# Board of Management:

# Audit Committee

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| Date of Meeting | Wednesday 13 September 2017 |
| Paper No. | AC1-D |
| Agenda Item | 7 |
| Subject of Paper | Strategic Risk Review |
| FOISA Status | Disclosable |
| Primary Contact | Paul Clark, College Secretary/Planning |
| Date of production | 7th September 2017 |
| Action | For Discussion and Decision |

## 1. Recommendations

1. To consider the review of highest-scoring risks, recently changed risk scores, and to review risks under the Committee's remit.

2. To approve associated Risk Management Action Plans (MAPs).

## 2. Purpose of report

2.1 The purpose of this report is to provide the Board, through the Audit Committee, with an update on the Senior Management review of strategic organisational risks, via the Risk Management Actions Plans (MAPs) for high-scoring risks, and any risks with proposed risk score alterations or other recent changes. Also included is the Risk Register, each highlighting any recent alterations to risk scores.

## 3. Context

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 Senior Management Team, Audit Committee, and the Board of Management. This responsibility is highlighted in the College Strategic Plan at Priority 6. "To be efficient, effective, innovating, and vigilant".

3.2 The current strategic risks have been identified by SMT and the Audit Committee, as the primary strategic risks currently faced by the College. The risks are aligned within the same framework of strategic themes as the College Strategic Plan. The risks included in the Risk Register have potential impacts on one or more of the College's strategic priorities.

3.3 All strategic risks are currently under review as at September 6th 2017, involving senior Risk "owners. Updates will be reported to the various Board Committees as appropriate.

3.4 The undernoted Risk Management Action Plans (MAPs) are presented with updated mitigations, commentary and scores within the relevant Risk Management Action Plans (MAPs). Risk 19 has been reworded as requested. Risks which are of a governance and/or compliance nature are also included:

- Risk 1 - Failure to support student success (AMBER, previously GREEN)
- Risk 3 - Failure to achieve good student outcome/progression levels (AMBER, previously GREEN)
- Risk 8 - Failure to achieve improved performance (AMBER, previously GREEN)
- Risk 10 - Negative Impact of Statutory Compliance Failure (AMBER, previously GREEN)
- Risk 11 - Failure of Corporate Governance (AMBER, previously GREEN)
- Risk 12 - Failure of Business Continuity (RED previously AMBER)
- Risk 14 - Failure to manage the impact of Industrial Action (AMBER)
- Risk 15 - Failure to achieve operating surplus via control of costs and achievement of income targets. (RED previously AMBER)

- Risk 16 - Failure to maximise income via diversification (AMBER – risk score changed from 12 to 9)
- Risk 19 – Impact of ONS reclassification on the financial management of the College (AMBER; Note change of wording and change to risk score from 8 to 6)
- Risk 21 - Failure of the College's Duty of Care to Students (AMBER)
- Risk 23 - Failure to agree a sustainable model and level of grant funding within Glasgow Region (RED)

Note that this is a new risk, combining the previous Risk 17 (GCRB funding methodology) with Risk 18 (level of grant funding from GCRB).

3.6 A partially revised Risk Register is included in the appendices (work in progress).

## 4. Impact and implications

4.1 The effective management and control of risks is essential to the on-going stability and future growth of the College, with clear implications in terms of potential impact upon College students and staff, as well as the College's wider reputation. All strategic risks have potential strategic impact upon the College. The College Risk Register includes matters relating to legal compliance.

4.2 Several strategic risks are financial in nature, and potentially constitute a threat to the College's stated strategic priority to "Maintain our long-term financial stability".

4.3 Performance management and improving performance are identified as areas of strategic risk, due to the potential impact on reputation, the student experience, and funding.

4.4 Regional and sectoral considerations are included in the process of risk management, and are reflected in the risk documentation.

## Appendices:

**Appendix 1: Risk Register**

**Appendix 2: Highlighted Risk MAPs**

# Risk Register: 06 September 2017

| RISK DETAIL | | | | | CURRENT EVALUATION OF RISK* | | | AIM and PROGRESS | | | RISK TREATMENT ACTIONS AND UPDATE | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Strategic Theme** | **Risk Name** | **Risk ID** | **Level** | **Risk Owner** | **Likelihood** | **Impact** | **Net Risk Score** | **Gross Risk Score** | **Target Risk Score** | **Risk Movement** | **Hyperlink to Risk Management Action Plan (MAP)** | **Date of last review** |
| **Students** | Failure to support student success | 1 | 1 | VPSE | 2 | 5 | 10 | 25 | 5 | 5 Green to 10 Amber (Audit 5/17) | Risk 1 MAP.docx | Sept '17 |
| **Students** | Failure to establish optimal pedagogical model | 2 | 1 | VPSE | 2 | 5 | 10 | 20 | 5 | | Risk 2 MAP.docx | May '17 |
| **Students** | Failure to achieve good student outcome/progression levels | 3 | 1 | VPSE | 2 | 5 | 10 | 15 | 5 | 5 Green to 10 Amber (Audit 5/17) | Risk 3 MAP.docx | Sept '17 |
| **Students** | Failure of the College's Duty of Care to Students | 21 | 1 | VPSE | 3 | 4 | 12 | 20 | 4 | | Risk 21 MAP.docx | Sept '17 |
| **Growth and Development** | Failure to realise planned benefits of Regionalisation | 4 | 1 | Pr/DPr | 3 | 3 | 9 | 20 | 3 | | Risk 4 MAP.docx | May '17 |
| **Growth and Development** | Failure to complete project programme to schedule | 5 | 1 | DPr | 1 | 5 | 5 | 25 | 5 | Risk Reworded: FPRC 4/17 | Risk 5 MAP.docx | May '17 |
| **Growth and Development** | Negative impact upon College reputation | 6 | 1 | EDCD | 2 | 5 | 10 | 25 | 5 | | Risk 6 MAP.docx | May '17 |
| **Growth and Development** | Failure to achieve improved business development performance with stakeholders | 7 | 1 | EDCD | 2 | 5 | 10 | 25 | 5 | | Risk 7 MAP.docx | May '17 |
| **Growth and Development** | Failure to achieve improved performance | 8 | 1 | VPSE/DirP | 2 | 5 | 10 | 20 | 5 | 5 Green to 10 Amber (Audit 5/17) | Risk 8 MAP.docx | Sept '17 |
| **Growth and Development** | Failure to attract, engage, and retain suitable staff | 9 | 1 | VPFHR | 2 | 2 | 4 | 20 | 3 | | Risk 9 MAP.docx | May '17 |
| **Processes and Performance** | Negative impact of statutory compliance failure | 10 | 1 | SMT/CSP | 2 | 5 | 10 | 20 | 5 | 5 Green to 10 Amber (Audit 5/17) | Risk 10 MAP.docx | Sept '17 |
| **Processes and Performance** | Failure of Corporate Governance | 11 | 1 | Pr/CSP | 2 | 5 | 10 | 20 | 5 | | Risk 11 MAP.docx | Sept '17 |
| **Processes and Performance** | Failure of Business Continuity | 12 | 1 | VPI/CSP | 4 | 5 | 20 | 25 | 4 | 12 Amber to 20 Red (Audit 5/17) | Risk 12 MAP.docx | Sept '17 |
| **Processes and Performance** | Failure to manage performance | 13 | 1 | VPSE/DirP | 1 | 4 | 4 | 20 | 4 | 8 Amber to 4 Green (Audit 5/17) | Risk 13 MAP.docx | May '17 |
| **Processes and Performance** | Negative impact of Industrial Action | 14 | 1 | VPFHR/DHR | 3 | 4 | 12 | 25 | 4 | | Risk 14 MAP.docx | Sept '17 |
| **Finance** | Failure to achieve operating surplus via control of costs and achievement of income targets. | 15 | 1 | VPFHR | 5 | 3 | 15 | 25 | 2 | 6 Amber to 15 Red (Audit 5/17) | Risk 15 MAP.docx | Sept '17 |
| **Finance** | Failure to maximise income via diversification | 16 | 1 | VPFHR/ EDCD | 3 | 4 | 12 | 20 | 4 | | Risk 16 MAP.docx | Sept '17 |
| **Finance** | Negative impact of funding methodology within Glasgow Region (Risk Superceded by Risk 23) | 17 | 1 | VPFHR | 3 | 4 | 12 | 25 | 2 | 6 Amber to 12 Amber (Audit 5/17) | Risk 17 MAP.docx | Deleted |
| **Finance** | Failure to agree a sustainable level of grant-funded activity within the Region (Risk Superceded by Risk 23) | 18 | 1 | VPFHR/ VPSE | 3 | 5 | 15 | 25 | 3 | Combine with Risk 17 (Audit 5/17) | Risk 18 MAP.docx | Deleted |
| **Finance** | Impact of ONS reclassification of the status of colleges (To be reworded - Audit 8/3/17) | 19 | 1 | VPFHR | 2 | 4 | 8 | 16 | 3 | 6 Amber to 8 Amber (Audit 5/17) | Risk 19 MAP.docx | Sept '17 |
| **Finance** | Failure to obtain funds from College Foundation | 20 | 1 | VPFHR | 1 | 4 | 4 | 20 | 3 | | Risk 20 MAP.docx | May '17 |
| **Finance** | Negative impact of Brexit | 22 | 1 | VPFHR | 2 | 5 | 10 | tbc | | Potentail RED - (Audit 3/17) | Risk 22 MAP.docx | May '17 |
| **Finance** | Failure to agree a sustainable model and level of grant funding within Glasgow Region | 23 | 1 | VPFHR | 3 | 5 | 15 | 25 | 5 | New Risk replacing 17 and 18 | Risk 23 MAP.docx | Sept '17 |

