Board of Management

Finance & Physical Resources Committee

Date of Meeting	**Wednesday 27 February 2019**
Paper No.	**FPRC3-D**
Agenda Item	**6**
Subject of Paper	**Strategic Risk Review**
FOISA Status	**Disclosable**
Primary Contact	**Paul Clark, College Secretary/Planning**
Date of production	**21 February 2019**
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 21 February 2019.

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 Priorities 7 and 8:

> "7. To maintain our long-term financial stability"
>
> "8.To secure diversity of income and sustainable development"

3.3 The strategic Risks included in this report are:

- 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 12 relating to Business Continuity Planning
- Risk 25 relating to IT security. (At 14 November 2018: The Audit Committee agreed an increased to the risk score reflecting increased likelihood of failure - to 3x5=15 RED; confirmed at Audit Committee – 20 February 2019)

The Risk MAPs for these risks are attached, with risk scores as agreed by the Audit Committee (20 February 2019).

3.4 A full review of strategic risks to February 2019 has been undertaken, involving senior Risk "owners", and 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 and specific duties.

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" and to expand and develop sustainably via diversity of income.

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 of Business Continuity

Risk ID: 12

Owned by: VPCS/CSP **Review Date: February 2019**

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 (7$^{th\ and}$ 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 knows as WCry/WarCry, is not the only malware/security threat that the College is attending to at this time. Furthermore, Industry researchers are anticipating the techniques discovered and hoarded by the NSA, of which Wcry was one, will be used with malicious intent in the near future. The College remains diligent to potential threats.

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 for approval by ELT/SMT (August 2018);

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

<u>November 2018</u>
The responsibility for infrastructure (and associated impact analyses/recovery resource assessment) has now passed to the VP Corporate Services.

Head of Facilities Management has undertaken sample business recovery plan, including data sheets, floorplans, and timetables for RoomC.10.005 to inform roll out across all campus locations.

The Audit Committee of November 2018 noted that ELT had agreed to provide additional resource to progress a College-wide business impact analysis to enable business recovery planning. This initiative was supported by the Committee.

January 2019

Business Continuity specialist Ashton Resilience has been engaged to conduct a full cross-college Business Impact Analysis, to inform the development of detailed Business Recovery Planning across all college teaching and support functions. Initial meeting scheduled for 7th February 2019.

February 2019

Ashton Resilience to undertake Business Impact Analyses for each faculty and service area, followed by development of Business Recovery Plans (BRPs) for each. To begin with Faculty of Hospitality and Leisure and HR. Once BRPs are in place, a scenario-based exercise will be conducted for each campus, to include medium and long-term planning and recovery. To be completed by end June 2019.

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: VPCS **Review Date: Feb 2019**

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 2017-18 annual accounts. The College made no transfer to the College Foundation in March 2018.

In the 2018-19 financial plan the College will budget for a small underlying operating surplus (£111k) however there is still significant uncertainty on major expenditure or income budgets which potentially could push the College into an underlying operating deficit. The current Income & Expenditure current projections (Appendix 1) shows an improved underlying operating surplus of £748k. The most significant challenges will be in the subsequent years of the 5 year financial planning with a very small underlying surplus projected subject to the impact of the following risks:

Income: SFC Grant

The key risks are;

- Failure to achieve future Credit target.
- 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 fee income target.
- 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 income target.
- 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 income target.
- 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 staff cost budget.
- 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 operating expenses budget.
- Managing the NPD contract costs and performance.
- Future impact of potentially higher inflation.

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) Agreed: Audit Committee Sept 2018 **Target Score: 4**	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				

