

## Development Committee

<b>Date of Meeting</b>	<b>18 April 2018</b>
<b>Paper No.</b>	<b>DC3-B</b>
<b>Agenda Item</b>	<b>4</b>
<b>Subject of Paper</b>	<b>Strategic Risk Review</b>
<b>FOISA Status</b>	<b>Disclosable</b>
<b>Primary Contact</b>	<b>Paul Clark, College Secretary/Planning</b>
<b>Date of production</b>	<b>11 April 2018</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### 1. Recommendations

1. To note the review of strategic risks as relevant to the Committee's remit
2. To review the Risk Scores and Risk Management Action Plans associated with these risks, and recommend for approval by the Board of Management.

## 2. Purpose of report

2.1 The purpose of this report is to provide the Committee with an update on the Senior Management review of strategic organisational risks relating to Growth and Development, via the Risk Management Actions Plans (MAPs) for these risks. Also included is the revised Risk Register.

## 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, and the Board of Management. 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.

3.2 In line with recommended good practice as identified by the Internal Audit of Risk Management in 2013/14, each Board Committee has since undertaken a regular review of the strategic risks within its remit.

3.3 The strategic risks which most closely relate to the committee's remit (with current risk scores and RAG rating) are:

- Risk 6 - Negative impact upon College reputation (10/AMBER)
- Risk 7 - Failure to achieve improved business development performance with stakeholders (10/AMBER)

3.4 At the Audit Committee meeting of 21 February, that Committee requested that the Risk MAP for Risk 16 - Failure to maximise income via diversification (6/AMBER) be reviewed by the Development Committee at its next meeting, and specifically to review the risk score which the Audit Committee considered to be low.

3.4 The Risk Management Action Plans for Risks 6 , 7, and 16 are attached at Appendix 1, and provide more detailed descriptions of the risks, treatments, and commentaries.

3.5 A full review of strategic risks is currently being undertaken, involving senior Risk "owners". All updated Risk MAPs will be reported to the respective Committees and full Board of Management within the current meeting cycle.

## **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 and legal compliance status.

4.2 Several strategic risks are financial in nature, and potentially constitute a threat to the College's stated Strategic Priority 7: to "Maintain our long-term financial stability".

4.3 Risk 16: "Failure to maximise income via diversification" is directly aligned with Strategic Priority 8: "To secure diversity of income and sustainable development", so any change to the score of this risk has a particularly high strategic significance.

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 Management Action Plans 6, 7, 16; Risk Register.**

## Risk Management Action Plan

**Risk Description:** Negative impact upon College reputation

**Risk ID:** 6

**Owned by:** EDCD

**Review Date:** April 2018

## Update

Full Description:

1. Failure to protect and maintain the brand.
2. Complaint to Scottish Public Services Ombudsman upheld

Treatment:

1. Now that the City Campus is operational the Communications team is reviewing the mechanisms and best practice for internal and external communication. The CDD is also reviewing the structure of the team to ensure that is more relevant and fit for purpose to maintain the brand.
2. College Complaints Procedure to be available and communicated to all employees; train staff, including managers in operation of college policies & procedures, including legal requirements

Commentary (Update):

1. New Complaints procedure agreed and implemented in line with developments in SPSO framework for FE.
2. The College Complaints Report is now published via the College Website, in line with SPSO requirements.
3. Further staff training now in place to support implementation of SPSO model complaints handling procedure.
4. Through the Meltwater News platform the College continues to monitor its coverage, reputation and positioning within the marketplace on a daily basis
5. Ongoing press enquiries relating to a wide range of areas are commonplace, including some relating to College operations at the City Campus. The College is also experiencing a high volume of FOISA requests at present, covering a wide range of areas from staff salaries and performance related payments, campus events, overseas expenditure, student support, budgets, industrial action information, communications with politicians, etc.
6. Positive press coverage relating to a number of awards, events, and the official royal opening have featured in the press and other media in recent months.
7. College Annual Report 2016-17 published, highlighting various College successes.

N.B. Further commentary to be provided at Development Committee meeting 18/4/18.