Recent movement or change

Proposed changes not included until approved.

**Key:**

Pr - Principal
DPr - Depute Principal
VPSE - Vice Principal Student Experience
VPFHR -Vice Principal Finance & HR
VPI -Vice Principal Infrastructure
EDCD - Executive Director Corporate Development
FD - Faculty Director
CSP - College Secretary/Planning
DHR - Director of Human Resources
DirP- Director of Performance

| x | Likelihood | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |

| Tolerance vs Risk Score | Acceptable Risk Score | | Acceptable Risk Score | | Acceptable Risk Score | |
|---|---|---|---|---|---|---|
| | 1-3 | 4-5 | 6-9 | 10-12 | 15-16 | 20-25 |
| Risk Management Level of Tolerance (Able to Accept) | 1 | 2 | 3 | 4 | 5 | 6 |
| | Low | | Medium | | High | |

## Risk Management Action Plan

**Risk Description: Failure to support student success**

**Risk ID: 1**

**Owned by: VPSE** **Review Date: September 2017**

## Update

Full Description:

Risk that -
Students leave the College without completing course. Students fail to achieve qualification. Students have a poor experience at the College. College suffers negative financial impact, reputational damage, and potential negative impact upon student recruitment.

Treatment:
Performance Reviews; Self-evaluation/Quality cycle; Curriculum Planning (incl. focus upon PIs); Student Experience Strategy.

Commentary (Update):

Education Scotland Review completed January 2016. Overall a highly positive response reflects the upward trend in student attainment.

Student Experience Strategy has been developed and a number of initiatives will be taken forward as part of it implementation. City Learning is one of these initiatives and will be embedded in all Operational Plans at Curriculum Head and Faculty level.

Curriculum planning processes will be further refined to include criteria for course discontinuation to ensure courses meet student/industry demand, reflect College and regional curriculum strategic priorities, and financial viability.

Confirmed student success results for 15-16 show that we have maintained our PIs from 14-15. The PI in PT FE has increased due to the TUPE of a number of Trade Union Courses from Glasgow Kelvin College and also the College's actions to improve low performing courses. The PI in PTHE has fallen and measures are in place to address this, however this PI still sits above the National Average. The table below identifies the College's 4 year trend: -

| | | Completed Successfully | | | | Change | Change |
|---|---|---|---|---|---|---|---|
| **Level** | **Mode** | **12-13** | **13-14** | **14-15** | **15-16** | **14-15 to 15-16** | **12-13 to 15-16** |
| **FT** | **FE** | **60%** | **70%** | **72%** | **72%** | **0%** | **+12%** |
| **FT** | **HE** | **70%** | **74%** | **76%** | **76%** | **0%** | **+6%** |
| **PT** | **FE** | **68%** | **75%** | **77%** | **87%** | **+ 10%** | **+19%** |
| **PT** | **HE** | **76%** | **84%** | **83%** | **81%** | **- 2%** | **+5%** |

**Ref: Audited SFC PIs as presented to L&TC 8th Nov 2016**

Each College Faculty has developed an action plan in 2016/17 to address low PI courses and the plans are being monitored against performance targets. Faculty action plans are under review at the Student Experience Leadership Group to monitor Faculty improvement plans.  The EIS dispute included several days of strike action before the summer break. College SMT arranged to support students in completing their qualifications.

**Audit Committee (24 May 2017) agreed change of Risk Likelihood from 1 to 2, with increased risk score (AMBER)**

| **Current Risk Score:** | **Gross Risk Score (assuming no treatment)** |
|---|---|
| Likelihood 2/5<br>Impact 5/5<br><br>Risk Score 10/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 5** | Likelihood 5/5<br>Impact 5/5<br><br>Risk Score 25/25 |
| **Risk Appetite (Willing to accept):** | **Risk Tolerance (Able to accept):** |
| **Low** Medium High | Category: Student Experience<br><br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| Risk Management Action Plan | |
|---|---|
| **Risk Description: Failure to achieve good student outcome/progression** | |
| **Risk ID: 3** | |
| **Owned by: VPSE** | **Review Date: September 2017** |

| Update |
|---|
| Full Description:<br><br>Failure of curriculum to be industry relevant. Ineffective links with industry. Ineffective HEI articulation arrangements.<br><br>Treatment:<br>CADMs well established. All Schools are developing links with industry to ensure industry relevant curriculum. Ongoing collaboration with HEIs to maintain and develop articulation links.<br><br>Student Experience Strategy emphasises need for employability, industry relevant curriculum, and industry links (Industry Academies) |
| Commentary (Update):<br><br>The College has participated in the pilot to develop an ongoing College Learner Destination Survey led by SFC.<br><br>Data is collected from students to determine satisfaction with suitability of course with regard to preparation for work (First Impressions Questionnaire), and Exit student questionnaire.<br><br>A revised Curriculum Review and Planning process is now in place to monitor student outcomes and progression with adjustments made to portfolio as an output of this review.<br><br>A student partnership agreement has been established for August 2017 supported by a feedback initiative called “My Voice” and monitored through a Student Partnership Forum.<br><br>The New Quality Arrangements ‘How Good is our College’ were rolled out across the sector in December 2016. The College Associate Assessors and Performance and Improvement Director have been working with our assigned Education Scotland during 2016/17 to incorporate best practice. As part of this work an implementation plan for the quality arrangements was devised and put in place.<br><br>During the 2016/17 session staff development for teaching and support has taken place on the model, performance indicators and on evaluative writing. A model for Shared Teaching Practice has been developed which will be implemented in pilot form in the College in 2017/18. A regional quality group was formed which has sought to share practice and develop a common approach to the implementation of arrangements. An |

