

Board of Management

Date of Meeting	Wednesday 6 June 2018
Paper No.	BoM6-D
Agenda Item	8
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	24 May 2018
Action	For Approval

1. Recommendations

1. To review and approve risk score adjustments as reviewed by respective Committees, and note high scoring risks.
2. To note and approve the revised Risk Register dated 24 May 2018.

2. Purpose of report

2.1 The purpose of this report is to enable a review of the College Risk Register, and provide the Board with an update on the most recent review of strategic organisational risks, from April to May 2018. In particular, attention is drawn to highest scoring risks (High Likelihood, High Impact) and other significant changes to the 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, Board Committees, and the Board of Management. The risks listed on the Risk Register have been identified by SMT and Board Committees, as the current strategic risks faced by the College. The risks are aligned within the same framework of four strategic themes as the College Strategic Plan, and those included in the Risk Register and Matrix have potential impacts on one or more of the College's strategic priorities.

3.2 A full review of strategic risks was conducted in April to May 2018, involving senior Risk "owners", Board Committees, and all Risk MAPs were updated accordingly and reported to the respective Board Committees.

3.3 The Risk Register is attached, together with the Risk MAPs for the highest scoring risks, RAG-rated RED; and Risks with significant change to score. These are:

- Risk 12 - ■ Failure of Business Continuity (Reason – BCP external review requiring actions for completion of Business Impact Analysis for recovery planning)
- Risk 23 - ■ Failure to agree a sustainable model and level of grant funding within Glasgow Region. (Reason - The level of uncertainty regarding the value of future funding is still high with significant risk linked to SFC and GCRB funding methodology).

3.4 The Risk Register also highlights changes to risk scores as noted below:

- Risk 5 - ■ Failure to complete project programme to schedule (due to completion of New Campus project - RISK CLOSED).
- Risk 11 - ■ Failure of Corporate Governance. Risk score reduced from 10 to 5, due to successful external review in 2017, and Board Self evaluation completed in 2018.
- Risk 15 - ■ Failure to achieve operating surplus – score reduced from 20 (RED). (Reason – significant improvement to underlying operating surplus projection).

- Risk 16 - ■ Failure to maximise income via diversification. Risk score reduced from 12 to 9; (Reason – restructuring to focus upon income generation from diverse sources, and the overall picture of expectations relating to unplanned activity which will result in an improved income figure noted by the Development Committee (April 2018).
- Risk 24 - ■ Failure of Compliance with the General Data Protection Regulations (GDPR) – Risk score reduced from 10 to 8 due to preparations enacted and in place for GDPR legislation.

3.5 Risk Scoring Matrix:

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

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: Risk Management Action Plans (MAPs) for RED rated Risks, and Risks with significant changes to Risk scores.

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	<p>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</p> <ul style="list-style-type: none"> :Abortive Works :Remedial Works :Accelerated Works :Resequencing of Works <p>to accommodate late changes</p>	2
74	<p>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)</p>	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):
<u>Low</u> 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 of Corporate Governance

Risk ID: 11

Owned by: Pr/College Secretary

Review Date: May 2018

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 chairs the CDN Secretary to the Board Steering Group.
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 as yet incomplete at January 23 2018.
10. A full Self-evaluation of Board Committees and Conveners was undertaken in 2017, and reported to the Performance Remuneration and Nominations Committee in January 2018.
11. April 2018: the Board Self-evaluation framework has been redesigned and rewritten to reflect the structure and content of the Code of Good Governance 2016. The 2018 Self-evaluation of the Board of Management is complete as at May 2018.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 1/5 Impact 5/5 Risk Score 5/25 RAG Rating: GREEN Audit Committee/BoM approved change from 2x5 AMBER March 2018 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: May 2018

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 v3.9.

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 and at Reception Desks). The BCP has been revised (as at January 2018) in consultation with VP Infrastructure and Head of Facilities Management, with updated contact details of contractors, senior staff etc. and located on Connected (BCP v3.9). The BCP has recently been successfully invoked (7th and 21st November 2017) and found to be effective (see incident report below). SMT has subsequently reviewed and approved the latest version (v3.9) of the BCP.
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 space disrupted by systems failure. The College remains responsible for re scheduling of activity affected by disruption.

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.

Incident Reports

1. 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.

2. On Tuesday 21 November 2017, a suspicious unattended package was identified on College premises at City Campus at 19.45hrs. The Duty Manager called the emergency services, and a special disposal unit was consequently in attendance to control the incident. Some evening classes were in progress at that time, and staff and students were safely evacuated from the building. The item was found to be harmless, and was identified as a custom-built device left by an employee of FES during a routine window battery installation.

The incident was followed up with FES by the VP Infrastructure and the Principal to ensure that no similar incidents happen in future.

3. On Wednesday 22 November, there was a temporary loss of electrical supply at Riverside Campus, due to an external power outage. There were no injuries, and no

requirement for the emergency services. As a consequence, the operation of lifts management was reviewed, and FES staff training for release of lifts was implemented.

These incidents were reviewed and recorded on the appropriate BCP Incident Report form, including lessons learned and improvement actions implemented.

