

Board of Management: Audit Committee

Date of Meeting	Wednesday 15 November 2017
Paper No.	AC2-C
Agenda Item	6
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	8 November 2017
Action	For Discussion and Decision

1. Recommendations

1. To consider the review of new risks, recently changed risk scores, and to review high scoring risks.
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, new 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 in the current review cycle to December 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 10 - Negative Impact of Statutory Compliance Failure (AMBER)
- Risk 11 - Failure of Corporate Governance (AMBER, previously GREEN)
- Risk 12 - Failure of Business Continuity (RED previously AMBER) – **propose review of risk score; Incident Report Form attached in appendices.**
- Risk 15 - Failure to achieve operating surplus via control of costs and achievement of income targets. (RED previously 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).
- Risk 24 - Failure of Compliance with the General Data Protection Regulations (GDPR) (AMBER, new Risk)
- Risk 25 – Failure of IT System Security (GREEN, new Risk)

3.6 A revised Risk Register is included in the appendices.

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 Management Action Plan

Risk Description: Negative impact of statutory compliance failure

Risk ID: 10

Owned by: SMT/CSP

Review Date: October 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) **NB A new Risk Management Action Plan has been created for this issue.**

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 Policies 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. Now elevated to a stand alone strategic risk (Audit Committee September 2017)

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 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/>

Failure to comply with the directive could result in very considerable fines being imposed.

A paper has been presented to SMT (August 2017) and is included on the Audit Committee agenda (September 2017).

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 Impact 5/5 Risk Score 10/25 RAG Rating: AMBER Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
Low Medium High	Category: Compliance/ Reputation Low Medium High 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: November 2017

Update

Full Description:

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.

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.

Treatment:

- Maintenance and monitoring of sound governance procedures and processes
- Regular meetings of Board Audit Committee
- Regular Internal and External Audit review and reportage to Board of Management Board development activities and self-evaluation process.
- External Board Effectiveness Review
- College Secretary Training and Development

Commentary (Update):

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.
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).
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.
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. “.

Board members were reminded of the requirement to complete individual appraisals at the Board planning event in October 2017. This process is ongoing and incomplete at November 7th 2017.

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

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 2/5 Impact 5/5 Risk Score 10/25 RAG Rating: AMBER Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High	Category: Reputation/ Compliance <u>Low</u> Medium High 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: November 2017

Update

Full Description:

1. Severe Fire/Flood
2. Terrorist attack
3. IT Systems Failure (incl Cybercrime) **See Risk MAP 25.**
4. Other emergency circumstances resulting in main service failure, and threatening the operation of the College as described in Business Continuity Plan v3.4.

Treatment:

1. Maintain current operational controls.
2. Create and regularly review Business Continuity Plan (BCP).
3. Communicate plan to all senior staff.
4. Ensure that local recovery plans are developed and reviewed.
5. Test and Review at local and College level.

Commentary (Update):

1. Current operational controls are in place with responsibility transferred to GLQ via the NPD contract. Responsibility for communication remains with the College.
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 (as at October 2017) in consultation with VP Infrastructure and Head of Facilities Management, with updated contact details of contractors, senior staff etc. and located on Connected (BCP v3.8). BCP testing has been considered with PR Consultants, bearing in mind the need to consider the health and safety implications of a practical exercise in the current climate.
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 – See Risk MAP 25 for updates from October 2017.

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 known 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.

Incident Report

On November 7th 2017 there was an incident - loss of water supply at City Campus - involving the invocation of the Business Continuity Plan by VP Infrastructure in agreement with VP Student Experience. The incident was due to a failure of a water valve restricting water supply. The Emergency Response Team met immediately upon the incident being reported, and followed the appropriate BCP checklists and processes including Team Leader Emergency Response and Loss of Water checklists. The Emergency Response Team undertook an assessment of the incident level (Level 2, BCP P16), and management of the incident. The incident was assessed as critical to ongoing business at City Campus, and the Emergency Response Team decided to curtail the majority of College activity for the day, while maintaining a reduced staff complement.

Following management of the incident, Team members reconvened to reflect on the invocation of the BCP, both on elements that worked well and lessons learned.