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| evaluative report of 2016/17 and an enhancement plan for 2017/18 is currently being produced which will be presented to the Board of Management in October.<br><br>The Audit Committee (May 24 2017) agreed an increase to Likelihood score from 1 to 2, resulting in a total risk score of 10 (AMBER) | |
| **Current Risk Score:** | **Gross Risk Score (assuming no treatment)** |
| Likelihood 2/5<br>Impact 5/5<br><br>Risk Score 10/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 5** | Likelihood 4/5<br>Impact 5/5<br><br>Risk Score 20/25 |
| **Risk Appetite (Willing to accept):** | **Risk Tolerance (Able to accept):** |
| **Low** Medium High | Category: Student Experience<br><br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| Impact | | | | | |
|---|---|---|---|---|---|
| | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| X | Likelihood | | | | |

| Risk Management Action Plan | |
|---|---|
| **Risk Description:** | **Failure to achieve improved performance** |
| **Risk ID: 8** | |
| **Owned by: VPSE/DirP** | **Review Date: September 2017** |

| Update |
|---|
| Full Description and Treatment:<br><br>1. Ensure identification, dissemination, monitoring and review of quality improvement KPIs for all areas of service delivery.<br><br>2. Work with VPs, Directors and Heads to target areas of under performance. |
| Commentary (Update):<br><br>Heads of Performance working with Faculty Directors to set SMART targets following Performance Review meetings, with a view to significantly improving performance.<br><br>Service Area reviews commenced in May 2017 with which has led to a review of service targets and performance. This process is linked to operational planning and to the development of the Colleges strategies.<br><br>Faculties with identified areas of under-performance are targeted for Accelerated Quality Improvement and detailed action plans have been put in place with intervention and support from Service areas. Faculty action plans are kept under review at the Student Experience Leadership Group.<br><br>The Performance Review process has been further developed into a single stage process to heighten accountability and deliver targeted support. This process is delivering improvement action plans to areas that require them.<br><br>Impact score raised from 2 to 3 – in consideration of the implication of Regional Outcome Agreement potentially aligning funding to KPIs. Gross risk score increased from 6 to 9 (May 2015).<br><br>September 2016: Risk Score moved to 5x5 matrix. Student success performance indicators for 2015-16 to be confirmed.<br><br>January 2017: Performance has been retained at its current level. Action plans from Performance Review being put in place and a series of SLWG have been initiated to look at cross college activity impacting on faculty performance. A new curriculum review process is being developed for 17/18 as a replacement for Performance Review in order to improve curriculum planning so it is linked more coherently to performance of individual programmes. In turn it is anticipated that this will further improve performance. |

The EIS dispute in session 2016-17 included several days of strike action in the weeks prior to the summer break. College SMT arranged to support students in completing their qualifications.

The Audit Committee (May 24 2017) agreed an increase to Likelihood score from 1 to 2, resulting in a total risk score of 10 (AMBER)

| **Current Risk Score:** | **Gross Risk Score<br>(assuming no treatment)** |
|---|---|
| Likelihood 2/5<br>Impact 5/5<br><br>Risk Score 10/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 5** | Likelihood 4/5<br>Impact 5/5<br><br>Risk Score 25/25 |
| **Risk Appetite<br>(Willing to accept):** | **Risk Tolerance<br>(Able to accept):** |
| **<u>Low</u>** Medium High | Category: Student Experience/ Reputation<br><br>**<u>Low</u>** Medium High<br>1 **2** 3 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| Risk Management Action Plan | |
|---|---|
| **Risk Description: Negative impact of statutory compliance failure** | |
| **Risk ID: 10** | |
| **Owned by: SMT/CSP** | **Review Date: September 2017** |

**Update**

Full Description:

Detailed risks:

1. Breach of Equalities legislation upheld by Tribunal (e.g. successful discrimination claim)
2. Equal pay challenge
3. Unfair dismissal claims
4. FOISA - appeal to Scottish Information Commissioner upheld
5. Serious breach of the Data Protection Act 1998
6. Employment Tribunal appeal upheld
7. Safeguarding /PVG challenge
8. Contravention of Bribery Act
9. Conviction of corporate homicide
10. Conviction for Breach of H & S legislation
11. Charge /breach of procurement litigation upheld
12. Failure of compliance with Equality Act 2010: Specific Duties
13. Whistleblowing conviction
14. Loss of UKVI Highly Trusted Status
15. Failure of compliance with Counter Terrorist and Security Act 2005 and "Prevent" legislative requirements
16. Failure of Compliance with Children and Young People (Scotland) Act 2014 (Corporate Parenting)
17. Failure to comply with EU directive on Protection of Personal Data (applies from May 2018)

Treatment:

1. Train staff, including managers in operation of college policies & procedures, including legal requirements; Incorporate in all Balanced Scorecards re: responsibility for D&E
2. The harmonisation of teaching pay scales has not yet been fully addressed . In terms of support staff the implementation of a job evaluation scheme has been concluded. See Risk MAP 14.
3. Seek advice from College Secretary, Executive Director (People & Culture) or external legal specialist, where appropriate, on key policy/procedural matters, and where risk profile is assessed as high or increasing due to possible or likely non-compliance;
4. As above
5. Robust policies in place; Training of staff – e-learning module rolled out Feb 2013
6. Train managers in operation of college policies & procedures; Recruitment of suitably skilled HR staff to advise and guide managers in legal matters
7. Have appropriate policies in place for both students and staff; train managers in operation of college employee policies & procedures. Mandatory staff training; module on My City.
8. Robust policies; Training for staff

9. Train staff, including managers in operation of College Health & Safety policies & procedures, including legal requirements; ensure all facilities/equipment well maintained and regularly tested; Ensure robust regular internal audit.
10. Train managers in operation of college employee policies & procedures, including legal requirements;
11. Seek procurement advice from Executive Director (Finance & Procurement) and further external legal advice via Executive Director (People & Culture) , where appropriate, on key policy/procedural legal matters and where risk profile is assessed as high or increasing due to possible or likely non-compliance
12. All College Polices and Procedures require an Equality Impact Assessment (EQIA); Policy and Procedure EQIAs currently being collated by D&E team (ongoing, May 2015)
13. Whistleblowing policy currently under development (May 2016) together with training for managers (ED: P&C)
14. Close working relationship with UKVI maintained to reduce risk of loss of Highly Trusted Status.
15. Rollout of "Prevent" compliance training
16. Board of Management corporate parenting training undertaken February 2017; SMT training in April 2017.
17. New sub-risk added March 2017, following advice from External Auditor.

Commentary (Update):

Re 1. Following the merger there was a risk of an equal pay challenge if males and females were doing work of equal value and being paid differently. This matter was addressed with the implementation of job evaluation.