CITY OF GLASGOW COLLEGE
INCOME AND EXPENDITURE ACCOUNT

APPENDIX A

	2018/19 Actual 6 months to 31 Jan 19 £000s	2018/19 Budget 6 months to 31 Jan 19 £000s	2018/19 12-month F'Cast @ Feb 19 £000s	2018/19 12-month F'Cast @ Nov 18 £000s	2018/19 12-month Budget @ Sep 18 £000s	2017/18 12-month Actual £000s		2018/19 Movement 2018/19 v Budget £000s
Income								
SFC Grants	30,271	30,198	66,397	66,320	66,252	62,761	**1**	145
Tuition fees and education contracts	13,265	13,254	18,400	18,327	18,327	18,072	**2**	73
Other income	2,924	2,648	5,996	5,622	5,657	6,274	**3**	339
Other income - Sale of Buildings	0	0	10,000	0	0	0	**4**	10,000
Grant from Foundation	545	520	1,602	1,577	1,577	2,911	**3**	25
Investment income	15	11	25	25	25	26	**5**	0
Total income	**47,020**	**46,631**	**102,420**	**91,871**	**91,838**	**90,044**		**10,582**
Expenditure								
Staff Costs	23,457	23,722	49,819	49,623	49,623	47,567	**6**	196
Other operating expenses	18,166	17,933	32,560	32,453	32,340	32,517	**7**	220
Other operating expenses - Sale of Buildings	0	0	10,000	0	0	0	**8**	10,000
Depreciation	5,009	5,009	9,918	10,018	10,018	10,004	**9**	-100
Voluntary Severance	0	0	300	300	300	2,254	**10**	0
Total expenditure	**46,632**	**46,664**	**102,597**	**92,394**	**92,281**	**92,342**		**10,316**
Operating Surplus (Deficit)	**388**	**(33)**	**(177)**	**(523)**	**(443)**	**(2,298)**		**266**
(Loss) on sale of fixed asset	0	0	(3,250)	0	0	0		(3,250)
Operating Surplus/(Deficit) after loss on sale of fixed asset	**388**	**(33)**	**(3,427)**	**(523)**	**(443)**	**(2,298)**		**(2,984)**
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY								
Operating (Deficit)	388	(33)	(3,427)	(523)	(443)	(2,298)		(2,984)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	94	94	2,251	188	188	188		0
Historical cost Surplus/(Deficit) for the period	**482**	**61**	**(1,176)**	**(335)**	**(255)**	**(2,110)**		**(2,984)**
Grant to Foundation								
Pension Adjustments			0	0	0	1,313		
Foundation Adjustments			(104)	(104)	(104)	124		
NPD			892	892	892	1,215		
Loss on sale of fixed assets			3,250	0	0	0		
Revalutaion reserve			(2,251)	(188)	(188)	(188)		
Net Depn (now excluded SFC guidance)			**137**	**237**	**237**	**290**		
Underlying Operating Surplus			**748**	**502**	**582**	**644**		

Risk Management Action Plan	
Risk Description: Failure to maximise income via diversification	
Risk ID: 16	
Owned by: VPCS/ VPCDI	**Review Date: January 2019**

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 strategic plan is to growth the proportion of income from SFC funding. Appendix 1 summaries the overall College income over the past 5 years and highlights that the proportion of SFC funding has actually increased over the 5 years to 64% (excluding the NPD funding). The total commercial income over the past 5 years has only increased by 0.8%, £64k. The College set a conservative 2018-19 target for Non SFC Fundable course fee based on the 2017-18 actual after a reduction from 2016-17. The initial Non SFC Fundable course fee income target also incorporated a small increase in overseas income of £43k however the projection income is currently well above this target although still below the actual income for 2015-16.

The College is projected to exceed the 2018-19 annual target however the income is still £92k below the actual income for 2016-17.

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 2018-19 the SFC grant is estimated as 64% of the College income (excluding the NPD funding).

There was a significant challenge for the Corporate Development Team and Faculties to deliver the new FWDF (SFC Grant) activity therefore the target for 2017-18 was set at £500k rather than the full £894k. We delivered £110,000 of training at 31st July 2018 with a further £338,000 committed by the SFC September deadline. The budget for 2018-19 was set to fully deliver the full £894k FWDF SFC Grant allocation.

The Risk Score has recently been increased in consideration of the actual income delivered over the past 2 years, which is significantly below target - agreed by Audit Committee 12 September 2018, and noted by the Finance and Physical Resources Committee on 26 September.

Current Risk Score:	**Gross Risk Score** **(assuming no treatment)**
Likelihood 4/5 Impact 3/5 Risk Score 12/5 RAG Rating: AMBER **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				

