Board of Management

Finance & Physical Resources Committee

Date of Meeting	Wednesday 23 May 2018
Paper No.	FPRC4-C
Agenda Item	5
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	17 May 2018
Action	For Discussion/Decision

1. Recommendations

1. To consider and approve the review of Finance and Physical Resources Risks as detailed in the attached Risk Management Action Plans

2. To note the revised Risk Register dated 17 May 2018.

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, in particular those risks related to the Committee's areas of responsibility via the related Risk Management Actions Plans (MAPs) and 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, Audit Committee, and the Board of Management. This responsibility is highlighted in the College Strategic Plan at Strategic Priority 6:

> "6. To be efficient, effective, innovating, and vigilant".

3.2 The risks listed on the Risk Register have been identified by SMT and the Audit Committee, as the current strategic risks faced by the College. The risks are aligned within the same framework of strategic themes as the College Strategic Plan, and those included in the Risk Register have potential impacts on all of the College's Strategic Priorities, in particular Priority 7:

> "7. To maintain our long-term financial stability"

3.3 The strategic Risks included in this report are:

- Risk 5 relating to New Campus Objectives (recommended "closed"- Audit Committee; 16 May, 2018).
- Risks 15, 16, 20, 22, 23 under the Finance Strategic Theme (NB former Risks 17 and 18 have been combined into Risk 23; Risk 19 re ONS implications has been reduced to a level 2 risk).
- Risk 25 relating to IT security.

The Risk MAPs for these risks are attached.

3.4 A full review of strategic risks is ongoing as at May 2018, involving senior Risk "owners", and all Risk MAPs have been updated accordingly.

3.6 A revised Risk Register is included in the appendices.

3.7 Following a major revision of the College Risk Management Policy and Procedure, in late 2016, to include an analysis of Risk Tolerance, the Risk MAPs have been redesigned to include categorisation and scoring of Risks in relation to Risk Tolerance.

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: Highlighted Risk MAPs

Appendix 2: Current Risk Register

Risk Management Action Plan

Risk Description: Failure to complete project programme to schedule (rewording approved: FPRC April 2017)

Risk ID: 5

Owned by: DPr/VPI **Review Date: April 2018**

Update

Full Description

The New Campus Risk Register has undergone a complete review following the Practical Completion of City Campus; as a result 11 risks were transferred to the main College Risk Register. At the April 2017 Finance and PR Committee it was agreed to transfer the undernoted risks to the Finance and Infrastructure Operational Plans.

The transferred risks are as follows:

Ref	Description	Operational Plan
7	Capacity and availability of CGC project resource	Infrastructure (CLOSE)
31	Maintenance and lifecycle management of legacy FF&E	Infrastructure RISK CLOSED
48	Changes in VAT	Finance
72	Mechanisms used to manage accounting reclassification compromise the effective management of contractual obligations or the delivery of transition projects	Finance
38	Utility and telecom connections	Infrastructure (CLOSE)
68	Surplus Property Disposal	Infrastructure RISK CLOSED
56	Breach of SG Conditions for financial support	Finance
16	Change in Policy / Law	Finance
33	Confidential - Title Insurance procured	Infrastructure (CLOSE)
26	Migration risks associated with leased equipment	Infrastructure (CLOSE)
78	Group 3 risk - equipment not procured and ready on time for migration	Infrastructure (CLOSE)

Two residual risks remain to be managed that are directly attributable to the New Campus Project, these are:

Ref	Description	Assessment Score
1	The risk that the College requires changes to the brief or scope of the project which could delay the programme. Such changes would require to be funded by capital using the limited contingency fund and also lead to an increased UC (via FM and Lifecycle costs). Additional costs could be in the form of :Abortive Works :Remedial Works :Accelerated Works :Resequencing of Works to accommodate late changes	**2**
74	GLQ claim Relief or Compensation under NPD Project Agreement leads to delay to occupation or financial exposure (As of Sept 15 this risk is limited to City accommodation phase and City and Riverside external works)	**4**

Risk ID 1: is under close management to ensure that change control procedures are in place and tightly adhered to.