Re 4. A recent appeal to the SIC was upheld; however this found only that a request should have been dealt with under Environmental Information Regulations rather than FOISA. The information concerned was still withheld as commercially sensitive, quoting the relevant EIR Regulation (10) (5) (e) rather than the appropriate FOISA exemption.

Re. 7 (Safeguarding/PVG challenge) above: Criminal convictions declaration required at application and enrolment. For staff a risk assessment is conducted if a member of staff has an unspent conviction.

Re. 12. All policies in place as appropriate, with training provided as necessary. SMT and the Audit Committee had noted in 2013-14 that many Policies and Procedures required an Equalities Impact Assessment (EQIA). As the first deadline for completion (Feb 2014) was not met, the risk score for this risk had been elevated to 6 Amber. SMT confirmed that by June 2014, all Policies and Procedures had recorded completed EQIAs. As at October 2015, all Policies and Procedures have recorded completed EQIAs.

Re. 14: Ongoing high priority given to maintaining compliance with UKVI regulations, following cessation of collaboration with Bangladeshi partner (WMA), following UKVI advice. See highlight below.

Re 15: Prevent training delivered to SMT - September 2016

Re.16: The Board of Management undertook training on corporate parenting responsibilities under the Children and Young People Act in February 2017. This was provided by Who Cares? Scotland and included input from a care experienced young person

Re 17: The Audit Committee noted advice from the External Auditor regarding the

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| Protection of Personal Data Directive from the EU (which the UK Government will extend post-Brexit). " While the **Regulation** will enter into force on 24 May 2016, it shall apply from **25 May 2018**. The **Directive** enters into force on 5 May 2016 and EU Member States have to transpose it into their national law by **6 May 2018**." Ref: http://ec.europa.eu/justice/data-protection/<br>Failure to comply with the directive could result in very considerable fines being imposed.<br><br>A paper has been presented to SMT (August 2017) and is included on the Audit Committee agenda (September 2017).<br><br>Likelihood increased to 2, giving risk score of 10 AMBER (Audit Committee, June 2017). |

| **Current Risk Score:** | **Gross Risk Score (assuming no treatment)** |
|---|---|
| Likelihood 2/5<br>Impact 5/5<br><br>Risk Score 10/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 5** | Likelihood 5/5<br>Impact 5/5<br><br>Risk Score 25/25 |
| **Risk Appetite (Willing to accept):** | **Risk Tolerance (Able to accept):** |
| **Low** Medium High | Category: Compliance/ Reputation<br><br>**Low** Medium High<br>**1** 2 3 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| Risk Management Action Plan | |
|---|---|
| **Risk Description:** | **Failure of Corporate Governance** |
| **Risk ID: 11** | |
| **Owned by:** **Pr/College Secretary** | **Review Date: September 2017** |

| Update |
|---|
| Full Description:<br><br>Breach of Code of Conduct; breach of Code of Good Governance; failure of formal procedures; lack of robust/ failure of monitoring/management processes etc; breakdown of effective Board/ELT relationships.<br><br>Impact of failure would be high, but likelihood without mitigation is medium and reduces to low with mitigation. Because of the seriousness of failure, and the low tolerance of failure relating to compliance and reputation, the risk appetite is low.<br><br>Treatment:<br>• Maintenance and monitoring of sound governance procedures and processes<br>• Regular meetings of Board Audit Committee<br>• Regular Internal and External Audit review and reportage to Board of Management Board development activities and self-evaluation process.<br>• External Board Effectiveness Review<br>• College Secretary Training and Development |
| Commentary (Update):<br><br>1. Internal Audit review of governance and risk (March-May 2014) found "Substantial" levels of assurance in both the design and operational effectiveness of Governance and Risk Management. Internal Audit recommendations for improvement accepted and implementation timetable agreed.<br><br>2. Review of governance processes in respect of communication and Board papers undertaken by College Secretary, and reported to full Board in June 2014. New Code of Conduct approved (June 2014) and reported to Scottish Government. New Sector Code of Governance adopted by the Board of Management in December 2014 (revised Code adopted in 2016).<br><br>3. New Recruitment and Appointments procedure for the Board of Management with accompanying documents developed in February 2015, with emphasis upon Good Governance. Revised procedures adopted for 2016 recruitment, in consultation with GCRB. Process shared with other Glasgow Colleges/GCRB.<br><br>4. Board Committees self-evaluation developed in August 2014 and rolled out October/November, with all 6 Board Committees receiving reports in Feb-March 2015. Summary review of Board Committees presented to Board in February 2015, and reported in Annual Report 2014-15. |

5. Board of Management Self-evaluation process based on the International Framework for Good Governance, developed and rolled out (March-May 2015). Board development planned from June 2015 in the light of evaluation findings.

6. Board evaluation questionnaire revised to align more closely with the Code of Good Governance (March 2016) and implemented with Board Evaluation Report to Board of Management in June 2016.

7. College Secretary has completed CIPFA Certificate in Corporate Governance (2016). College Secretary sits on the CDN Secretary to the Board Steering Group as Vice Chair

8. The Board of Management has undertaken an External Review of Board Effectiveness/Governance as per the Code of Good Governance and ministerial direction. The Report was completed to schedule (March 31 2017) and is published on the College Website. The Report states that:

    - "There is substantial evidence of adherence to the Code of Good Governance."
    - "(There is) Strong evidence of systematic strategic planning, showing alignment through associated supporting strategies, success measures, benchmarking and targets."
    - "Considerable evidence of strong governance processes."

(Ref: External Review of Governance Report 2017; p1).

9. It should be noted that the Code of Good Governance states that:

"D.25 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board. ".
**This process was incomplete at May 2017, and remains ongoing.**

For this reason, the Risk Score remains at 10 (AMBER).

| **Current Risk Score:** | **Gross Risk Score (assuming no treatment)** |
|---|---|
| Likelihood 2/5<br>Impact 5/5<br><br>Risk Score 10/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 5** | Likelihood 5/5<br>Impact 5/5<br><br>Risk Score 25/25 |
| **Risk Appetite (Willing to accept):** | **Risk Tolerance (Able to accept):** |
| **Low** Medium High | Category: Reputation/ Compliance<br><br>**Low** Medium High<br>**1 2** 3 4 5 6 |

| x | Likelihood | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |

| **Risk Management Action Plan** | |
|---|---|
| **Risk Description: Failure of Business Continuity** | |
| **Risk ID: 12** | |
| **Owned by: VPI/CSP** | **Review Date: September 2017** |

| **Update** |
|---|
| Full Description:<br><br>1. Severe Fire/Flood<br>2. Terrorist attack<br>3. Cybercrime (added by Audit Committee; Nov 28, 2016)<br>4. Other emergency circumstances resulting in main service failure, and threatening the operation of the College as described in Business Continuity Plan v3.4.<br><br>Treatment:<br>1. Maintain current operational controls.<br>2. Create and review Business Continuity Plan (BCP).<br>3. Communicate plan to all senior staff.<br>4. Ensure that local recovery plans are developed and reviewed.<br>5. Test and Review at local and College level. |
| Commentary (Update):<br><br>. 1. Current operational controls are in place with responsibility transferred to GLQ via the NPD contract. Responsibility for communication remains with the College.<br><br>2. The BCP emergency incident procedure is currently under review to include recent government guidelines outlined by the CONTEST statutory duty. The BCP has been reviewed with a revised disaster recover plan for all technology systems, and the College has also revised all fire evacuation procedures and identification of incident control rooms at City and Riverside (hard copy BCP located at these locations). The BCP has been revised with updated contact details of contractors, senior staff etc. and located on Connected. BCP testing has been considered, bearing in mind the need to consider the health and safety implications of a practical exercise in the current climate.<br><br>3. GLQ has an extensive business continuity plan to which the College BCP refers, given that the knowledge of all business critical systems lies with GLQ. These systems are subject to a 25 year maintenance agreement/project agreement. As our operational relationship with the onside contractors continues to develop, we will further refine our BC planning to reflect detailed responsibilities. All heating, cooling, power, air conditioning etc is part of the NPD contract with all risk transferred to GLQ, with commensurate business continuity responsibility. GLQ would therefore be responsible for repurposing or relocating any College activity disrupted by systems failure. |