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

Impact	5	<b>10</b>	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 business development performance with stakeholders

Risk ID: 7

Owned by: EDCD

Review Date: April 2018

## Update

### Full Description:

Loss of/Failure to build effective partnerships/Reputational Risks/Staff Health and Well Being (see Level 2 Risks below).

### Treatment:

Relationships are managed as detailed in the Corporate Development Plan and in line with the agreed Business Development Process Map to ensure good communications, and that any issues are dealt with timeously. The Plan has been reviewed with reference to the College Strategic Plan 2017-25 and the 8 strategic priorities. In line with Strategic Priority 8 the additional strategic planning documents are now required for:

- International/Global reach
- Commercial & Business Development
- Sponsorship
- Employer Engagement
- Corporate Communications

### N.B. Associated Level 1 Risks:

- Growth and Development/College Reputation (Risk 6)
- Statutory Compliance Failure (Risk 10)
- Finance/Income Targets (Risk 15)
- Income diversification (Risk 16)

### Commentary (Update):

The documents indicated above will come to the Board as part of the new Corporate Development Strategy, relating to delivery of the new College Strategic Plan 2017-25. This strategy is under further development to feature associated initiatives.

The Corporate Development team continue to work with the Faculties in procuring new business as well as sourcing sustainable and reputable opportunities for additional non-government income.

N.B. Further commentary to be provided at Development Committee meeting 18/4/18.

<b>Current Risk Score:</b>	<b>Gross Risk Score (assuming no treatment)</b>
Likelihood 2/5 Impact 5/5  Risk Score 10/25  RAG Rating: <b>AMBER</b>  <b>Target Score: 5</b>	Likelihood 5/5 Impact 5/5  Risk Score 25/25
<b>Risk Appetite (Willing to accept):</b>	<b>Risk Tolerance (Able to accept):</b>
<u>Low</u> Medium High	Category: Change and Development Activities  Low <u>Medium</u> High 1 2 3 <u>4</u> 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 maximise income via diversification**

**Risk ID: 16**

**Owned by: VPFHR/ EDCD**

**Review Date: April 2018**

**Nb Audit Committee comments noted below**

### Update

#### **Full Description:**

Failure to optimise income opportunities via existing and potential markets and partners.

#### **Treatment:**

Develop of Corporate Development Plan to deliver the College Corporate Development Strategy. Manage and monitor the delivery of the plan.

#### **Commentary (Update):**

The Corporate Development Strategy was approved by the Board of Management Development Committee and contains plans, initiatives and targets to meet the overall College strategic priorities.

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.

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 performance reviews has been undertaken and reviewed the delivery of Non SFC Fundable course fee income.

#### April 2018 Update:

The College set a conservative 2017-18 target for Non SFC Fundable course fee income in June 2017. The 2017-18 budget for non SFC Fundable course fees was agreed at a higher income target of £8.1m an increase of £317k (4.1%) incorporating a proportion of the new Flexible Workforce Development Fund (FWDF) activity (£500k). The initial Non SFC Fundable course fee income target also incorporated an anticipated reduction in overseas income of £147k. There was a significant challenge for the Corporate Development Team and Faculties to deliver the new FWDF activity therefore the target was set at £500k rather than the full £894k.

The College is currently below the 2017-18 annual target (appendix 1). The majority of the shortfall is commercial course delivery in City Enterprise and the Faculties. The Risk Score remains at Amber however with a higher risk score as the income delivered



by July 2018 is highly likely to be below the income targets for 2017-18.

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 71% of the College income (includes the NPD funding).

NB At the Audit Committee meeting of 21 February 2018 it was agreed that this Risk MAP be referred to the Development Committee for further consideration at its next meeting (16/4/18). The Principal reported to the Audit Committee that the College structure has been strengthened to focus upon income generation from diverse sources (international and commercial).

Audit Committee suggest review of Risk target score – which is considered low, and Risk appetite and tolerance.