The remaining ID 74 is now limited to the external works at City Campus, City Phase 5 – Bells Park. College initiated changes will be tightly controlled in this context and limited to essential needs only.

April 2018:
With the exception of matters relating to external fencing and some external derogations, this Strategic Risk is effectively closed, subject to the formality noted below and Committee/Board agreement.

It is anticipated that a Bank Certificate for project completion will be forthcoming by early June 2018, which would formally close the risk.

Current Risk Score:	**Gross Risk Score (assuming no treatment)**
Likelihood 1/5 Impact 5/5 Risk Score 5/25 RAG Rating: GREEN **Target Score: 5** **Propose closure of Risk 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: Change and Development/Reputation Low Medium High 1 **2** 3 4 5 6

	5	10	15	20	25
Impact	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: May 2018**

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 current projections are shown in (Appendix 1). **Operating Surplus/Deficit** The College achieved an operating surplus in the Resource Return at 31st March 2017 and delivered an underlying operating surplus in the 2016-17 annual accounts (subject to the outstanding ESF issue referred to below). The College made no transfer to the College Foundation in March 2017. An issue arose in Sept 2017 relating to a Scottish Government request to repay the full ESF funding (£1.25m) for the full ESF programmes delivered by Glasgow Metropolitan College in 2008, 2009 & 2010. There were issues at the time relating to the recording and eligibility of staff costs. The College fully recalculated the project claims based on the requests and guidance of the managing authority and resubmitted these revised claims. We received confirmation of acceptance and final payments were made in December 2015. The College has appealed the unilateral and unfair decision with the appeal hearing scheduled to meet in January 2018. The College appeal was successfully and the Scottish Government confirmed the repayment request has been removed. The accounts were submitted at the end of February 2018 meeting the extended SFC deadline. The approved 2017-18 financial plan the College budgeted for a small underlying operating surplus (£26k) which means a relatively small adverse change to expenditure or income budgets will push the College into an underlying operating deficit. The

current Income & Expenditure current projections (Appendix 1) shows an improved underlying operating surplus of £332k. 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 183,249.
- 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 £11.1m.
- 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 £5.2m.
- 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, £47.5m.
- 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 risks 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.

Given the improved underlying operating surplus projection, the VP Finance and HR is recommending reducing the risk score to 3x3 = 9. Audit Committee agreed to refer this proposed change to the FPRC – 23 May 2018 (Noted by BoM March 2018).

Current Risk Score:	**Gross Risk Score** **(assuming no treatment)**
Likelihood 4/5 Impact 5/5 Risk Score 20/25 (Propose change to 3x3 = 9 AMBER) RAG Rating (Overall): RED **Target Score: 2**	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite **(Willing to accept):**	**Risk Tolerance** **(Able to accept):**
Low Medium High	Category: Finance 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				