The Incident Report Form was circulated to Emergency Team members for further reflection and feedback.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 4/5 Impact 5/5 Risk Score 20/25 RAG Rating: RED Target Score: 5 Propose Review of Risk Score in the light of creation of new IT Failure Risk 25, and successful invocation of BCP (7/11/17).	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High 	Category: Business Continuity <u>Low</u> Medium High 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

Appendix 3 – Incident Report Form

Summarise the situation on this form as reported at 1600 hours. A fresh form may be required as the situation becomes clearer and at periodic intervals.

Questions	Noted By	Record Information here
What has happened, e.g. fire, explosion, theft, malicious damage, water damage, power failure, denied access?	FS/PC	Loss of water supply
Who is involved – any casualties: <ul style="list-style-type: none"> • Any injury reports? • Any staff, visitor or contractor injuries or fatalities? • Where are staff now? – evacuated, or not • Have incident services (fire, police, ambulance)/ local authority been called? 	FS/PC	No casualties nor injuries reported Staff informed that activity within the building would stop, including classes. Building remains open with restricted activity and minimal staffing.
When did it occur?	FS/PC	Ongoing intermittent problem managed through the previous evening and current day (6/7 th November), which became critical at 3.00pm due to minimum required level of water breached in the tanks at this time.
Where is the problem?	FS/PC	Water tanks City Campus
Why did it happen? If known at this stage.	FS/PC	Failure of water valve restricting water supply. Now resolved.
Who is in charge of the situation?	FS/PC	VP Fares Samara

Who knows about the situation so far? Who else needs to know?	FS/PC	All relevant staff informed NB Duty Manager (evening) had gone home, and cover was arranged. (see below)
When was the Principal contacted and by whom?	FS/PC	Contact made at 3.50pm by C Gallacher.

Review Points:

At emergency response meeting, identify evening duty manager and invite to the incident control room. Include DM in Emergency Response Team list.

Further review to follow.

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

The key risk are;

- Failure to effectively control the 2017-18 cost budget, £31.8m.
- Managing the NPD contract costs and performance.
- Future impact of potentially higher inflation.

In May, the Audit Committee agreed to increase both the likelihood and impact score of this risk from 3 to 5 and from 2 to 3 respectively, resulting in a risk score of 15 **RED**. The risk owners propose that this assessment be retained for the present.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 5/5 Impact 3/5 Risk Score 15/25 RAG Rating (Overall): RED (Risk Score increased from AMBER - May 2017) Target Score: 2	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High	Category: Finance Low <u>Medium</u> High 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							REALISTIC
INCOME AND EXPENDITURE ACCOUNT							
FOR THE YEAR ENDED 31 JULY							
	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
Revaluation 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)
Previously Reported Surplus / (Deficit) % of expenditure excluding unitary charge	128	303	(815)	(1,241)	(1,392)	(1,976)	(1,793)
	2.5%	1.5%	0.0%	(3.8%)	(4.8%)	(4.7%)	(4.6%)

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 (assuming no treatment)
Likelihood 3/5 Impact 5/5 Risk Score 15/25 RAG Rating: RED Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
Low Medium High	Category: Financial <u>Low</u> Medium High 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 Compliance with the General Data Protection Regulations (GDPR)

Risk ID: 24

Owned by: DCS/CSP

Review Date: November 2017

Update

Full Description: Failure to be effectively prepared as an organisation to comply with the GDPR from its commencement in May 2018.

Detailed risks:

- Significant fines for non-compliance.
- The GDPR also makes it easier for individuals to bring private claims against organisations.
- Where we fail to comply there are clear reputational risks for the College both with external stakeholders and with our staff and students.

Treatment: Clear implementation project with embedded linkages to the systems integration project.

Commentary (Update):

The Audit Committee noted advice from the External Auditor regarding the Protection of Personal Data Directive from the EU (which the UK Government will extend post-Brexit).

The General Data Protection Regulations (GDPR) will come into force in the UK from 25 May 2018.

Failure to comply with could result in very considerable fines being imposed and the possibility of reputational damage.

A paper has been presented to SMT (August 2017) and was included on the Audit Committee agenda (September 2017).

Many of the GDPR's main concepts and principles are much the same as those in the current Data Protection Act (DPA). The College's current approach to compliance will remain valid under the GDPR and can be the starting point to build from. However, there are new elements and significant enhancements, so we will have to do some things for the first time and some things differently.