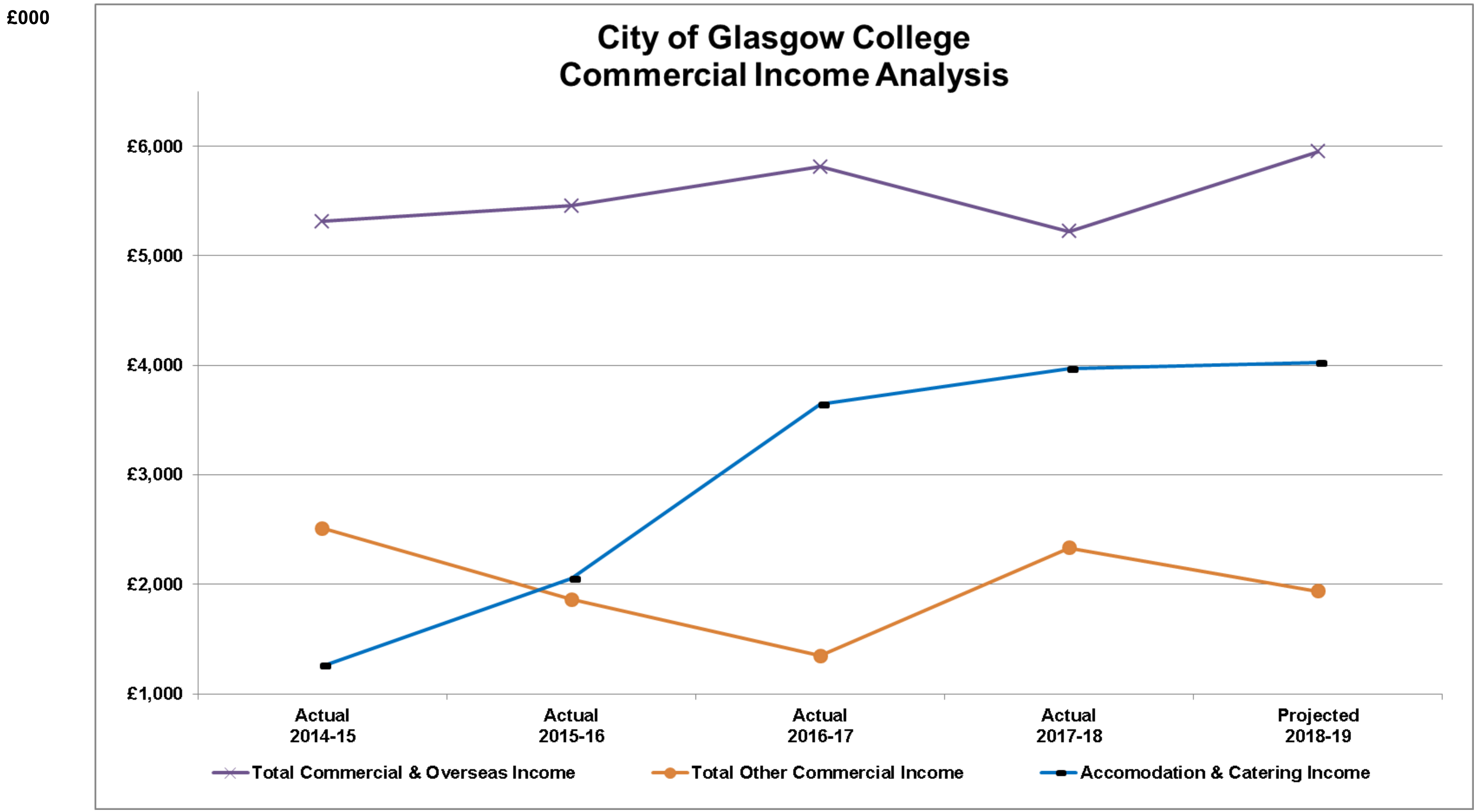
CITY OF GLASGOW COLLEGE INCOME ANALYSIS	Actual 2014-15 £000	Actual 2015-16 £000	Actual 2016-17 £000	Actual 2017-18 £000	Projected 2018-19 £000	5 Year Growth £000	5 Year Growth %
SFC Grant in Aid	£27,288	£29,797	£32,628	£33,880	£37,037	£9,749	35.7%
SFC Other Income	£4,094	£5,439	£7,656	£8,817	£9,031	£4,937	120.6%
SFC NPD Income	£473	£4,951	£18,792	£20,064	£20,252	£19,780	4186.1%
Total SFC Income	**£31,855**	**£40,187**	**£59,076**	**£62,761**	**£66,320**	**£34,465**	**108.2%**
Course Fees	£8,997	£9,683	£10,540	£10,987	£10,867	£1,870	20.8%
Education Contracts	£2,095	£1,956	£1,895	£1,861	£1,743	-£352	-16.8%
Total Course Fee Income	**£11,092**	**£11,639**	**£12,435**	**£12,848**	**£12,610**	**£1,518**	**13.7%**
Total Commercial & Overseas Income	£5,314	£5,459	£5,813	£5,224	£5,953	£639	12.0%
Other Commercial Income	£2,510	£1,860	£1,345	£2,332	£1,935	-£575	-22.9%
Total Commercial Income	**£7,824**	**£7,319**	**£7,158**	**£7,556**	**£7,888**	**£64**	**0.8%**
Student Accomodation	**£1,257**	**£2,051**	**£2,223**	**£2,253**	**£2,274**	**£1,017**	**80.9%**
Catering Income	**£0**	**£0**	**£1,421**	**£1,715**	**£1,749**	**£1,749**	
Foundation	**£207**	**£6,515**	**£2,410**	**£2,911**	**£1,577**	**£1,370**	**661.8%**
Net Return on Pension	**£620**	**£0**	**£0**	**£0**	**£0**	**-£620**	**-100.0%**
NON SFC Income	**£21,000**	**£27,524**	**£25,647**	**£27,283**	**£26,098**	**£5,098**	**24.3%**
Total Income	**£52,855**	**£67,711**	**£84,723**	**£90,044**	**£92,418**	**£39,563**	**74.9%**
Total Funding Council Grant as % of Total Income (excl NPD)	**60%**	**56%**	**61%**	**61%**	**64%**		
Further Breakdown							
Faculty Creative Ind	£73	£61	£76	£71	£105	£32	43.8%
Faculty Hospitality & Leisure	£83	£134	£96	£71	£72	-£11	-13.3%
Faculty Nautical Science & STEM	£4,372	£4,478	£4,767	£4,154	£4,910	£538	12.3%
Faculty Education & Humanities	£532	£543	£567	£767	£668	£136	25.6%
City Enterprise	£254	£243	£307	£161	£198	-£56	-22.0%
Total Commercial & Overseas Course Fee Income	**£5,314**	**£5,459**	**£5,813**	**£5,224**	**£5,953**	**£639**	**12.0%**
Commercial Fee Income	£3,106	£3,221	£3,844	£3,422	£3,842	£736	23.7%
Overseas Fee Income	£2,208	£2,238	£1,969	£1,802	£2,111	-£97	-4.4%
Total Commercial & Overseas Income	**£5,314**	**£5,459**	**£5,813**	**£5,224**	**£5,953**	**£639**	**12.0%**
EU Grants & Other Grants	£56	£341	£189	£354	£434	£378	675.0%
Malta	£583	£88	£0	£128	£74	-£509	-87.3%
Angola	£650	£150	£0	£64	£0	-£650	-100.0%
Nautical Faculty - Exam Fee Charges	£242	£282	£268	£178	£182	-£60	-24.8%
Leisure & Lifestyle Faculty - Outlets	£153	£138	£261	£275	£280	£127	83.0%
Other Income	£826	£861	£627	£1,333	£965	£139	16.8%
Total Other Commercial Income	**£2,510**	**£1,860**	**£1,345**	**£2,332**	**£1,935**	**-£575**	**-22.9%**