Appendix 1

CITY OF GLASGOW COLLEGE APPENDIX A

INCOME AND EXPENDITURE ACCOUNT

	2017/18 Actual 9 months to 30 Apr 18 £000s	2017/18 Budget 9 months to 30 Apr 18 £000s	2017/18 12-month Projection @ May 18 £000s	2017/18 12-month Budget £000s	2016/17 12-month Actual £000s		2017/18 Movement 2017/18 v Budget £000s
Income							
SFC Grants	44,381	45,350	62,756	64,142	59,019	1	(1,386)
Tuition fees and education contracts	16,161	16,618	18,064	18,677	18,248	2	(613)
Other income	4,894	4,408	5,641	5,226	4,955	3	415
Other income - Sale of Buildings	0	0	0	20,800	0	4	(20,800)
Grant from Foundation	1,658	1,000	3,598	1,000	2,410	3	2,598
Investment income	20	17	25	25	34	5	0
Total income	**67,114**	**67,393**	**90,084**	**109,870**	**84,666**		**(19,786)**
Expenditure							
Staff Costs	34,305	35,194	46,438	47,473	44,847	6	(1,035)
Other operating expenses	27,276	27,242	32,192	31,855	32,514	7	337
Other operating expenses - Sale of Buildings	0	0	0	20,800	0	8	(20,800)
Depreciation	7,508	7,521	10,011	10,028	9,957	9	(17)
Voluntary Severance	0	0	2,420	0	0	10	2,420
Total expenditure	**69,089**	**69,957**	**91,061**	**110,156**	**87,318**		**(19,095)**
Operating Surplus / (Deficit)	**(1,975)**	**(2,564)**	**(977)**	**(286)**	**(2,652)**		**(691)**
Loss on sale of fixed asset	0	0	0	(5,607)	(843)		5,607
Operating Surplus / (Deficit) after loss on sale of fixed asset	**(1,975)**	**(2,564)**	**(977)**	**(5,893)**	**(3,495)**		**4,916**
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY							
Operating Surplus / (Deficit)	(1,975)	(2,564)	(977)	(5,893)	(3,495)		4,916
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	96	96	128	2,875	652		(2,747)
Historical cost Surplus/(Deficit) for the period	**(1,879)**	**(2,468)**	**(849)**	**(3,018)**	**(2,843)**		**2,169**
Pension Adjustments			0	0	1,419		0
Foundation Adjustments			(205)	63	(1,437)		(268)
NPD			1,224	1,163	2,488		61
Loss on sale of fixed assets			0	5,607	843		(5,607)
Grant Release from fixed asset sale			0	(1,121)	0		1,121
Building valuation write down			0	0	0		0
Revalutaion reserve			(128)	(2,875)	(652)		2,747
Net Depn (now excluded SFC guidance)			**290**	**207**	**524**		83
Underlying Operating Surplus			**332**	**26**	**342**		**306**

Risk Management Action Plan

Risk Description: Failure to maximise income via diversification

Risk ID: 16

Owned by: VPFHR/ EDCD **Review Date: May 2018**

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.

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).

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).

The Development Committee reviewed this Risk on 18 April 2018, and agreed a risk score of 3x3=9, given consideration of the above commentary, as well as the overall picture of expectations relating to unplanned activity which will result in an improved income figure.

Current Risk Score:	**Gross Risk Score** **(assuming no treatment)**
Likelihood 3/5 Impact 3/5 Risk Score 9/25 RAG Rating: AMBER Change from 4x3=12 agreed by Development Committee 18 April 2018 **Target Score: 9**	Likelihood 5/5 Impact 4/5 Risk Score 20/25
Risk Appetite **(Willing to accept):**	**Risk Tolerance** **(Able to accept):**
Low Medium High	Category: Change and Development/ Financial 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				

Appendix 1

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
Grand Total	**£4,031,920**	**£3,663,097**	**£1,156,142**	**£1,245,095**	**£1,039,227**	**£1,044,630**	**£1,874,627**	**£1,810,208**	**£8,101,916**	**£7,763,030**	**£7,788,208**

CITY OF GLASGOW COLLEGE INCOME ANALYSIS	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 %
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%
Total SFC Income	**£31,251**	**£31,855**	**£40,187**	**£59,076**	**£63,182**	**£31,931**	**102.2%**
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%
Total Course Fee Income	**£10,222**	**£11,092**	**£11,639**	**£12,435**	**£13,248**	**£3,026**	**29.6%**
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%)
Total Commercial Income	**£8,563**	**£7,824**	**£7,319**	**£7,158**	**£6,950**	**(1,613)**	**(18.8%)**
Student Accomodation	**£1,395**	**£1,257**	**£2,051**	**£2,223**	**£2,086**	**£691**	**49.5%**
Catering Income	**£0**	**£0**	**£0**	**£1,421**	**£1,708**	**£1,708**	**N/A**
Foundation	**£0**	**£207**	**£6,515**	**£2,410**	**£1,000**	**£1,000**	**N/A**
Net Return on Pension	**£242**	**£620**	**£0**	**£0**	**£0**	**(£242)**	**(100.0%)**
NON SFC Income	**£20,422**	**£21,000**	**£27,524**	**£25,647**	**£24,992**	**£4,570**	**22.4%**
Total Income	**£51,673**	**£52,855**	**£67,711**	**£84,723**	**£88,174**	**£36,501**	**70.6%**
Total Funding Council Grant as % of Total Income	**60%**	**60%**	**59%**	**70%**	**72%**		**11%**
Further Breakdown							
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%)
Total Commercial & Overseas Course Fee Income	**£5,558**	**£5,314**	**£5,459**	**£5,813**	**£5,473**	**(£85)**	**-1.5%**
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%)
Total Commercial & Overseas Income	**£5,558**	**£5,314**	**£5,459**	**£5,813**	**£5,473**	**(£85)**	**-1.5%**
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%)
Total Other Commercial Income	**£3,005**	**£2,510**	**£1,860**	**£1,345**	**£1,477**	**(£1,528)**	**(50.8%)**