4. IT Disaster Recovery Plan

Cybercrime: The network infrastructure designed as part of the new build meets the latest filtering and access control technical requirements. In order to test the College's infrastructure, this will be included in the Internal Audit of infrastructure (brought forward to 2016-17 in the light of this priority) This included IT security and was completed as "Satisfactory". It should be noted that this threat is largely related to business disruption, as the college business can be maintained in alternative modes.

In May 2017, following the cyber attacks affecting the Scottish NHS, the Infrastructure section was involved in an IT Network Arrangements/Security audit, and timeous on-going work on our Business Continuity strategy and Disaster Recovery Plans. This was presented to the full Board in June 2017, and included the following detail of the mitigations taken:

- Patching around 9% of our end-user devices which were considered potentially vulnerable. Consideration that a percentage of these are in Staff and Students own hands and not physically present in College.
- Patching many of our critical servers whilst still providing continuous service.
- Proactive monitoring of network services and network traffic.

The general malware attack knows as WCry/WarCry, is not the only malware/security threat that the College is attending to at this time. Furthermore, Industry researchers are anticipating the techniques discovered and hoarded by the NSA, of which Wcry was one, will be used with malicious intent in the near future. The College remains diligent to potential threats.

In May, the Audit Committee agreed to increase both the likelihood and impact score of this risk from 3 to 4 and from 4 to 5 respectively, resulting in a risk score of 20 (RED). The risk owners propose that this assessment be retained for the present.

| **Current Risk Score:** | **Gross Risk Score (assuming no treatment)** |
|---|---|
| Likelihood 4/5<br>Impact 5/5<br><br>Risk Score 20/25<br><br>RAG Rating: RED<br><br>**Target Score: 5** | Likelihood 5/5<br>Impact 5/5<br><br>Risk Score 25/25 |
| **Risk Appetite (Willing to accept):** | **Risk Tolerance (Able to accept):** |
| **Low** Medium High | Category: Business Continuity<br><br>**Low** Medium High<br>**1** 2 3 4 5 6 |

| x | Likelihood | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |

## Risk Management Action Plan

| | |
|---|---|
| **Risk Description:** | **Negative impact of Industrial Action** |
| **Risk ID: 14** | |
| **Owned by: VPF&HR** | **Review Date: September 2017** |

### Update

**Full Description:**

1. Negative impact upon service delivery due to industrial action
2. Negative impact upon reputation due to industrial action

**Treatment:**

Two local negotiating forums have been established, LNC and SSNC, with the frequency of meetings based on the College Recognition & Procedure Agreement and current requirements.

The College has signed the National Recognition & Procedure Agreement (NRPA) and is a member of the Employers Association within Colleges Scotland. All pay and terms and condition negotiations now take place at the National Joint Negotiating Committee (NJNC).

**Commentary (Update):**

The Executive Director for People & Culture left the College at the end of August 2016. A replacement Human Resources Director with strong employee relations / union experience commenced in January 2017. The HR department is now managed by the Vice Principal Finance & HR. Further changes have been progressed within the HR team to improve the performance and service.

The national bargaining process is continuing through the Employers Association and NJNC. The NJNC has reached a settlement for the 2016/17 pay claim with both the support staff trade unions and the teaching staff union EIS. An agreement was reached in June 2017 with the support staff trade unions for the April 2017 annual cost of living pay award. The main elements of the agreement are £425 per FTE and a minimum annual leave entitlement of 44 days.

The NJNC have conducted extensive negotiations with the EIS to agree standard pay grades and terms and conditions. Following 6 days of strike action a headline agreement was reached with the EIS on the 19th May 2017 with several terms still to be agreed.

Over the past 18 months the sector has been subject to 2 periods of EIS industrial action and a single period of support staff trade unions industrial action. The Employers Association are aiming to continue to progress all outstanding issues with the unions and achieve sustainable agreements without further industrial action.

The April 2017 annual cost of living pay award is still being negotiated with the EIS. There are also several areas of the 19th May 2017 agreement to be negotiated. Given the EIS's high expectations for the 2017/18 annual cost of living award and the generous national bargaining agreement it is likely that over the next 6 months there may be further industrial action.

The College is actively involved in the national bargaining process however the outcomes and consequences of the process are not within the College's control therefore local staff relationships have become more difficult. There continues to be a significant minority of staff that view the previous industrial action as very successful and are keen to take further action to improve their pay and terms and conditions.

| **Current Risk Score:** | **Gross Risk Score**<br>**(assuming no treatment)** |
|---|---|
| Likelihood 3/5<br>Impact 4/5<br>Risk Score 12/25<br>RAG Rating: AMBER<br>**Target Score: 4** | Likelihood 5/5<br>Impact 5/5<br>Risk Score 25/25 |
| **Risk Appetite**<br>**(Willing to accept):** | **Risk Tolerance**<br>**(Able to accept):** |
| Low Medium **High** | Category: Student Experience/ Reputation<br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| Impact | | | | | |
|---|---|---|---|---|---|
| | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

## Risk Management Action Plan

| |
|---|
| **Risk Description: Failure to achieve operating surplus via control of costs and achievement of income targets** |
| **Risk ID: 15** |
| **Owned by: VPFHR** **Review Date: September 2017** |

## Update

**Full Description:**

Failure of the College's Strategic Priority 7, and associated Strategic Aims: To maintain our long-term financial stability.

The College's aim is to produce at least a balanced budget annually at 31st March and an underlying operating surplus annually at 31st July.

**Commentary (Update):**

The current Income & Expenditure projections are shown in (Appendix 1).

**Operating Surplus/Deficit**

The College achieved an operating surplus in the Resource Return at 31st March 2017 and is projected to deliver an underlying operating surplus in the 2016-17 annual accounts. The College is projecting an underlying surplus of £303k (1.5%) for the 2016-17 financial year and there was no transfer to the College Foundation in March 2017.

In the 2017-18 financial plan the College will budget for a small surplus (£27k) which means a relatively small adverse change to expenditure or income budgets will push the College into an underlying operating deficit. The most significant challenges will be in the subsequent years of the 5 year financial planning with increasing deficits projected due to the impact of the following risks;

**Income: SFC Grant**

The key risks are;

- Failure to achieve the 2017-18 Credit target of 182,189.
- Future SFC regional funding not sufficient to meet increased costs.
- GCRB teaching grant allocation to the College not sufficient to meet increased costs.

- Future reduction in SFC ESF funding.
- GCRB capital maintenance grant allocation to the College not sufficient to meet investment requirements.

