crime									
	4	4	16	High	2	4	8	Medium	Low	▲
12	GDPR Compliance									
	3	4	12	High	2	3	6	Medium	Low	New
ACAD. QUALITY & ACTIVITY										
13	Failure to meet Credit target / danger of overtrading (i.e. above or below SFC-established tolerance levels); failure to retain major public and private contracts.									
	3	3	9	Medium	2	3	6	Medium	Low	=
14	Failure of College to evolve and develop new courses									
	1	2	2	Low	1	2	2	Low	Low	=
15	Learning & teaching quality not maintained / improved - poorly performing staff									
	1	4	4	Low	1	4	4	Low	Low	=
16	Inadequate learning support services									
	1	3	3	Low	1	3	3	Low	Low	=
GOVERNANCE										
17	Severe adverse publicity									
	1	4	4	Low	1	3	3	Low	Low	=
18	Corporate Governance Issues - Board of Management									
	1	3	3	Low	1	3	3	Low	Low	=

Key: Assessment of Risks

Risks which should be monitored by the Risk Management Group:
Risks to be brought to the attention of SMT and the Board of Management:
Risks to be reported to, and monitored by, Board of Management:

Scores 1 - 4
Scores 5 - 11
Scores 12 - 16

Low
Medium
High

Risk Scoring Matrix

Very High	4	8	12	16	
High	3	6	9	12	
Medium	2	4	6	8	
Low	1	2	3	4	
Impact	Probability	Unlikely	Possible	Likely	Very Likely

Risk Appetite:

Risk appetite definition:

Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.

Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

Risk Register

Key:

Low Risks which should be monitored by the Risk Management Group : Scores 1 - 4
Medium Risks to be brought to the attention of SMT and the Board of Management: Scores 5 - 11
High Risks to be reported to, and monitored by, Board of Management: Scores 12 - 16

Date of review
09-Feb-18
Next review due
01-Mar-18

Appendix 8 B	
Appetite for Risk:	
Risk appetite definition: The level of risk that an organisation is prepared to accept, before action is deemed necessary to reduce it.	
Willing to accept a residual risk score of 1 - 4	Low
Willing to accept a residual risk score of 5-11	Medium
Willing to accept a residual risk score of 12-16	High

RISK DEFINITION	Appetite for Risk	RISK			Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	RESIDUAL RISK			Actions Planned / Movement in factors influencing scoring since previous review.	Deadline	Responsibility for Risk / Responsibility for Actions Planned	
		Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level				
FINANCE												
1	College cannot maintain financial stability - Long Term										Head of Finance	
Link to QIs - 1.1 / 1.3 / 2.4. Link to SP 3	<ul style="list-style-type: none"> * If cashflow is compromised, College could close; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * Staff, students and other stakeholders lose confidence; * College experiences student retention problems; * Withdrawal from EU puts ESF / SFC funding at risk. * College not funded directly by SFC. * Uncertainty over central funding makes long-term financial planning problematic. * Regional issues impinge on College funding and / or financial stability. 	Low	4	4	High	<ul style="list-style-type: none"> * Rigorous budget setting procedures; * Budget monitoring by senior management and Board of Management with corrective action taken where necessary; * Financial Regulations and associated internal controls; * Effective internal and external audit; * Arms-length trust set up. * Financial strategic plan now drawn up to cover 5 year period, plus system of regular review by Board of Management for submission to SFC. * Budgeting procedures now formalised. which gives colleges an element of confidence in future funding and allows a degree of future planning. * Regional working group is looking to formalise the allocation of central funding within the 	3	4	High	<ul style="list-style-type: none"> * College to lobby for additional SFC / ESF activity to be incorporated into core grant-in-aid allocation, and for value of both core and ESF credits to be increased. Note - strategic grant received to support ESF funded activity in both 2016/17 and 2017/18 	Ongoing	Principal / Depute Principal / Board of Management
2	College cannot maintain financial stability - Short Term										Head of Finance	
Link to QIs - 1.1 / 1.3 / 2.4. Link to SP 3	<ul style="list-style-type: none"> * SFC financial year does not coincide with College financial year; pressure points at March and July; with no opportunity to borrow. * College has insufficient funds for recurring expense and equipment replacement; * Overspend of ring-fenced student support funds. * The results of national collective bargaining is out of the college's hands and settlements to date have been considerably more than has been budgeted for. 	Low	4	3	High	<ul style="list-style-type: none"> * Monthly monitoring of student support funds spend; allocation for 2016/17 was adequate. 2017/18 is expected to be similar. * Regional Outcome Agreement in place so that funding is known. * Cashflow is monitored on a daily basis to ensure that payments are not made at a time when the College's bank balance would be put into debit. * Budget planning takes account of cashflow re significant capital spends * The College's overdraft facility has been extended; new banking arrangements will allow this. * Overhaul of internal Budgeting arrangements will allow closer and more comprehensive scrutiny of both income and expenditure. * Region has been successful in winning additional grant to cover shortfall in unit rate funding for ESF / SFC funding. This covers 2016/17 and 2017/18. * The central funding allocation for 2017/18 (issued on 5 May 2017 and as amended thereafter) allows for the College to prepare a financial forecast that should allow a balanced cash budget. 	3	3	Medium	<ul style="list-style-type: none"> * Budget to be revisited during the year to take into account additional payroll costs as a result of national collective bargaining. 	February 2018	Head of Finance