Risk Management Action Plan	
Risk Description:	**Failure to obtain funds from College Foundations**
Risk ID: 20	
Owned by: VPFHR	**Review Date: May 2018**

Update
Full Description: The risk is that applications by the College to access Foundation funds are unsuccessful, leading to under-resourcing of planned initiatives/improvements. **Treatment:** Mitigation consists of a careful framing of the terms of reference of the College Foundation, within the limits of Foundation independence, for which professional legal counsel was sourced externally. The College should ensure that all applications follow the terms of reference and are carefully prepared and managed.
Commentary (Update): **Retention of/ access to accumulated reserves** **The Scottish College Foundation** The sector Foundation has been established and has been granted charitable status. The Foundation is be known as; "The Scottish Colleges Foundation". The College donated £11.7m to the Foundation before the end of March 2014. A meeting has been held with the trustees to discuss the College's application to fund the new campus project. The outcome of the meeting was positive with initial approval of the single full application for the overall new campus project costs and to pay the related grant by a single annual payment per financial year over the following 3 years. The College has applied and received funding of £11.7m, all the £11.7m of funding was linked to the new campus. **City of Glasgow College Foundation** The City of Glasgow College Foundation was formed as a private company limited. The Foundation has achieved charitable status and currently has the maximum of seven trustees. None of the current trustees are members of the College's Board of

Management or College employees. The external auditors are satisfied that the structure and Governance of the Foundation provide independence. The College donated £10m to the Foundation in March 2014 and £3.1m in March 2015.

The College has successfully answered all the trustees' questions and the funding has been agreed.

A further application of approximately £2.8m was submitted at the end of June 2016 and £2.7m approved. The College has applied and received funding of £5.2m in 2017; all this funding is linked to the new campus. The Foundation therefore will still hold a balance of £7.9m subject to further applications for funding.

During 2017-18, further applications of £2.2m was submitted at the end of August 2017 for various equipment and in February 2018 an application for £2.1m to partially fund voluntary severance resulting from the College leadership reorganisation. Both funding applications were approved by the Foundation.

Current Risk Score:	**Gross Risk Score** **(assuming no treatment)**
Likelihood 1/5 Impact 4/5 Risk Score 4/25 RAG Rating: GREEN **Target Score: 3**	Likelihood 4/5 Impact 5/5 Risk Score 20/25
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				

Risk Management Action Plan

Risk Description:	**Negative Impact of Brexit**
Risk ID: 22	
Owned by: VPFHR	**Review Date:** May 2018

Update

Full Description: (n.b. BoM Paper ref.)

The key sub risks of Brexit for the College are identified as follows:

1. Loss of European grant funding. The College received an ESF grant of £4,005,832. in 2017/18.
2. Loss of European Programme funding (Erasmus+, Leonardo, Marco Polo) Skills Development Scotland manage funds, which are partly supported by European Union money, and which Colleges access, for example, Modern Apprenticeships. Any reduction in funding such as this will impact on Region activity.
3. Loss of European contracts where our partner is EU funded e.g. Malta Project
4. Impact on shipping industry
5. CoGC EU Students – numbers in 16/17 were 1,274 from 29,571
6. CoGC EU Staff – very few EU staff (3.25% of total headcount)

