

## Finance and Physical Resources Committee

|                           |   |
|---------------------------|---|
|                           |   |
| <b>Date of Meeting</b>    | <b>2 October 2019</b>                         |
| <b>Paper No.</b>          | <b>FPRC1-O</b>                                |
| <b>Agenda Item</b>        | <b>4.6</b>                                    |
| <b>Subject of Paper</b>   | <b>Strategic Risk Review</b>                  |
| <b>FOISA Status</b>       | <b>Disclosable</b>                            |
| <b>Primary Contact</b>    | <b>Paul Clark, College Secretary/Planning</b> |
| <b>Date of production</b> | <b>25 September 2019</b>                      |
| <b>Action</b>             | <b>For Discussion</b>                         |

### 1. Recommendations

1. To discuss 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 16 September 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. All **AMBER**, except 20 which is **GREEN**.
- Risk 12 relating to Business Continuity Planning (Currently **RED**, awaiting outcome of internal Audit Report – November 2019)
- Risk 25 relating to IT security. (At 14 November 2018: The Audit Committee agreed an increase to the risk score reflecting increased likelihood of failure - to 3x5=15 **RED**; this score has been maintained since; **The recommendation to reduce the Risk Likelihood from 3 to 2, overall score from 15 RED to 10 AMBER**).

The Risk MAPs for these risks are attached, with risk scores as reviewed by the Audit Committee (18 September 2019) and subject to further consideration by FPRC.

3.4 A review of strategic risks to September 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 Register: 26 September 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/Comments         | Link to Risk Mgt Action Plan (MAP) | Date of last review |
| Students                  | Failure to support successful student outcomes   | 1       | 1     | VPSE       | 2                  | 5      | 10             | 25               | 5                 |                                | <a href="#">Risk 1 MAP.docx</a>    | Sept '19            |
| Students                  | Failure to establish optimal pedagogical model   | 2       | 1     | VPSE       | 1                  | 5      | 5              | 20               | 5                 |                                | <a href="#">Risk 2 MAP.docx</a>    | Sept '19            |
| Students                  | Failure to achieve good student outcome/progression levels                                   | 3       | 1     | VPSE       | 2                  | 5      | 10             | 15               | 5                 |                                | <a href="#">Risk 3 MAP.docx</a>    | Sept '19            |
| Students                  | Failure of the College's Duty of Care to Students  | 21      | 1     | VPSE       | 1                  | 5      | 5              | 20               | 4                 |                                | <a href="#">Risk 21 MAP.docx</a>   | Sept '19            |
| Growth and Development    | Failure to realise planned benefits of Regionalisation                                       | 4       | 1     | Pr/DPr     | 3                  | 3      | 9              | 20               | 3                 |                                | <a href="#">Risk 4 MAP.docx</a>    | Sept '19            |
| Growth and Development    | Negative impact upon College reputation  | 6       | 1     | VPCDI      | 3                  | 5      | 15             | 25               | 5                 | Amber to RED AC 05/19          | <a href="#">Risk 6 MAP.docx</a>    | Sept '19            |
| Growth and Development    | Failure to achieve improved business development performance with stakeholders               | 7       | 1     | VPCDI      | 2                  | 5      | 10             | 25               | 5                 |                                | <a href="#">Risk 7 MAP.docx</a>    | Apr '19             |
| Growth and Development    | Failure to achieve improved performance  | 8       | 1     | VPSE/DirP  | 2                  | 5      | 10             | 20               | 5                 |                                | <a href="#">Risk 8 MAP.docx</a>    | Sept '19            |
| Growth and Development    | Failure to attract, engage, and retain suitable staff  | 9       | 1     | VPCS       | 2                  | 2      | 4              | 20               | 3                 |                                | <a href="#">Risk 9 MAP.docx</a>    | May '19             |
| Processes and Performance | Negative impact of statutory compliance failure  | 10      | 1     | CSP/DCS    | 2                  | 5      | 10             | 20               | 5                 | Monitor IA actions AC 5/19     | <a href="#">Risk 10 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Failure of Compliance with the General Data Protection Regulations (GDPR)                    | 24      | 1     | DCS/CSP    | 3                  | 4      | 12             | 25               | 5                 | Score incr. 12 from 8 AC 05/19 | <a href="#">Risk 24 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Failure of Corporate Governance  | 11      | 1     | Pr/CSP     | 1                  | 5      | 5              | 20               | 5                 | Monitor IA actions AC 5/19     | <a href="#">Risk 11 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Failure of Business Continuity   | 12      | 1     | VPCS/CSP   | 3                  | 5      | 15             | 25               | 4                 |                                | <a href="#">Risk 12 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Failure of IT system security  | 25      | 1     | VPCS       | 3                  | 5      | 15             | 25               | 5                 | Score incr. 12 to 15: AC 11/18 | <a href="#">Risk 25 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Failure to manage performance  | 13      | 1     | VPSE/DirP  | 1                  | 4      | 4              | 20               | 4                 |                                | <a href="#">Risk 13 MAP.docx</a>   | Sept '19            |
| Processes and Performance | Negative impact of Industrial Action   | 14      | 1     | VPCS       | 3                  | 4      | 12             | 25               | 4                 |                                | <a href="#">Risk 14 MAP.docx</a>   | May '19             |
| Finance                   | Failure to achieve operating surplus via control of costs and achievement of income targets. | 15      | 1     | VPCS       | 3                  | 3      | 9              | 25               | 4                 |                                | <a href="#">Risk 15 MAP.docx</a>   | Sept '19            |
| Finance                   | Failure to maximise income via diversification   | 16      | 1     | VPCS/VPCDI | 4                  | 3      | 12             | 20               | 4                 |                                | <a href="#">Risk 16 MAP.docx</a>   | Sept '19            |
| Finance                   | Failure to obtain funds from College Foundation  | 20      | 1     | VPCS       | 1                  | 4      | 4              | 20               | 4                 |                                | <a href="#">Risk 20 MAP.docx</a>   | Sept '19            |
| Finance                   | Negative impact of Brexit  | 22      | 1     | VPCS/DCS   | 5                  | 2      | 10             | tbc              | 5                 |                                | <a href="#">Risk 22 MAP.docx</a>   | Sept '19            |
| Finance                   | Failure to agree a sustainable model and level of grant funding within Glasgow Region        | 23      | 1     | VPCS       | 3                  | 4      | 12             | 25               | 5                 |                                | <a href="#">Risk 23 MAP.docx</a>   | Sept '19            |