**Income: Course Fees**

The key risks are;

- Failure to achieve the 2017-18 income target of £11.2m.
- Failure to deliver future years income growth.
- Future changes to the population demographics.

**Income: Non SFC Fundable Course Fees**

The key risks are;

- Failure to achieve the 2017-18 income target of £8.1m.
- Failure to deliver future years income growth.
- Failure to meet industry demands and expectations.

**Income: Other Income:**

The key risks are;

- Failure to achieve the 2017-18 income target of £5.1m.
- Failure to deliver future years income growth.
- Wider UK & international economic pressure and performance.
- Failure to meet industry demands and expectations.
- Student accommodation performance and potential increased competition.

**Expenditure: Staff Costs:**

The key risks are;

- Failure to effectively control the 2017-18 staff cost budget, £47.3m.
- Managing staff absence levels and temporary staff contracts.
- Increasing costs from national bargaining agreements.
- Delivering a staff structure that improves service and performance while minimising the staff cost budget.
- Future impact of inflation and union demand for higher annual cost of living pay awards.
- Impact of ongoing staff industrial relations issues.

| **Expenditure: Operating Expenses**<br>The key risk are;<br>• Failure to effectively control the 2017-18 cost budget, £31.8m.<br>• Managing the NPD contract costs and performance.<br>• Future impact of potentially higher inflation. | |
|---|---|
| **Current Risk Score:** | **Gross Risk Score**<br>**(assuming no treatment)** |
| Likelihood 3/5<br>Impact 2/5<br>Risk Score 6/25<br>RAG Rating (Overall): AMBER<br>NB This is a proposed change from May 2015 (5 x 3 = 15 RED)<br><br>**Target Score: 2** | Likelihood 5/5<br>Impact 5/5<br>Risk Score 25/25 |
| **Risk Appetite**<br>**(Willing to accept):** | **Risk Tolerance**<br>**(Able to accept):** |
| **Low** Medium High | Category: Finance<br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| CITY OF GLASGOW COLLEGE<br>INCOME AND EXPENDITURE ACCOUNT<br>FOR THE YEAR ENDED 31 JULY | | | | | | | REALISTIC |
|---|---|---|---|---|---|---|---|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| | 12-month Actual Audited | 12-month Projection @ Aug 17 | 12-month Projection @ Aug 17 | 12-month Projection | 12-month Projection | 12-month Projection | 12-month Projection |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| **Income** | | | | | | | |
| SFC Grants | 40,187 | 58,906 | 62,522 | 63,135 | 63,097 | 62,103 | 62,658 |
| Tuition fees and education contracts | 17,098 | 18,287 | 19,177 | 19,465 | 19,757 | 20,053 | 20,354 |
| Other income | 3,852 | 5,071 | 5,226 | 5,304 | 5,384 | 5,465 | 5,547 |
| Other income - Sale of Buildings | 0 | 1,200 | 20,800 | 0 | 0 | 0 | 0 |
| Grant from Foundation | 6,515 | 2,630 | 1,148 | 1,000 | 1,000 | 1,000 | 1,000 |
| Investment income | 59 | 25 | 25 | 15 | 15 | 15 | 15 |
| **Total income** | **67,711** | **86,119** | **108,898** | **88,919** | **89,253** | **88,636** | **89,573** |
| **Expenditure** | | | | | | | |
| Staff Costs | 41,517 | 43,785 | 47,473 | 50,818 | 52,536 | 53,061 | 53,592 |
| Other operating expenses | 13,895 | 17,137 | 17,302 | 17,562 | 17,825 | 18,092 | 18,364 |
| Other operating expenses - Sale of Buildings | 0 | 1,200 | 20,800 | 0 | 0 | 0 | 0 |
| Depreciation | 4,316 | 9,775 | 10,028 | 9,963 | 8,710 | 5,161 | 4,921 |
| Grant to Foundation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building valuation write down | 1,837 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and finance costs | 3,515 | 14,800 | 14,553 | 14,167 | 13,751 | 13,569 | 13,343 |
| **Total expenditure** | **65,080** | **86,697** | **110,156** | **92,509** | **92,822** | **89,884** | **90,220** |
| **Operating Surplus / (Deficit)** | **2,631** | **(578)** | **(1,258)** | **(3,590)** | **(3,569)** | **(1,248)** | **(646)** |
| **Loss on sale of fixed asset** | 0 | (727) | (4,381) | 0 | 0 | 0 | 0 |
| **Operating Surplus / (Deficit) after loss on sale of fixed asset** | **2,631** | **(1,305)** | **(5,639)** | **(3,590)** | **(3,569)** | **(1,248)** | **(646)** |
| **Statement of Historical Cost Surpluses and Deficits** | | | | | | | |
| Operating Surplus / (Deficit) | 2,631 | (1,305) | (5,639) | (3,590) | (3,569) | (1,248) | (646) |
| Difference between historical cost depreciation & revalued amount | 249 | 652 | 2,875 | 0 | 0 | 0 | 0 |
| **Historical cost Surplus/(Deficit)** | **2,880** | **(653)** | **(2,764)** | **(3,590)** | **(3,569)** | **(1,248)** | **(646)** |
| Pension Adjustments | 1,335 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foundation Adjustments | (5,833) | (1,520) | (85) | 6 | 174 | 57 | 36 |
| NPD | 158 | 2,457 | 1,163 | 1,105 | 198 | (2,001) | (2,552) |
| Loss on sale of fixed assets | 0 | 727 | 4,381 | 0 | 0 | 0 | 0 |
| Building valuation write down | 1,837 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revalutaion reserve | (249) | (652) | (2,875) | 0 | 0 | 0 | 0 |
| Depreciation | 1,221 | 523 | 207 | 0 | 0 | 0 | 0 |
| **Underlying Operating Surplus/(Deficit)** | **1,349** | **882** | **27** | **(2,479)** | **(3,197)** | **(3,192)** | **(3,162)** |
| **Previoulsy Reported** | **128** | **303** | **(815)** | **(1,241)** | **(1,392)** | **(1,976)** | **(1,793)** |
| **Surplus / (Deficit) % of expenditure excluding unitary charge** | **2.5%** | **1.5%** | **0.0%** | **(3.8%)** | **(4.8%)** | **(4.7%)** | **(4.6%)** |

| **Risk Management Action Plan** | |
|---|---|
| **Risk Description:** | **Failure to maximise income via diversification** |
| **Risk ID: 16** | |
| **Owned by: VPFHR/ EDCD** | **Review Date: September 2017** |

| **Update** |
|---|
| **Full Description**:<br>Failure to optimise income opportunities via existing and potential markets and partners.<br>**Treatment:**<br>Develop the Corporate Development Plan to deliver the College Corporate Development Strategy. Manage and monitor the delivery of the plan via SMT and Board of Management Development Committee. |
| **Commentary (Update):**<br>The Corporate Development Strategy, with business cases, was presented to the Board of Management Development Committee in April 2016, and is currently under ongoing review in the context of developing strategic priorities.<br><br>Commercial and International Teams, as well as Academic Faculties, have reviewed all aspects of income diversification. This is now reflected within the new Corporate Development Strategy as well as Financial and Operational Plans. Income generation from Industry Academies included in Faculty planning.<br><br>Regular reportage on growth and development in relation to targets is now a standing item on the Development Committee agenda. The Corporate Development Team and Faculties undertake ongoing reviews of Commercial and International targets, and progress. The College's first performance reviews during 2016-17 have been undertaken and the delivery of Non SFC Fundable course fee income reviewed.<br><br>The College has provisionally achieved the 2016-17 target for Non SFC Fundable course fee income. The College is currently 1% over the 2016-17 annual target (appendix 1). The Risk Score remains at Amber as the targets for 2017-18 have been increased and it is too early to assess the achievement of these targets. |