Student Recruitment Plan 2018-19
NON Fundable Fee Income Summary

Faculty	Total Commercial Fees Target 18/19	Commercial Fees Proj 18/19	Total Overseas Fees Target 18/19	Overseas Fees Proj 18/19	Total Comm & Overseas Fee Proj 18/19	Total Educational Contract Fees Target 18/19	Educational Contract Fees Proj 18/19	Total HE Articulation Fees Target 18/19	HE Articulation Fees Proj 18/19	Total NON Fundable Fees Target 18/19	Total NON Fundable Fees Proj 18/19	Total NON Fundable Fees ACTUAL 17/18	Total NON Fundable Fees ACTUAL 16/17	Total NON Fundable Fees 18/19 LESS 16/17
Creative Industries	£128,610	£98,761	£0	£6,525	£105,286	£170,015	£73,100	£121,316	£122,429	£419,941	£300,815	£402,980	£379,875	-£79,060
Education & Humanities	£664,509	£648,629	£8,970	£19,820	£668,449	£396,482	£416,677	£283,743	£335,891	£1,353,704	£1,421,017	£1,481,476	£1,296,599	£124,418
Hospitality & Leisure	£50,016	£57,603	£0	£13,050	£70,653	£183,255	£171,834	£280,530	£286,808	£513,801	£529,295	£536,471	£580,037	-£50,742
Nautical Science & STEM	£2,509,958	£2,839,098	£1,836,131	£2,071,340	£4,910,437	£0	£0	£292,249	£336,443	£4,638,338	£5,246,880	£4,502,730	£5,224,408	£22,472
City Enterprise	£209,591	£197,784	£0	£0	£197,784	£0	£0	£0	£0	£209,591	£197,784	£161,909	£307,288	-£109,504
Grand Total	**£3,562,684**	**£3,841,874**	**£1,845,101**	**£2,110,735**	**£5,953,525**	**£749,752**	**£661,611**	**£977,839**	**£1,081,571**	**£7,135,375**	**£7,695,790**	**£7,085,567**	**£7,788,208**	**-£92,417**