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3	Failure of financial processes and controls.										Head of Finance
Link to QIs - 1.1 / 1.3 / 2.4. Link to SP3 * Procedures and processes are not robust and / or staff do not follow procedures. * Student support funds not monitored adequately, resulting in these being overextended. Effect: * Staff and management do not make the correct decisions/mismanagement occurs; * Failure to detect fraud; * College incurs liability through staff falling foul of Bribery Act; * College fails to adhere to ONS reclassification requirements. * Shortfall in student support funding - College has to utilise its own funds and / or some students disadvantaged as a result of inefficient distribution.	Low	2	3	Medium	* Evaluate effectiveness of controls through variance reporting; * Annual programme of internal and external audit, as determined by Board of Management and external bodies, with these being monitored by the Audit Committee; * System in place to analyse performance via Funding Strategy Group; * Constant review of student funding arrangements; * Student funds audited by internal & external auditors; * Annual guidance given by SAAS and Scottish Funding Council; * Anti-Bribery and Whistleblowing Policies in place; * Audit Committee membership comprised of non-College staff; * Low number of recommendations in internal audit reports; * Finance calendar incl. schedule of management meetings now drawn up; responsibilities now clarified. *Whistle-Blowing and Anti-Bribery Policies updated at Nov 2015 and approved by Board.	1	3	Low	* Review of Financial Regulations to be undertaken (note: work being undertaken by SFC on this); * Review of management reporting system to be undertaken. * Development of Regional accounts & financial reports; agreement now on 2016/17 Regional accounts.	* June 2018 * March 2018 * March 2018	Head of Finance
4	Failure to maximise allocated activity re Government training programmes / EU-funded courses; failure to retain major public / private contracts.										Depute Principal / Head of Finance
Link to QIs - 1.1 / 1.3 / 1.4 / 2.4 / 2.6 Link to SP 2 and 3 * Loss of income where targets on start numbers, attendance, achievement and progression are not met; * Financial viability of the College threatened; * Potential loss of future activity awards where achievement / performance is below target, leading to lesser chance of winning future bids; * Drop in SDS-funded projects (e.g. Foundation App's); * Emp Fund activity no longer ring-fenced for colleges	Low	3	3	Medium	* Funding Strategy Group monitors income and delivery on a monthly basis; * SDS Working Group set up; * Programmes to be reported on as "separate line" in Management Accounts. * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group, SMT and CMT. * Remit and structure of Funding Strategy Group reviewed in 2016/17 with a view to improving focus and strategic drive. * Setting of income targets on a more strategic basis via the Funding Strategy Group, and via a new Financial Strategy that will be monitored by the Finance Committee.	3	3	Medium	* Continuing programme of staff development with academic CM's on sourcing new areas of income and on preparation of tenders to win new business ;	* March 2018	Head of Alternative Funding / Head of Finance
HUMAN RESOURCES											
5	Loss of key staff; failure to recruit suitably qualified staff										Head of Human Resources
Link to QIs - 1.1 / 1.3 / 1.4 / 2.4 / 2.6 Link to SP 2 and 3 * Undirected decision making; * Possible loss of staff confidence; * Resources (particularly management) not utilised in most effective way; * Low number of senior management positions means absences or departures may have proportionately greater effect.	Low	3	3	Medium	* 5-year workforce planning model now developed via Board of Management * Succession planning built into CPD process; * Provide CPD opportunities annually, with additional emphasis on middle management development; * Review structure and support periodically; * Staff satisfaction is monitored; * Pro-active use of occupational health service	1	3	Low	*Develop programme of key skills for middle management ; * Head of Finance to calendar three finance-cocussed sessions p.a. for each Faculty; one with all staff and two with CMs.	Ongoing in 2017/18 via staff devt days March 2018	