| | |
|---|---|
| The 2017-18 budget for non SFC Fundable course fees is agreed at a higher income target of £8.1m, an increase of £317k (4.1%). There is a significant challenge for the Corporate Development Team and Faculties to achieve this income growth in 2017-18.<br><br>The future years challenge is to significantly increase the College income from non SFC funding sources and effectively reduce the proportion of SFC grant, in 2017-18. The SFC grant is estimated as 63% of the College income. | |
| **Current Risk Score:** | **Gross Risk Score**<br>**(assuming no treatment)** |
| Likelihood 3/5<br>Impact 3/5<br>Risk Score 9/25<br>RAG Rating: AMBER<br><br>NB Proposed change to risk score from 3 x 4 = 12 AMBER<br>**Target Score: 4** | Likelihood 5/5<br>Impact 4/5<br>Risk Score 20/25 |
| **Risk Appetite**<br>**(Willing to accept):** | **Risk Tolerance**<br>**(Able to accept):** |
| **Low** Medium High | Category: Change and Development/ Financial<br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| Impact | | | | | |
|---|---|---|---|---|---|
| | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| Risk Management Action Plan |
| --- |
| **Risk Description: Impact of ONS reclassification on the financial management of the College** |
| **Risk ID: 19** |
| **Owned by: VPFHR** **Review Date: September 2017** |

| Update |
| --- |
| **Full Description:**<br>The ONS reclassification has the following negative impacts on the College:<br>• Generate and retain operating surplus;<br>• Protect and spend existing surpluses/reserves;<br>• Access commercial borrowing to fund capital projects; and<br>• Managing two financial year ends, March and July<br>• More challenging cash flow management<br><br>Treatment:<br>The following provides a commentary on how the College is managing each of the above mentioned issues. |
| **Commentary (Update):**<br>**Ability to generate and retain operating surplus**.<br>The restrictions placed on the College following the ONS reclassification mean any annual surplus generated cannot be retained by the College for future use. The agreed mitigation was to donate funds to Foundations with the potential of accessing these funds through future applications. SFC and the Scottish Government have been discouraging Colleges from transferring additional funds to the Foundations. This further restriction may present a potential future problem for the College however with limited growth of SFC funding and substantial cost pressures mean the overall projected financial performance will not generate significant surpluses.<br><br>**Ability to protect and spend existing surpluses/reserves**<br>Following the ONS reclassification the College must produce a balanced revenue resource return annually at 31st March or face potential penalties from SFC or Scottish Government. Therefore the College has significantly less flexibility regarding annual |

financial performance and reinvestment surpluses generated.

The sector Foundation was established and the College donated £11.7m to the Foundation before the end of March 2014. The College applied for the full donation to fund the new campus project and the Foundation approved the application with the grant being paid by a single annual payment per financial year over the following 3 years. The £11.7m is fully received and spent by the College.

The City of Glasgow College Foundation was formed as a private company limited with charitable status and currently has the maximum of seven trustees. The Foundation is fully independent with none of the trustees being members of the College Board of Management nor College employees. The College donated to the Foundation £10m in March 2014 and £3.1m in March 2015. The College to date has applied for £6.4m of funding.

**Ability to access commercial borrowing to fund capital projects**.

As a consequence of the ONS reclassification the College will in future be unable to commercially borrow funds without the formal approval of the Scottish Government. This is currently not an issue for the College however this places an additional restriction on the funding options available for future investment.

**Managing two financial year ends, March and July**

As a consequence of the ONS reclassification the College must report to the Government annually, the resource performance for the year to 31$^{st}$ March. The College amended the reporting processes, finance system, budgeting setting and monitoring processes. The College's actual financial year end is 31st July with the external audit and reporting for this period. These changes also placed greater emphasis on departmental managers' budgetary control, with potential negative impact on operational financial control.

The two reporting periods with different accounting rules, different reporting requirements and a requirement to at least break even, places additional risk and challenges on the financial management of the College.

Annually at the 31$^{st}$ March there is an impact on the revenue resource position due to the use of "net depreciation". Currently SFC and the Government are reviewing and approving the use of "net depreciation" on an annual basis placing uncertainty and additional risk on the College financial performance.

| | |
|---|---|
| **More challenging cash flow management**<br>To protect the existing reserves for future use by the College, most of the available cash was donated to the independent Foundations. Therefore the working cash balance at the College has to be managed much more closely. The College has to provide SFC will a monthly cash flow return which also generates the required SFC grant funding to be paid in the following month.<br><br>The College has to manage the SFC and Government expectation that the cash balance annually at 31st March will remain relatively stable. | |
| **Current Risk Score:** | **Gross Risk Score**<br>**(assuming no treatment)** |
| Likelihood 2/5<br>Impact 3/5<br>Risk Score 6/25<br>RAG Rating: AMBER<br>NB This is s a proposed change to risk score from 2 x 4 = 8 AMBER<br>**Target Score: 3** | Likelihood 4/5<br>Impact 4/5<br>Risk Score 16/25 |
| **Risk Appetite**<br>**(Willing to accept):** | **Risk Tolerance**<br>**(Able to accept):** |
| **Low** Medium High | Category: Finance<br>Low **Medium** High<br>1 2 **3** 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

| **Risk Management Action Plan** | |
|---|---|
| **Risk Description: Failure of the College's Duty of Care to Students** | |
| **Risk ID: 21** | |
| **Owned by: VPSE** | **Review Date: September 2017** |

| **Update** |
|---|
| Full Description and Treatment: |

The College has specific statutory duties related to the care of students. These are outlined below.

**College Prevent Duty** - The counter-terrorism act imposes a duty on FE colleges to 'have due regard to the need to prevent people from being drawn into terrorism'. (College Lead College Secretary)

- Develop appropriate Policy and Procedures.
- Create an action plan.
- Raise staff and student awareness of the Duty.
- Provide appropriate training and regular updating of training for all staff in the College.
- Active engagement from college principals and the senior management of the institution with the range of Prevent partners including police.
- Appointment at a senior level of a single Prevent point of contact for each college.
- Engagement with the Scottish FE Prevent network at a senior level through Regional Chairs and Principals. A national strategic Prevent lead from both will represent the sector at the Prevent subgroup.
- Participate in local CONTEST or Prevent multi-agency groups. As well as any action plans agreed by each institution, these multi-agency groups will monitor delivery against the wider Prevent implementation plan.
- IT Acceptable Use Policy, appropriate filtering and reporting on internet access.
- Appropriate risk assessment related to events, speakers, clubs and societies.

**College Safeguarding Duty** - Every adult in Scotland has a role in ensuring all our children, young people and adults at risk live safely and can reach their potential. The College is committed to collaboratively safeguarding the safety and wellbeing of children, young people and adults at risk who undertake study or employment with the College and takes all reasonable steps to safeguard students and staff. (College Lead Gillian Plunkett; Director, Student Experience)

- Develop appropriate Policy and Procedures.
- Create an action plan.