Treatment:

1. The Scottish Funding Council has responsibility for managing the European Social Fund (ESF) and the Youth Employment Initiative (YEI). SFC has said that they will work with the Scottish Government, colleges and universities to assess the impact of the outcome of the referendum and to manage that impact, with its priority being to reduce uncertainty for students and institutions in both the short term and the longer term.
2. UK's participation in most of these is assured for at least the next two years and the funding available in many of these programmes is about to increase significantly between now and Programmes' end dates in 2020. It is not clear at this early stage what the impact of Brexit will be on the Erasmus Programme longer term.
3. Securing new partnerships or contracts on EU funded projects will become more challenging.
4. As a leading provider of Maritime Education in the UK, we are actively engaged

in discussion with the UK Chamber of Shipping to ensure that we can contribute, where appropriate, and take advantage, where new opportunities are emerging

5. We will monitor this minor risk in light of wider national developments
6. Given the current staff profile any change linked to Brexit will have a minor impact.

Commentary (Update):

The SFC have confirmed the continuation of ESF teaching activity funding for 2018-19 and this will continue in to 2019-20 however this is likely to be the final year of funding. The College potentially stands to lose a significant amount of EU funding. At the current time it is unclear how or whether this gap will be filled by other external or Government funding.

We will continue to monitor the implications of BREXIT for the College and, as more detail emerges, ensure that we carry out analyses of the implications for students and the potential impact on income streams and overall strategic direction for the College, Region and for the sector.

Current Risk Score:	**Gross Risk Score (assuming no treatment)**
Likelihood 5/5 Impact 2/5 Risk Score 10 /25 RAG Rating: AMBER **Target Score: 5**	Likelihood 5/5 Impact 3 /5 Risk Score 15/25
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				

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 **Review Date: May 2018**

Update

Full Description:

Context:

While approving the new campus development and funding, the 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, ensured 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 impact the 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.

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's proportionate share should 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 not to 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. The final grant allocation from GCRB for 2018-19 has still to be confirmed with the following significant issues;

Capital funding

ESF funding

National bargaining funding

IT infrastructure funding

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 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 IT Security

Risk ID: 25

Owned by: VPI | **Review Date: May 2018**

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 v3.9.

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.
5. Planning for introduction of GDPR.
6. Adoption and compliance with UK Government Cyber Essentials Plus recommendations.
7. Enhance security cyber defence and response capability within college IT services.

Commentary (Update):

Cybercrime: The college network infrastructure remains effective in utilising defensive and detection measures to mitigate the risk of cyber attacks. However, the persistent and constantly evolving threat of criminal and malicious activity, along with emerging vulnerabilities, new technologies and the rise of nation state actors in this arena, require an ongoing programme to maintain a diligent defence to potential threats.

- Antivirus software to counter malware / ransom ware
- Centralised management and configuration of devices
- Active network monitoring tools
- Web and email filters to quarantine suspicious material
- Intruder prevention / detection measures to counter active hackers
- Port filtering and automated defence measures against network attacks (e.g. Distributed Denial of Service)
- Protection against data & web vectors (e.g. SQL injection)
- Awareness raising programmes, policy and guides to counter social engineering / Phishing
- Role based permissions and segregation of access to minimise risk of accidental damage and internal attacks
- Encryption to defend against data loss / theft.

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

- The College has 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 PCs) has been refreshed with the latest version with an improved management platform for Sophos to enable quicker alerting to incidents.

- The College VDI platform has been 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 desktop machines, network devices and server infrastructure.

- The College has a clear plan for implementing GDPR including a review of data and systems with associated recommendations for improvements. (There is a standalone risk plan for Data Protection – Risk MAP 24).

- The College will ensure that effective IT Disaster Recovery plans and preventative measures are in place.

- The College is reviewing and updating our Information Security policy to reflect changing requirements.

- The College will pursue adoption of UK Government Cyber Essentials Plus to demonstrate high standards of security governance.