<b>Current Risk Score:</b>	<b>Gross Risk Score (assuming no treatment)</b>
Likelihood <b>4/5</b> Impact <b>3/5</b> Risk Score <b>12/25</b> RAG Rating: <b>AMBER</b> <b>Target Score: 9 (3x3) based on ambitious future targets</b>	Likelihood 5/5 Impact 4/5 Risk Score 20/25
<b>Risk Appetite (Willing to accept):</b>	<b>Risk Tolerance (Able to accept):</b>
<u>Low</u> Medium High	Category: Change and Development/ Financial Low <u>Medium</u> High 1 2 <b>3</b> 4 5 6

Impact	5	10	15	20	25
	4	8	12	16	20
	3	<b>6</b>	9	<b>12</b>	15
	2	4	6	8	10
	1	2	3	4	5
x	Likelihood				

## Student Recruitment Plan 2017-18 Commercial Fee Income

Faculty	Commercial Fees Target 17/18	Commercial Fees Proj 17/18	Educational Contract Fees Target 17/18	Educational Contract Fees Proj 17/18	HE Articulation Fees Target 17/18	HE Articulation Fees Proj 17/18	Overseas Fees Target 17/18	Overseas Fees Proj 17/18	TOTAL NON Fundable Fees Target 17/18	TOTAL NON Fundable Fees Proj 17/18	TOTAL NON Fundable Fees 16/17
B - Business	£354,270	£315,351	£341,695	£322,479	£392,243	£371,731	£12,700	£435	£1,100,908	£1,009,997	£1,080,354
C - Creative Industries	£13,076	£13,418	£146,300	£196,600	£0	£0	£6,350	£6,350	£165,726	£216,368	£199,875
E - Building, Engineering and Energy	£219,222	£86,668	£0	£0	£456,646	£482,562	£6,350	£13,135	£682,218	£582,365	£759,613
L - Leisure and Lifestyle	£57,855	£54,684	£168,147	£204,198	£190,338	£190,337	£0	£12,090	£416,340	£461,309	£580,037
N - Nautical	£2,583,325	£2,472,306	£0	£0	£0	£0	£1,829,997	£1,764,598	£4,413,322	£4,236,903	£4,464,795
S - Education and Society	£434,801	£467,585	£0	£71,817	£0	£0	£19,230	£13,600	£454,031	£553,002	£396,246
T - City Ents	£369,370	£253,085	£0	£0	£0	£0	£0	£0	£369,370	£253,085	£307,288
W- World Skills	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
FWDF	£0	£0	£500,000	£450,000	£0	£0	£0	£0	£500,000	£450,000	£0
<b>Grand Total</b>	<b>£4,031,920</b>	<b>£3,663,097</b>	<b>£1,156,142</b>	<b>£1,245,095</b>	<b>£1,039,227</b>	<b>£1,044,630</b>	<b>£1,874,627</b>	<b>£1,810,208</b>	<b>£8,101,916</b>	<b>£7,763,030</b>	<b>£7,788,208</b>