CITY OF GLASGOW COLLEGE

INCOME ANALYSIS	Actual 2014-15 £000	Actual 2015-16 £000	Actual 2016-17 £000	Actual 2017-18 £000	Projected 2018-19 £000	5 Year Growth £000	5 Year Growth %
Total SFC Income (excl NPD)	**£31,382**	**£35,236**	**£40,284**	**£42,697**	**£46,068**	**£14,686**	**46.8%**
Total Course Fee Income	**£11,092**	**£11,639**	**£12,435**	**£12,848**	**£12,610**	**£1,518**	**13.7%**
Accomodation & Catering Income	**£1,257**	**£2,051**	**£3,644**	**£3,968**	**£4,023**	**£2,766**	**220.0%**
Total Commercial & Overseas Income	**£5,314**	**£5,459**	**£5,813**	**£5,224**	**£5,953**	**£639**	**12.0%**
Total Other Commercial Income	**£2,510**	**£1,860**	**£1,345**	**£2,332**	**£1,935**	**-£575**	**-22.9%**
TOTAL COMMERCIAL	**£7,824**	**£7,319**	**£7,158**	**£7,556**	**£7,888**	**£64**	**0.8%**
TOTAL COMMERCIAL PLUS 2.5% INFLATION	**£7,824**	**£8,020**	**£8,220**	**£8,426**	**£8,636**	**£812**	**10.4%**


£000
City of Glasgow College
Commercial Income Analysis
£6,000
£5,000
£4,000
£3,000
£2,000
£1,000
Actual 2014-15
Actual 2015-16
Actual 2016-17
Actual 2017-18
Projected 2018-19
Total Commercial & Overseas Income
Total Other Commercial Income
Accomodation & Catering Income

Risk Management Action Plan	
Risk Description:	**Failure to obtain funds from College Foundations**
Risk ID: 20	
Owned by: VPCS	**Review Date: Feb 2019**

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 was been agreed. A protocol has also been agreed for accessing the project contingency funding that the College transferred to the Foundation.

A further application of approximately £2.8m was submitted at the end of June 2016 and £2.7m approved. The College has applied and will receive funding of £5.2m by 2017; all this funding is linked to the new campus.

In August 2017 an application of £2.2m for specialist equipment was submitted, approved and paid. In March 2018 an application of £2.1m for funding towards the voluntary severance linked to the leadership reorganisation was submitted, approved and date.

We estimate that the Foundation currently holds a balance of approx.£4.6m.

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):**
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				

Risk Management Action Plan

Risk Description: Negative Impact of Brexit

Risk ID: 22

Owned by: VPCS/DCS **Review Date: Feb 2019**

Update

Full Description:

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

1. Loss of European grant funding. The College will receive ESF grant funding of £2.4m in 2018/19.
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 (previous Malta contract)
4. Impact on shipping industry
5. CoGC EU Students – numbers in 17/18 were 1,588 from 30,403
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 College stands to lose a significant amount of EU funding. At the current time it is unclear how or whether this gap will be filled.

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.

We are an active member of the recently established Colleges' Brexit Forum. Membership of the Forum, which is chaired by Paul Smart, Scottish Government, Head of Colleges, Young Workforce and SFC Sponsorship Division includes representation from Scottish Funding Council, Scottish Government, Unions, NUS, Colleges Scotland and Colleges (including CoGC). The purpose of the group is 'to consider collectively how our colleges, including their staff and students, continue to thrive in the context of the UK's withdrawal from the Europe Union.' Key objectives of the group include the facilitation of communication between SFC, colleges and Government and to ensure that Ministers are kept informed of the potential impacts of Brexit on the sector and to consider actions to be taken in mitigation of the impact or risks of Brexit.

An updated College Brexit report was considered at the Board Planning Day on 13th February.

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):**
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				

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: VPCS **Review Date: January 2019**

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 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 announces annually the initial regional funding allocations following which GCRB allocate 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 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 Regional funding allocation for 2017-18 ensured that City exceed the agreed activity level of 180,000+ Credits.