**Key:**

- Pr - Principal
- DPr - Depute Principal
- VPSE - Vice Principal Student Experience
- VPCS - Vice Principal Corporate Services
- VPCDI - Vice Principal Corporate Development/Innovation
- 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

Note comment

| 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  |

| Date               | Jun-17 | Dec-17 | Jun-18 | Dec-18 | May-19 | Jun-19 | Dec-19 | Jun-20 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Average Risk Score | 10     | 9.56   | 9      | 9      | 9.43   | 9.43   |        |        |

N.B. Closure of low-scoring risks will upwardly impact upon average risk score.

| 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                  |       |

## Risk Management Action Plan

**Risk Description: Failure of Business Continuity**

**Risk ID: 12**

**Owned by: VPCS/CSP**

**Review Date: Sept 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<sup>th</sup> and 21<sup>st</sup> 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 7<sup>th</sup> 2017 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).

#### **November 2018**

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 7<sup>th</sup> 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.

April 2019

Business Impact Analysis meetings currently underway throughout the College, between managers from all faculties and service areas with Ashton Resilience.

September 2019

This risk has been scored RED due to lack of Business Recovery Plans across the College. Ashton Resilience has been engaged to undertake Business Impact Analyses for each faculty and service area, followed by development of Business Recovery Plans (BRPs) for each. This work is now complete, and has been the subject of an Internal Audit of Business Continuity (report due to Committee in November 2019). A new BCP Policy has been drafted, and endorsed by SMT for approval by the Finance and PR Committee.

|   |   |
|---|---|
| <b>Current Risk Score:</b>  | <b>Gross Risk Score<br/>(assuming no treatment)</b>                               |
| Likelihood 3/5<br>Impact 5/5<br><br>Risk Score 15/25<br><br>RAG Rating: <b>RED</b><br><br><span style="background-color: yellow;">To be reviewed following IA Report on BCP</span><br><br><b>Target Score: 5</b><br>Change from 4x5=20 approved by Audit/BoM March 2018 | Likelihood 5/5<br>Impact 5/5<br><br>Risk Score 25/25                              |
| <b>Risk Appetite<br/>(Willing to accept):</b>   | <b>Risk Tolerance<br/>(Able to accept):</b>                                       |
| <b>Low</b> Medium High  | Category: Business Continuity<br><br><b>Low</b> Medium High<br><b>1 2 3 4 5 6</b> |

|        |            |    |    |    |    |
|--------|------------|----|----|----|----|
| 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:** Sept 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 31<sup>st</sup> March and an underlying operating surplus annually at 31<sup>st</sup> 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 31<sup>st</sup> March 2018 & 2019. An underlying operating surplus in the 2017-18 and the draft 2018-19 annual accounts. The College made no transfer to the College Foundation in 2018-19.

In the 2018-19 the College approved financial plan budgeted for a small underlying operating surplus (£111k). This represents a small margin with significant uncertainty on major expenditure or income budgets which potentially could push the College into an underlying operating deficit. The 2018-19 Income & Expenditure current projection shows an improved underlying operating surplus of £1,088k. The leaner management structure is delivering financial savings increasing the underlying operating surplus in 2018-19.

The College received a flat cash SFC grant allocation for 2019-20 with additional funding for the cost impact of national bargaining agreements. The current 5 year financial planning (Appendix 1) shows a very small underlying operating surplus for each year after planned efficiency savings. The projected underlying operating surplus for 2019-20 is only £13k.