The following measures are also proposed to enhance the depth and scope of our cyber resilience capability:

- The College will seek to identify IT security competencies within existing staff and consolidate to share best practice. We will also seek to formally identify specialist IT security responsibilities to be assigned to specific posts as part of the current Leadership restructure.

- The College will develop and extend our Cyber Essentials programme towards the adoption of ISO 27001 IT Security standards (existing strategic target to evaluate options by 2020).

- Improvements to incident response / reporting through Operations Desk to reduce the impact of potential breaches.

- Alignment of the college capital investment programme with security infrastructure lifecycles to maintain a viable cyber resilience environment.

- The College will evaluate measures for the effective management and remote

support of external assets such as mobile devices and laptops to improve standardisation of security measures and reduce risk from theft or loss. Revised Risk Score to be confirmed.	
Current Risk Score:	**Gross Risk Score (assuming no treatment)**
Likelihood 2/5 Impact 5/5 Risk Score 10 /25 RAG Rating: AMBER Agreed change to 2x5 = 10 AMBER due to the need for formal adoption of some measures as above, and additional measures required. (Audit Committee 17 May 2018) **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: Business Continuity **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 Register: 17 May 2018

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
RISK DETAIL					**CURRENT EVALUATION**			**AIM and PROGRESS**			**RISK TREATMENT**	
Students	Failure to support successful student outcomes	1	1	VPSE	2	5	10	25	5		Risk 1 MAP.docx	Apr '18
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Apr '18
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		Risk 3 MAP.docx	Apr '18
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	1	5	5	20	4		Risk 21 MAP.docx	May '18
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DPr	3	3	9	20	3		Risk 4 MAP.docx	Apr '18
Growth and Development	Failure to complete project programme to schedule	5	1	VPI	1	5	5	25	5	Risk closure agreed: Audit 4/18	Risk 5 MAP.docx	Apr '18
Growth and Development	Negative impact upon College reputation	6	1	EDCD	2	5	10	25	5		Risk 6 MAP.docx	Apr '18
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	EDCD	2	5	10	25	5		Risk 7 MAP.docx	Apr '18
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirP	2	5	10	20	5		Risk 8 MAP.docx	Apr '18
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	VPFHR	2	2	4	20	3		Risk 9 MAP.docx	May '18
Processes and Performance	Negative impact of statutory compliance failure	10	1	CSP/DCS	2	5	10	20	5		Risk 10 MAP.docx	May '18
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DCS/CSP	2	4	8	25	5	From 2x5=10 Audit 5/18	Risk 24 MAP.docx	May '18
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5	From 2x5 BoM 3/18	Risk 11 MAP.docx	Apr '18
Processes and Performance	Failure of Business Continuity	12	1	VPI/CSP	3	5	15	25	4	From 2x5 BoM 3/18	Risk 12 MAP.docx	May '18
Processes and Performance	Failure of IT system security	25	1	VPI	2	5	10	25	5	From 1x5=5 Audit: 5/18	Risk 25 MAP.docx	May '18
Processes and Performance	Failure to manage performance	13	1	VPSE/DirP	1	4	4	20	4		Risk 13 MAP.docx	Apr'18
Processes and Performance	Negative impact of Industrial Action	14	1	VPFHR	3	4	12	25	4		Risk 14 MAP.docx	May '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 changeto 3x3=9	Risk 15 MAP.docx	May '18
Finance	Failure to maximise income via diversification	16	1	VPFHR/EDCD	3	3	9	20	4	From 4x3-Devt. Cttee 4/18	Risk 16 MAP.docx	May '18
Finance	Failure to obtain funds from College Foundation	20	1	VPFHR	1	4	4	20	3		Risk 20 MAP.docx	May '18
Finance	Negative impact of Brexit	22	1	VPFHR	5	2	10	tbc	5		Risk 22 MAP.docx	May '18
Finance	Failure to agree a sustainable model and level of grant funding within Glasgow Region	23	1	VPFHR	3	5	15	25	5		Risk 23 MAP.docx	May '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

Recent/Proposed change

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

Trend

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

N.B. Closure of low-scoring Risk 5 will impact upon average risk score (upwards).

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	