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6	Breach of legislation & associated regulations											Head of Human Resources
Link to QIs: 2.1 / 2.3 / 2.5 / 2.6 / 3.1 / 3.2 Link to SP 3	* Legal action and associated costs; * Loss of staff morale; * Adverse publicity. * New legislation on Corporate Parenting & "Prevent" duty * Gender Action Plan being introduced	Low	2	4	Medium	* Ensure regular employment law updates are reviewed by Human Resources Dept.; * Review of regular reports from HR. * Distribution of updates to appropriate staff * Mandatory staff development sessions for all staff on PREVENT (ASIST) and equalities completed in Jan 2016. * Safeguarding Group now set up covering Corporate Parenting, PVG etc. Student Association represented on the Group. * College Inclusiveness Group and Gender Action Plan Group now set up. * Review of equalities outcomes now complete. * Equality Mainstream Report for both the College and the Region now developed and will be made public. * Equal Pay reporting arrangements now in place.	1	3	Low	* Review of Freedom of Information arrangements being undertaken to comply with new legislation. (Note - GDPR transferred to new risk, Jan 2018)	May 2018	Head of HR
ESTATES												
7	Insufficient funds for capital project and maintenance requirements											Head of Facilities
Link to QIs - 1.1 / 1.3 / 2.4 Link to SP 3	* Reduction in student numbers due to poor facilities/environment; * Failure to attract new students; * Deterioration in infrastructure; * Potential health & safety risks * Decrease in SFC Capital Maintenance funding in 2016/17, although this was reversed by SFC albeit with restrictions.	Low	4	3	High	* Continual review of estates; * Estates Strategy document; * Monitor risk assessments; * College arranges third party monitoring for all major projects budgets set for all major projects and for programme of planned preventive maintenance; * Ensuring that all projects are "best value". * Emphasis now on use of internal resources for maintenance and minor repairs. I * Brief of Funding Strategy Group incorporates sponsorship opportunities (e.g. Community Benefit Fund). * Development of budgeting process to ensure that projects are targeted and ranked to make best use of funding. * Member of staff with specific responsibility for procurement leading on Best Value tendering & general improvement in purchasing * Inspection of cladding undertaken with no issues requiring attention; report has been sent to SFC.	3	3	Medium	* List of asset replacement to be drawn up and incorporated into updated Estates Strategy Plan. * Budget to be set to include asset replacement.	Feb 2018 Feb 2018	Head of Facilities Head of Finance