CITY OF GLASGOW COLLEGE							
	Actual 2013-14 £000	Actual 2014-15 £000	Actual 2015-16 £000	Actual 2016-17 £000	Projected 2017-18 £000	5 Year Growth £000	5 Year Growth %
<b>INCOME ANALYSIS</b>							
SFC Grant in Aid	£27,303	£27,288	£29,797	£32,628	£34,290	£6,987	25.6%
SFC Other Income	£3,400	£4,094	£5,439	£7,656	£8,707	£5,307	156.1%
SFC NPD Income	£549	£473	£4,951	£18,792	£20,185	£19,637	3580.0%
<b>Total SFC Income</b>	<b>£31,251</b>	<b>£31,855</b>	<b>£40,187</b>	<b>£59,076</b>	<b>£63,182</b>	<b>£31,931</b>	<b>102.2%</b>
Course Fees	£8,689	£8,997	£9,683	£10,540	£10,959	£2,270	26.1%
Education Contracts	£1,533	£2,095	£1,956	£1,895	£2,289	£756	49.3%
<b>Total Course Fee Income</b>	<b>£10,222</b>	<b>£11,092</b>	<b>£11,639</b>	<b>£12,435</b>	<b>£13,248</b>	<b>£3,026</b>	<b>29.6%</b>
Total Commercial & Overseas Income	£5,558	£5,314	£5,459	£5,813	£5,473	-£85	-1.5%
Other Commercial Income	£3,005	£2,510	£1,860	£1,345	£1,477	(£1,528)	(50.8%)
<b>Total Commercial Income</b>	<b>£8,563</b>	<b>£7,824</b>	<b>£7,319</b>	<b>£7,158</b>	<b>£6,950</b>	<b>(1,613)</b>	<b>(18.8%)</b>
<b>Student Accomodation</b>	<b>£1,395</b>	<b>£1,257</b>	<b>£2,051</b>	<b>£2,223</b>	<b>£2,086</b>	<b>£691</b>	<b>49.5%</b>
<b>Catering Income</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£1,421</b>	<b>£1,708</b>	<b>£1,708</b>	<b>N/A</b>
<b>Foundation</b>	<b>£0</b>	<b>£207</b>	<b>£6,515</b>	<b>£2,410</b>	<b>£1,000</b>	<b>£1,000</b>	<b>N/A</b>
<b>Net Return on Pension</b>	<b>£242</b>	<b>£620</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>(£242)</b>	<b>(100.0%)</b>
<b>NON SFC Income</b>	<b>£20,422</b>	<b>£21,000</b>	<b>£27,524</b>	<b>£25,647</b>	<b>£24,992</b>	<b>£4,570</b>	<b>22.4%</b>
<b>Total Income</b>	<b>£51,673</b>	<b>£52,855</b>	<b>£67,711</b>	<b>£84,723</b>	<b>£88,174</b>	<b>£36,501</b>	<b>70.6%</b>
<b>Total Funding Council Grant as % of Total Income</b>	<b>60%</b>	<b>60%</b>	<b>59%</b>	<b>70%</b>	<b>72%</b>		<b>11%</b>
<b>Further Breakdown</b>							
Faculty Business	£532	£445	£434	£345	£316	(£216)	(40.6%)
Faculty BEE	£104	£239	£127	£239	£100	(£4)	-3.8%
Faculty Creative Ind	£42	£34	£61	£46	£20	(£22)	-52.4%
Faculty Leisure	£61	£83	£134	£96	£67	£6	9.8%
Faculty Nautical	£3,937	£3,927	£4,117	£4,413	£4,237	£300	7.6%
Faculty Educ & Soc	£396	£332	£343	£367	£480	£84	21.2%
City Enterprise	£486	£254	£243	£307	£253	(£233)	(47.9%)
<b>Total Commercial &amp; Overseas Course Fee Income</b>	<b>£5,558</b>	<b>£5,314</b>	<b>£5,459</b>	<b>£5,813</b>	<b>£5,473</b>	<b>(£85)</b>	<b>-1.5%</b>
Commercial Fee Income	£3,311	£3,106	£3,221	£3,844	£3,663	£352	10.6%
Overseas Fee Income	£2,247	£2,208	£2,238	£1,969	£1,810	(£437)	(19.4%)
<b>Total Commercial &amp; Overseas Income</b>	<b>£5,558</b>	<b>£5,314</b>	<b>£5,459</b>	<b>£5,813</b>	<b>£5,473</b>	<b>(£85)</b>	<b>-1.5%</b>
EU Grants & Other Grants	£237	£56	£341	£189	£512	£275	116.0%
Malta	£798	£583	£88	£0	£0	(£798)	(100.0%)
Angola	£670	£650	£150	£0	£0	(£670)	(100.0%)
Nautical Faculty - Exam Fee Charges	£230	£242	£282	£268	£240	£10	4.3%
Leisure & Lifestyle Faculty - Outlets	£151	£153	£138	£261	£273	£122	80.8%
Other Income	£919	£826	£861	£627	£452	(£467)	(50.8%)
<b>Total Other Commercial Income</b>	<b>£3,005</b>	<b>£2,510</b>	<b>£1,860</b>	<b>£1,345</b>	<b>£1,477</b>	<b>(£1,528)</b>	<b>(50.8%)</b>