Strategic Review of Business Continuity Management: 2018 Report

This review was undertaken by Ashton Resilience in March 2018, for the College insurers UMAL, by arrangement with the Infrastructure team. The review looked at the activities and operations of the College, its current recovery capability and the degree to which BCM has been implemented. A draft report was forwarded to the College on 16 April 2018, with detailed findings and recommendations.

In summary the report found that the College had a “well-developed operational response to incidents, however there was a need for all departments “to develop, implement and maintain a functional recovery process”. This will involve firstly conducting a business impact analysis then documentation of business recovery plans for each area, based upon coherent recovery strategies.

The report stated that:

“ The high priority recommendations in this report are that the City of Glasgow College should:

- Conduct a business impact analysis and service impact analysis for key processes right across the College.
- Identify recovery time objectives for critical business activities and IT services.
- Identify recovery resources, dependencies and strategies for operational recovery.
- Complete the creation of new departmental business continuity / recovery plans to cover all critical areas of the College, using the business impact analysis data as the base.”

An implementation plan to address the report recommendations is under development (May 2018);

It is proposed that this risk score remains RED until the key recommendations are enacted. (May 2018).

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 Change from 4x5=20 approved by Audit/BoM March 2018	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 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 3/5 Impact 3/5 Risk Score 9/25 RAG Rating (Overall): AMBER Target Score: 4 (Risk Score changed from 4x5 = 20 RED ; FPRC May 2018) Target score increased from 2 (FPRC May 2018)	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 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				

CITY OF GLASGOW COLLEGE						APPENDIX A	
INCOME AND EXPENDITURE ACCOUNT							
	2017/18	2017/18	2017/18	2017/18	2016/17		2017/18
	Actual 9 months to 30 Apr 18	Budget 9 months to 30 Apr 18	12-month Projection @ May 18	12-month Budget	12-month Actual		Movement 2017/18 v Budget
	£000s	£000s	£000s	£000s	£000s		£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
Revaluation 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 $3 \times 3 = 9$, 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 $4 \times 3 = 12$ 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

	5	10	15	20	25
	4	8	12	16	20
Impact	3	6	9	12	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
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							
	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 %
INCOME ANALYSIS							
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 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):
<u>Low</u> 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: May 2018

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. Extensive and CoGC bespoke training programme for staff to be rolled out. Engagement with JISC to validate and augment internal findings and recommendations. Internal Auditor has reported that we have a valid plan to be 'GDPR ready by 25 May 2018.

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). The Risk Management Action plan was included on the College high level Risk Register from 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.

Update as at 19/2/18

A series of audit and legal/practical advice meetings have been carried out by the Director of Corporate Support with teams and staff across a wide range of business areas, selected to ensure coverage of key data sets and processes. This has already significantly raised awareness across the College. A report on findings and recommendations for process improvements has been shared with JISC who are carrying out a validation exercise for us. JISC was appointed via competitive process in January 2018 to support our preparation process and carry out this review and validation exercise.

A project plan is in place and being managed by the Director of Corporate Support.

A training plan is in place which will deliver awareness training to all staff before end May 2018. This will include a bespoke online module and face to face training. The face to face training sessions have already started.

The ICO recognises that the process of complying with the new legislation will not be 'complete' by 25 May 2018 and in fact will probably never be 'complete' since there will always be room for improvements and new data entering and leaving large organisations. However, organisations do need to be able to demonstrate that they are aware of the legal requirements, understand the personal data they hold and how well they are managing it, have a plan to tackle areas where there is room for improvement and have taken all reasonable steps to raise awareness amongst staff. The College's project plan seeks to achieve that.

Update as at 10/5/18

The project plan for GDPR readiness was validated by our Internal Auditor in April and we remain on track to deliver the key components of the ICO's 12 Step Recommendations. The audit report did highlight a weakness in that we do not have an Information Security Policy in place for staff. As an interim measure advice on info sec is included as standard in all data protection training and an advice email will be circulated to staff by ICT.

The recommendations report referred to above was presented to SMT on 18 April and a decision was made to form an Information Management Group. The group has key responsibilities under the new Data Protection policy and will review and oversee

implementation of these recommendations for action, which seek improve our compliance with data protection law and reduce the risks of data being lost or compromised.

Awareness raising continues:

- Over 200 key staff have attended face to face data protection training delivered by the Director of Corporate Support;
- An online module is about to be launched and will be compulsory for all staff;
- The Staff Privacy Notice has been issued;
- A website page is being set up to host all key College information on data protection; and
- SMT considered GDPR reports and procedures on 18 April and 2 May 2018.

Governance reporting includes:

An update was provided to the Performance, Nominations and Remuneration Committee on 30 April 2018;
 The new Policy is before the Audit Committee for approval on 15 May 2018; and
 A full report will be provided to the Board on 6 June 2018.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 2/5 Impact 4/5 Risk Score 8/25 RAG Rating: AMBER Changed from 2x5 = 10 – AMBER, due to impact mitigations as described above; 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: 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 Register: 24 May 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		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 CLOSED MAY/JUNE 2018	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 & FPRC: 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	3	3	9	25	4	Changed to 3x3=9 FPRC 5/18	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	4	target score increased from 2 to 4	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

		Likelihood				
		5	10	15	20	25
Impact	4	8	12	16	20	25
	3	6	9	12	15	20
	2	4	6	8	10	15
	1	2	3	4	5	7
	0	1	1	1	1	1

Trend	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	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	