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RISK DEFINITION	Ref and link to Q. Is and Strategic Plan (ref SP #)	Risk Description & Effect	Appetite for Risk	RISK			Controls, Risk Mitigation and Monitoring Arrangements in Place Currently	RESIDUAL RISK			Actions Planned / Movement in factors influencing scoring since previous review.	Deadline	Responsibility for Risk / Responsibility for Actions Planned
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	8	Health & Safety - Staff/ Students, Breach of Laws & Regulations		3	4	High		1	4			Dec-17	Head of Facilities
Link to QIs: 1.3,2.1,2.2,2.3, 2.4, 3.1,3.2 Link to SP 1,2 and 3		* Death or serious injury to staff and/or students; * Legal action and associated costs; * Potential closure of all/part of College; * Costs of complying with legislation (e.g. PUWER). * Procedures re bomb threats.		3	4	High	* Monitor periodic Health & Safety reports; * Ensure H & S Committee meets regularly; * Receive reports from Facilities Committee; * Facilities Manager is holder of NEBOSH & IOSH professional qualifications; * Risk assessment training for all staff. Health & Safety a set agenda item for all College management & departmental / faculty meetings * Risk assessment, or a notice to say that an assessment is held centrally, displayed in all College rooms * Weekly Health & Safety Housekeeping inspections to identify issues which are reported upon and followed up formally * Reporting systems in place for H&S Issues * PUWER staff training sessions now delivered to all appropriate staff to ensure completeness and standardisation; * Formal training sessions now added to Staff Development days as required.	1	4		* Development of Security Policy re (e.g.) bomb threats	Dec-17	Head of HR
	9	Severe disruption due to major disaster		3	4	High		2	4			March 2018	Head of Facilities
Link to QIs: 2.4, 3.1, 3.2 Link to SP 3		* Potential loss of life and/or complete destruction of College campus; * Cancellation of courses; * Staff redundancies; * Loss of market position. * Policy & procedures re bomb threats		3	4	High	* Updated Business Continuity Plan in place; tested live twice in 2015 via incidents taking place . * Disaster management procedures in place via Business Continuity Plan; * Early warning systems (i.e. via alarms); * Adverse Weather Policy in place, incl. text triggers; * insurance arrangements (business interruption); * Housekeeping review to ensure that no foreseeable problems arise. * Testing of IT - related issues has already been incorporated into Staff development days - this will be documented. * College has engaged external consultants (UCSS) to lead on development of Business Continuity Plan	2	4		* Action plan from Business Continuity Audit now drawn up. BCP actions are being linked to developments/actions required for GDPR compliance, and the Cyber Resilience Public Sector Action Plan. Working Groups have been set up to oversee each of these items. Business Continuity Framework now agreed by the Risk Management Group. * Consult another college re potential to share core IT services in the event of the breakdown in service * Development of Security Policy re (e.g.) bomb threats	March 2018	Head of MIS
						High						June 2018	Head of MIS
						High						March 2018	Head of HR

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12	GDPR Compliance	Low	3	4	High	* Updated firewall - Aug 2017 * GDPR Preparation Working Group now set up to co-ordinate actions; * Mandatory training for all staff on GDPR, with additional sessions for relevant management;	2	3	Medium	* Information Asset Register (IAR) being set up. Input required from each department in the College. * IAR to link with Business Continuity Plan and Service Area Recovery plans; * Work to be linked to Cyber Essentials accreditation. * College newsletter to be used to update staff on pertinent points. A poster campaign is planned to raise staff and student awareness. * A Data Protection Officer is being appointed through UCSS shared service to provide support and guidance on GDPR related issues	May-18	Head of MIS
ACAD. QUALITY & ACTIVITY												
13	Activity above or below target with a resulting financial impact / not managing part time staffing budget.	Low	3	3	Medium	* Agree internal planning targets via formal Operational Planning process; * Monthly review of activity at Senior Management team meeting * Robust student record and student attendance reporting systems; * Budgetary control to monitor enrolments for each course; * Course activity planned down to the level of individual students, allowing quick response to potential over or under delivery of targets; * Staffing costs monitored by SMT monthly. * Student uptake monitored weekly; * Income reviewed related to activity; * Demand at present outstrips supply; * In-year estimate of activity carried out; * Focussed Quality Unit audit for SDS activity introduced; * Monitoring of training agency income & achievement via "milestones" at Funding Strategy Group; * College has drawn up procedures and standard documentation for tendering, including follow up of unsuccessful bids. * College has addressed gaps in permanent staffing complement via making temporary posts permanent and this policy will continue. * Access and Inclusion Policy introduced in session 2017/18.	2	3	Medium	* Develop staffing budget by Faculty.	* 2018/19	SMT / Head of Finance