### Risk Register: 16 April 2018

RISK DETAIL					CURRENT EVALUATION			AIM and PROGRESS			RISK TREATMENT	
Strategic Theme	Risk Name	Risk ID	Level	Risk Owner	Likelihood	Impact	Net Risk Score	Gross Risk Score	Target Risk Score	Risk Movement	Link to Risk Mgt Action Plan (MAP)	Date of last review
Students	Failure to support successful student outcomes	1	1	VPSE	2	5	10	25	5		<a href="#">Risk 1 MAP.docx</a>	Apr '18
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		<a href="#">Risk 2 MAP.docx</a>	Apr '18
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		<a href="#">Risk 3 MAP.docx</a>	Apr '18
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	2	5	10	20	4	Propose change to 1x5=5	<a href="#">Risk 21 MAP.docx</a>	Apr '18
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DPr	3	3	9	20	3		<a href="#">Risk 4 MAP.docx</a>	Apr '18
Growth and Development	Failure to complete project programme to schedule	5	1	VPI	1	5	5	25	5		<a href="#">Risk 5 MAP.docx</a>	Jan '18
Growth and Development	Negative impact upon College reputation	6	1	EDCD	2	5	10	25	5		<a href="#">Risk 6 MAP.docx</a>	Jan '18
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	EDCD	2	5	10	25	5		<a href="#">Risk 7 MAP.docx</a>	Jan '18
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirP	2	5	10	20	5		<a href="#">Risk 8 MAP.docx</a>	Jan '18
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	VPFHR	2	2	4	20	3		<a href="#">Risk 9 MAP.docx</a>	Feb '18
Processes and Performance	Negative impact of statutory compliance failure	10	1	CSP/DCP	2	5	10	20	5		<a href="#">Risk 10 MAP.docx</a>	Jan '18
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DCS/CSP	2	5	10	25	5		<a href="#">Risk 24 MAP.docx</a>	Feb '18
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	2	5	10	20	5	Propose change to 1x5=5	<a href="#">Risk 11 MAP.docx</a>	Jan '18
Processes and Performance	Failure of Business Continuity	12	1	VPI/CSP	4	5	20	25	4	Propose change to 3x3=15	<a href="#">Risk 12 MAP.docx</a>	Jan '18
Processes and Performance	Failure of IT system security	25	1	VPI	1	5	5	25	5		<a href="#">Risk 25 MAP.docx</a>	Jan '18
Processes and Performance	Failure to manage performance	13	1	VPSE/DirP	1	4	4	20	4		<a href="#">Risk 13 MAP.docx</a>	Jan '18
Processes and Performance	Negative impact of Industrial Action	14	1	VPFHR	3	4	12	25	4		<a href="#">Risk 14 MAP.docx</a>	Feb '18
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	15	1	VPFHR	4	5	20	25	2	Propose change to 3x3=15	<a href="#">Risk 15 MAP.docx</a>	Feb '18
Finance	Failure to maximise income via diversification	16	1	VPFHR/EDCD	2	3	6	20	4	From 9 to 6 Devt Cttee	<a href="#">Risk 16 MAP.docx</a>	Apr '18
Finance	Failure to obtain funds from College Foundation	20	1	VPFHR	1	4	4	20	3		<a href="#">Risk 20 MAP.docx</a>	Feb '18
Finance	Negative impact of Brexit	22	1	VPFHR	5	2	10	tbc	5		<a href="#">Risk 22 MAP.docx</a>	Feb '18
Finance	Failure to agree a sustainable model and level of grant funding within Glasgow Region	23	1	VPFHR	3	5	15	25	5		<a href="#">Risk 23 MAP.docx</a>	Feb '18

**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
- DCS - Director of Corporate Support
- DirP - Director of Performance
- DCS - Director of Corporate Support

Recent/Proposed change

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

**Trend**

Date	Jun-17	Aug 17	Oct-17	Dec-17	Feb-18	Apr-18	Jun 18 (prop)
Average Risk Score	10	10	9.76	9.56	9.50	9	8.59

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	