- Ensure College membership of the Prevention of Vulnerable Groups (PVG) Scheme and that all staff have PVG disclosure.
- Raise staff and student awareness of the Duty.
- Provide appropriate training and regular updating of training for all staff in the College.
- Appoint Safeguarding Coordinators and provide appropriate training though OD.

**College Corporate Parenting Duty** - The Children and Young People Act 2014 has passed new legislation relating to Care Leavers in Scotland. Under the Act, Post-16 Education Bodies are considered to be 'corporate parents' from 1 April 2015. (College Lead Gillian Plunkett ; Director, Student Experience)

- Develop appropriate Policy and Procedures.
- Create an action plan.
- Impact assess services.
- Raise staff and student awareness of the Duty.
- Provide appropriate training and regular updating of training for all staff in the College.
- Report on performance
- Collaborate with other Corporate Parents.

Commentary (Update):

The College Prevent Duty and Corporate Parenting Duty are relatively new coming in to force in 2015. As a result the College is developing an overarching Corporate Caring Responsibilities Policy and has appointed an overseeing group to develop this further. Furthermore, Who Cares Scotland? have undertaken staff development with BoM, SMT and Curriculum Heads. Feedback from Who Cares Scotland? will be considered within the Corporate Parenting Strategy. The Corporate Caring Group have developed a College Corporate Parenting action plan to ensure we are adhering to our statutory duties. This plan was approved by the Student Staff and Equalities Committee in May 2017.

A Corporate Care short life working group (SLWG) was established in May 17 to review the current policy position, identify leads for each of the statutory duties, develop an overarching college action plan with leads for each area, establish staff training requirements and finally reporting of KPIs.

A corporate care action plan has now been developed and KPIs will be reported at SMT and Board committees throughout the year.

Risk Owners: VP Student Experience/Director Student Experience/VP Infrastructure (Prevent – College Secretary)

| Current Risk Score: | Gross Risk Score<br>(assuming no treatment) |
|---|---|
| Likelihood 3/5<br>Impact 4/5<br><br>Risk Score 12/25<br><br>RAG Rating: AMBER<br><br>**Target Score: 4** | Likelihood 5/5<br>Impact 4/5<br><br>Risk Score 20/25 |
| **Risk Appetite<br>(Willing to accept):** | **Risk Tolerance<br>(Able to accept):** |
| **Low** Medium High | Category: Compliance/ Student Experience<br><br>**Low** Medium High<br>**1 2** 3 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |

## Risk Management Action Plan

**Risk Description: Failure to agree a sustainable model and level of grant funding within Glasgow Region**

**Risk ID: 23**

**Owned by: VPFHR/ VPSE** **Review Date: Sept 2017**

## Update

**Full Description:**

**Context:**

While approving the new campus development and funding, Scottish Funding Council (SFC) also confirmed their commitment to 210,000 WSUMs (Subsequently referred to as 180,000+ Credits).of funded activity once the campus was complete.

In February 2015 the Scottish Government, SFC, Glasgow Colleges Regional Board (GCRB), and the three College Boards agreed a Curriculum and Estates Strategy for Glasgow, and in doing so, ensure that the City of Glasgow College receives the equivalent of 210,000 WSUMs within an agreed timeframe. Within the agreed 2015-2020 Curriculum and Estates Plan for the Glasgow Region, a transitional move of funded activity from Kelvin and Clyde Colleges was agreed, as well as additional growth at City, to ensure that the grant-funded activity level target for City is achieved. Although the annual total volume of funded activity has been agreed, the value of the funding is still subject to annual discussion and agreement.

SFC implemented a new funding methodology for the sector for the 2015-16 grant allocation. There was a move away from WSUMs to a new Credit based approach. SFC are still in a transition period moving to full implementation of the Credit funding model and this will continue to negatively impacting level of grant funding allocated to the Glasgow Region in future years.

SFC announced the initial regional funding allocations following which GCRB allocated funding to the three Glasgow Colleges.

This Risk is a new risk combining the previous Risks 17 (funding methodology) and Risk 18 (level of grant funding) which this risk now supercedes.

**Commentary (Update):**

In 2015-16 & 2016-17 26 staff were TUPE transferred from Kelvin to City; no further staff transfers are required. The transfer of Credits within the region agreed in the Curriculum and Estates Plan for the Glasgow Region was completed in 2016-17.

SFC announced the 2017-18 initial regional funding allocation on 10th Feb 2017. This again incorporated a transitional adjustment to reduce the impact from the introduction of the new funding methodology. The transitional adjustment for Glasgow is a negative £1.1m and is by far the largest adjustment of any Region.

The total funding allocated to Glasgow is £105.4m - up only 0.4% on 2016-17. However the teaching grant has increased by 2.8% (£2.2m). GCRB have reserved £381k of the regional SFC funding to support their discrete running costs, and as a consequence only £1.8m of the additional funding is being allocated to the Colleges. The Regional funding allocation for 2017-18 will ensure that City exceed the agreed activity level of 180,000+ Credits, however there remains ongoing uncertainty regarding the value of the grant funding for this volume of Credits. Within the allocation for 2017-18 City will deliver 2,920 additional efficiency Credits, 1,330 additional SFC funded Credits and 2,315 additional SFC ESF funded Credits.

City has previously expressed concern regarding the GCRB funding methodology especially the following funding

- SIMD grant allocation
- ESF grant allocation
- Capital Maintenance grant allocation

The 2017-18 GCRB funding allocation means that City has the lowest grant per Credit in the sector at £196 per Credit compared to the Glasgow Regional average of £222 and the sector average of £244.

The SFC Capital Maintenance grant allocation within the Region is extremely disappointing for City of Glasgow College. The Glasgow allocation based on the regional Credit was £4.5m and City proportionate share would have been £2m however GCRB have only allocated City £1.3m. In 2016-17 City also received a disproportionately low SFC Capital Maintenance grant and was the only College to not receive any share of the additional £10m SFC Capital Maintenance grant funding.

The increased Glasgow allocation effectively still represents a significant efficiency saving, as agreed within the Glasgow Curriculum Plan. The funding increase for City will assist in funding the additional activity and the new campus annual unitary charge of £2.5m; however efficiencies are still required to deliver the ROA targets and a balanced budget.

The level of uncertainty regarding the value of future funding is still high with significant risk linked to SFC and GCRB funding methodology.

This risk is being mitigated by robust curriculum planning at City and close involvement with GCRB and the other Glasgow Colleges.

| **Current Risk Score:** | **Gross Risk Score**<br>**(assuming no treatment)** |
|---|---|
| Likelihood 3/5<br>Impact 5/5<br>Risk Score 15/25<br>RAG Rating: RED<br>**Target Score: 5** | Likelihood 5/5<br>Impact 5/5<br>Risk Score 25/25 |
| **Risk Appetite**<br>**(Willing to accept):** | **Risk Tolerance**<br>**(Able to accept):** |
| <u>**Low**</u> Medium High | Category: Financial<br><u>Low</u> Medium High<br>1 **2** 3 4 5 6 |

| | | | | | |
|---|---|---|---|---|---|
| Impact | 5 | **10** | 15 | 20 | 25 |
| | 4 | 8 | 12 | 16 | 20 |
| | 3 | 6 | 9 | 12 | 15 |
| | 2 | 4 | 6 | 8 | 10 |
| | 1 | 2 | 3 | 4 | 5 |
| x | Likelihood | | | | |