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14	Failure of College to evolve and develop new courses											Associate Principals via AP in Construction (re Quality)
Link to QIs: 4.1, 4.2, 6.1, 6.2, 6.3, 6.4, 7.1, 7.3, 7.4, 7.5, 8.2, 9.1 Link to SP 1 and 2	* Student activity level decreases, resulting in corresponding reduction in income; * Potential staff reduction as student numbers fall; * Credit target not met; * Loss of confidence in the College; * Loss of income where College cannot respond promptly to requests for tender submissions which depend on an understanding of "real time" labour market.	Low	1	2	Low	* Monitor uptake and retention through Academic Board; * Improved market research input to curriculum planning; * Formal review of course provision via Operational Planning process. * Staff development opportunities throughout year to upskill staff; * Introductory teacher training delivered via in-house training sessions * Levering in funding to support new courses; * Upskilling & diversification via CPD * College has reviewed Wood Commission Report to be ready for developments in the sector (foundation apprenticeships, DYW etc.) * Following review, College has developed courses using new awarding bodies.	1	2	Low			
15	Learning & teaching quality not maintained											AP for Construction (re Quality)
Link to: 1.2, 1.3, 1.4, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2 Link to SP 1, 2 and 3	* Reduced student and staff numbers; * Less income, including the element of Grant in Aid for achievement; * Staff reduction leading to low morale; * Reputation of College damaged; * Partnerships at risk (potentially reduced core & alternative income); * Industrial action affecting delivery and outcomes	Low	1	4	Low	* Well-embedded PDLT review & implementation system. * Monitoring of student satisfaction; * Monitoring of student achievement trends; * External audit (i.e. EV visits) ensure currency; * Capability procedure developed in conjunction with JNC; * Process of internal verification overseen by Quality Group; * Monitoring of student and staff satisfaction via course team reports. * PLSP for all Price Group 5 (Add'l support needs) students; * Development and introduction of Student Charter; * Revamp of customer comments procedure; * Career review system in place, plus guidance review meeting with every student; * Staff devt opportunities ongoing throughout year to cover upskilling; * Staff involved in developing action points from annual self evaluation; * Formal follow up of Educ. Scotland reviews; * Internal audit and online surveys; * Use of technical innovations (e.g. tablets and pads) * Plans developed to ensure College is kept open as far as possible during times of disruption including provision of first aid & fire warden arrangements.	1	4	Low			

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16	Inadequate learning development services											AP for Construction (re Quality)
Link to: 1.2, 1.3, 1.4, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2 Link to SP 1, 2 and 3	<ul style="list-style-type: none"> * Student support needs not met; * Fall in student numbers; * Low student morale; * Adverse publicity 	Low	1	3	Low	<ul style="list-style-type: none"> * Specific curricular area established (Learning Development Unit); * Student services policies reviewed annually; * Annual Student Services operational plan; * Specific learning support team in place; * College has a bespoke system of pre-assessment of students: * PLSP for each Price Group 5 student; * Support Plan for all Price Group 5 students; * Structured programme of guidance and tutoring; * Appointment of several learning support staff within department of Student Learning Support; * Services for students introduced at lunchtime and for "twilight" students * Lunchtime student support sessions now established and extending areas of coverage. * Video presentations now developed to promote improvement throughout the year. 	1	3	Low			
GOVERNANCE												
17	Severe adverse publicity											Depute Principal (re Governance)
Link to QI: 1.1, 2.1, 3.1 Link to SP 1, 2 and 3	<ul style="list-style-type: none"> * Reduction in student numbers; * Low staff morale; * Funding Council investigation * Effects of centralised pay bargaining and potential strike action 	Low	1	4	Low	<ul style="list-style-type: none"> * Public relations strategy involving local press has been developed via Marketing; * College is pro-active in its dealings with the media with all publicity managed in-house; * College has retainer service with its legal advisors and refers potentially problematic situation to them for comment as a matter of course. * Staff cultural surveys (linked to IIP, IID etc.) and annual student surveys flag up potential problems; * Sabbatical student positions assist in identifying and addressing student-related issues. 	1	3	Low			

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18	Corporate Governance Issues - Board of Management											Depute Principal / Clerk to the Board
Link to QI: 1.1, 2.5 Link to SP 3	* Conflict of interest; * Openness and clarity of decision making questioned; * Incorrect skills mix;	Low	1	3	Low	* Reiteration by SFC that SLC is responsible for its own governance; * College Board of Management refreshed over the summer of 2016. * Declaration of Members' Interests at each Board meeting; * Minutes and supporting papers avail. in library and on College intranet; with a link from Regional website to College website; * College has established Freedom of Information policy and set procedures and deadline dates for responses; * Board of Management CPD; * Board self-evaluation is undertaken annually; * Corporate governance issue covered by internal and external auditors annually; * Board appointment procedure transparent and appointments matched with defined skill set. * Revamped College website now has Governance section for general public use with separate Governance area for Board of Management. * Specific item on sector governance now on Board of Management training day agenda * All BoM members undergo PVG check. * Internal audits on Regional aspect of good practice etc. now being covered by internal auditors of both NCL and SLC.	1	3	Low			