The impact of the GDPR is dependent upon the nature of an organisation's business, the personal data it processes and what it actually does with that data. We are currently carrying out a data audit and mapping exercise. This will ensure that we understand clearly what are doing with both the data of students and employees

across the organisation. This exercise is enabling us to prioritise areas for action and identify what aspects of the GDPR will have the greatest impact on the College.

If we as an organisation take the time to properly prepare for and comply with the new Regulation then we will not only avoid the risk of significant fines and reputational damage, but take advantage of the opportunity to improve our data handling and information security systems and our compliance processes and to ensure that our contractual, staff and student relationships are more professional, robust and reliable.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 2/5 Impact 5/5 Risk Score 10/25 RAG Rating: AMBER Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High	Category: Compliance/ Reputation <u>Low</u> Medium High 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 IT Security

Risk ID: 25

Owned by: VPI

Review Date: November 2017

Update

Full Description:

1. Cybercrime
2. Other emergency circumstances resulting in main service failure, and threatening the operation of the College as described in Business Continuity Plan v3.4.

Treatment:

1. Maintain current operational controls.
2. Review Business Continuity Plan (BCP).
3. Ensure that IT Disaster Recovery plans are developed and reviewed.
4. Test and Review at local and College level.

Commentary (Update):

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 known 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.

To reduce the likelihood of a failure the college has taken the following additional measures:

- The College has taken out renewed subscriptions for two of the leading antivirus providers (Bitdefender and Sophos). This means that the College benefits from a multi-vendor approach to security across campus.
- The college physical IT estate (classroom and staff PC's) are being refreshed with the latest version with an improved management platform for Sophos to enable quicker alerting to incidents.
- The College VDI platform is being updated to use Bitdefender due to better on demand scanning for VDI.
- The College is configuring servers to scan central file storage using both versions of AV to ensure that any zero day exploit risk is minimised.
- The College continues to monitor and apply security patches to both desktop machines and server infrastructure on a regular basis.
- The College is also engaging with specialist security providers to complete a cyber threat assessment who will be able to advise what addition measures may be deployed and any associated costs.

Risk Score to be confirmed

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 1/5 Impact 5/5 Risk Score tbc /25 RAG Rating: tbc Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High	Category: Business Continuity <u>Low</u> Medium High 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 Register: 08 November 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		Risk 1 MAP.docx	Sept '17
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Aug '17
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		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	Oct '17
Growth and Development	Failure to complete project programme to schedule	5	1	DPr	1	5	5	25	5		Risk 5 MAP.docx	Sept '17
Growth and Development	Negative impact upon College reputation	6	1	EDCD	2	5	10	25	5		Risk 6 MAP.docx	Oct '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	Oct '17
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirP	2	5	10	20	5		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	Oct '17
Processes and Performance	Negative impact of statutory compliance failure	10	1	SMT/CSP	2	5	10	20	5		Risk 10 MAP.docx	Oct '17
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DCS/CSP	2	5	10	25	5	New Risk Audit 17/9	Risk 24 MAP.docx	Nov '17
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	2	5	10	20	5		Risk 11 MAP.docx	Nov '17
Processes and Performance	Failure of Business Continuity	12	1	VPI/CSP	4	5	20	25	4		Risk 12 MAP.docx	Nov '17
Processes and Performance	Failure of IT system security	25	1	VPI	1	5	5	25	5	New Risk PRNC 17/10	Risk 25 MAP.docx	Nov '17
Processes and Performance	Failure to manage performance	13	1	VPSE/DirP	1	4	4	20	4		Risk 13 MAP.docx	Oct '17
Processes and Performance	Negative impact of Industrial Action	14	1	VPFHR	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		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	Impact of ONS reclassification of the status of colleges (To be reworded - Audit 8/3/17)	19	1	VPFHR	2	4	8	16	3		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	Sept '17
Finance	Negative impact of Brexit	22	1	VPFHR	2	5	10	tbc			Risk 22 MAP.docx	Sept '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
 DSC - Director of Corporate Support

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

Current Net Risk Totals			Net Risk Totals at June 2017		
GREEN	AMBER	RED	GREEN	AMBER	RED
6	13	3	6	14	1

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	