The 2018-19 GCRB funding allocation means that City has the lowest grant per Credit in the sector at £219 per Credit compared to the Glasgow Regional average of £240 and the sector average of £248.

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 £6.3m and City's proportionate share should have been £2.6m 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 level of uncertainty regarding the value of future funding is still high with significant risk linked to SFC and GCRB funding methodology. Significant issues for future GCRB College funding allocations are;

- 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 4/5 Risk Score 12/25 RAG Rating: AMBER **Target Score: 5**	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	**Risk Tolerance (Able to accept):**
Low Medium High	Category: 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 System Security	
Risk ID: 25	
Owned by: VPCS	**Review Date: February 2019**

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.

May 2018
Risk Score: agreed change to 2x5 = 10 AMBER due to the need for formal adoption of some measures as above, and additional measures required. (Audit Committee & FPRC May 2018)

Responsibility for this Risk has passed to the VP Corporate Services (November 2018)

November 2018
The Audit Committee (November 2018) noted the College's failure to achieve compliance with the Cyber Essentials Plus standard (see Treatment 6 above) by the UK Government deadline date of 31 October. The Committee approved a proposal to ensure compliance by end March 2019, and increased risk score to 3x5= 15 (RED) until that standard is achieved.

February 2019
Cyber Essentials Plus accreditation is still on track for the end of March 2019. Improvements have already been made on identified infrastructure equipment highlighted by our Technology Partner to ensure industry good practice is being followed. External network penetration test has been successfully completed with the College network security preventing unauthorised access during the test scenario.

Current Risk Score:	**Gross Risk Score (assuming no treatment)**
Likelihood 3/5 Impact 5/5 Risk Score 10 /25 RAG Rating: RED Changed by Audit Committee from AMBER in November 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: 21 February 2019

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	Jan '19
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Jan '19
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		Risk 3 MAP.docx	Nov '18
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	1	5	5	20	4		Risk 21 MAP.docx	Jan'19
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DPr	3	3	9	20	3	Risk under review	Risk 4 MAP.docx	Sept '18
Growth and Development	Negative impact upon College reputation	6	1	VPCDI	2	5	10	25	5		Risk 6 MAP.docx	Jan '19
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	VPCDI	2	5	10	25	5		Risk 7 MAP.docx	Jan '19
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirP	2	5	10	20	5		Risk 8 MAP.docx	Nov '18
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	VPCS	2	2	4	20	3		Risk 9 MAP.docx	Jan '19
Processes and Performance	Negative impact of statutory compliance failure	10	1	CSP/DCS	2	5	10	20	5		Risk 10 MAP.docx	Jan '19
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DCS/CSP	2	4	8	25	5		Risk 24 MAP.docx	Sept '18
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5		Risk 11 MAP.docx	Jan '19
Processes and Performance	Failure of Business Continuity	12	1	VPCS/ CSP	3	5	15	25	4		Risk 12 MAP.docx	Feb '19
Processes and Performance	Failure of IT system security	25	1	VPCS	3	5	15	25	5	Score incr. 12 to 15: Nov '18 AC	Risk 25 MAP.docx	Feb '19
Processes and Performance	Failure to manage performance	13	1	VPSE/DirP	1	4	4	20	4		Risk 13 MAP.docx	Nov '18
Processes and Performance	Negative impact of Industrial Action	14	1	VPCS	3	4	12	25	4		Risk 14 MAP.docx	Jan '19
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	15	1	VPCS	3	3	9	25	4	Risk under review	Risk 15 MAP.docx	Sept '18
Finance	Failure to maximise income via diversification	16	1	VPCS/ VPCDI	4	3	12	20	4		Risk 16 MAP.docx	Jan '19
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4	Risk under review	Risk 20 MAP.docx	Sept '18
Finance	Negative impact of Brexit	22	1	VPCS/ DCS	5	2	10	tbc	5	Risk under review	Risk 22 MAP.docx	Nov '18
Finance	Failure to agree a sustainable model and level of grant funding within Glasgow Region	23	1	VPCS	3	4	12	25	5	Score reduc. 15 to 12 Sep '18	Risk 23 MAP.docx	Jan '19

Recent/Proposed change

Key:
- Pr - Principal
- DPr - Depute Principal
- VPSE - Vice Principal Student Experience
- VPCS -Vice Principal Corporate Services
- VPCDI -Vice Principal Corporate Development/Innovation
- 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
- AC - Audit Committee

Risk Score 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	

2017-18 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	9

N.B. Closure of low-scoring risks will impact upon average risk score for 2018-19.

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	