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.

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

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

| CITY OF GLASGOW COLLEGE  |               |               |               |               |               | REALISTIC       |
|--|---------------|---------------|---------------|---------------|---------------|-----------------|
| INCOME AND EXPENDITURE ACCOUNT                                       |               |               |               |               |               |                 |
|  | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       |                 |
|  | F'Cast        | F'Cast        | F'Cast        | F'Cast        | F'Cast        | 5 year variance |
|  | £000s         | £000s         | £000s         | £000s         | £000s         | £000s           |
| <b>Income</b>  |               |               |               |               |               |                 |
| SFC Grants   | 67,376        | 65,791        | 65,725        | 65,222        | 65,272        | (2,104)         |
| Tuition fees and education contracts                                 | 18,622        | 18,995        | 19,375        | 19,762        | 20,158        | 1,536           |
| Other income   | 6,463         | 6,657         | 6,857         | 7,062         | 7,274         | 811             |
| Other income - Sale of Buildings                                     | 0             | 0             | 0             | 0             | 0             | 0               |
| Grant from Foundation  | 1,000         | 500           | 500           | 500           | 500           | (500)           |
| Investment income  | 25            | 25            | 25            | 25            | 25            | 0               |
| <b>Total income</b>  | <b>93,486</b> | <b>91,968</b> | <b>92,482</b> | <b>92,571</b> | <b>93,229</b> | <b>(257)</b>    |
| <b>Expenditure</b>   |               |               |               |               |               |                 |
| Staff Costs  | 53,185        | 53,566        | 53,949        | 53,792        | 54,178        | 993             |
| Other operating expenses   | 32,137        | 32,065        | 32,066        | 32,083        | 32,002        | (135)           |
| Other operating expenses - Sale of Buildings                         | 0             | 0             | 0             | 0             | 0             | 0               |
| Depreciation   | 8,377         | 4,761         | 4,511         | 4,506         | 4,531         | (3,846)         |
| Voluntary Severance  | 0             | 0             | 0             | 0             | 0             | 0               |
| <b>Total expenditure</b>   | <b>93,699</b> | <b>90,392</b> | <b>90,526</b> | <b>90,381</b> | <b>90,711</b> | <b>(2,988)</b>  |
| <b>Operating Surplus (Deficit)</b>                                   | <b>(213)</b>  | <b>1,576</b>  | <b>1,956</b>  | <b>2,190</b>  | <b>2,518</b>  | <b>2,731</b>    |
| <b>(Loss) on sale of fixed asset</b>                                 | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>        |
| <b>Operating Surplus/(Deficit) after loss on sale of fixed asset</b> | <b>(213)</b>  | <b>1,576</b>  | <b>1,956</b>  | <b>2,190</b>  | <b>2,518</b>  | <b>2,731</b>    |
| <b>STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS</b>           |               |               |               |               |               |                 |
| Operating Surplus/(Deficit)  | (213)         | 1,576         | 1,956         | 2,190         | 2,518         | 2,731           |
| Difference between historical cost                                   | 88            | 88            | 88            | 88            | 88            | 0               |
| <b>Historical cost Surplus/(Deficit) for the</b>                     | <b>(125)</b>  | <b>1,664</b>  | <b>2,044</b>  | <b>2,278</b>  | <b>2,606</b>  | <b>2,731</b>    |
| Pension Adjustments  | 0             | 0             | 0             | 0             | 0             | 0               |
| Foundation Adjustments   | 180           | 376           | 315           | 332           | 357           | 177             |
| NPD  | (15)          | (2,004)       | (2,313)       | (2,535)       | (2,854)       | (2,839)         |
| Loss on sale of fixed assets   | 0             | 0             | 0             | 0             | 0             | 0               |
| Revalutaion reserve  | (88)          | (88)          | (88)          | (88)          | (88)          | 0               |
| <b>Net Depn (now excluded SFC guidance)</b>                          | <b>61</b>     | <b>61</b>     | <b>61</b>     | <b>61</b>     | <b>61</b>     | <b>0</b>        |
| <b>Underlying Operating Surplus</b>                                  | <b>13</b>     | <b>9</b>      | <b>19</b>     | <b>48</b>     | <b>82</b>     | <b>69</b>       |
| <b>Surplus % of expenditure</b>                                      | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.1%</b>   | <b>0.1%</b>   |                 |

## Risk Management Action Plan

**Risk Description: Failure to maximise income via diversification**

**Risk ID: 16**

**Owned by: VPCS/ VPCDI**

**Review Date: Sept 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:

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.

### Sept 19 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 decreased by 3.9%, £254k.

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 performance has improved and is projected to exceed the 2018-19 annual target with the income exceeding 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 fully 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 31<sup>st</sup> 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 with the Corporate Development currently planning to fully deliver the target.

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

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



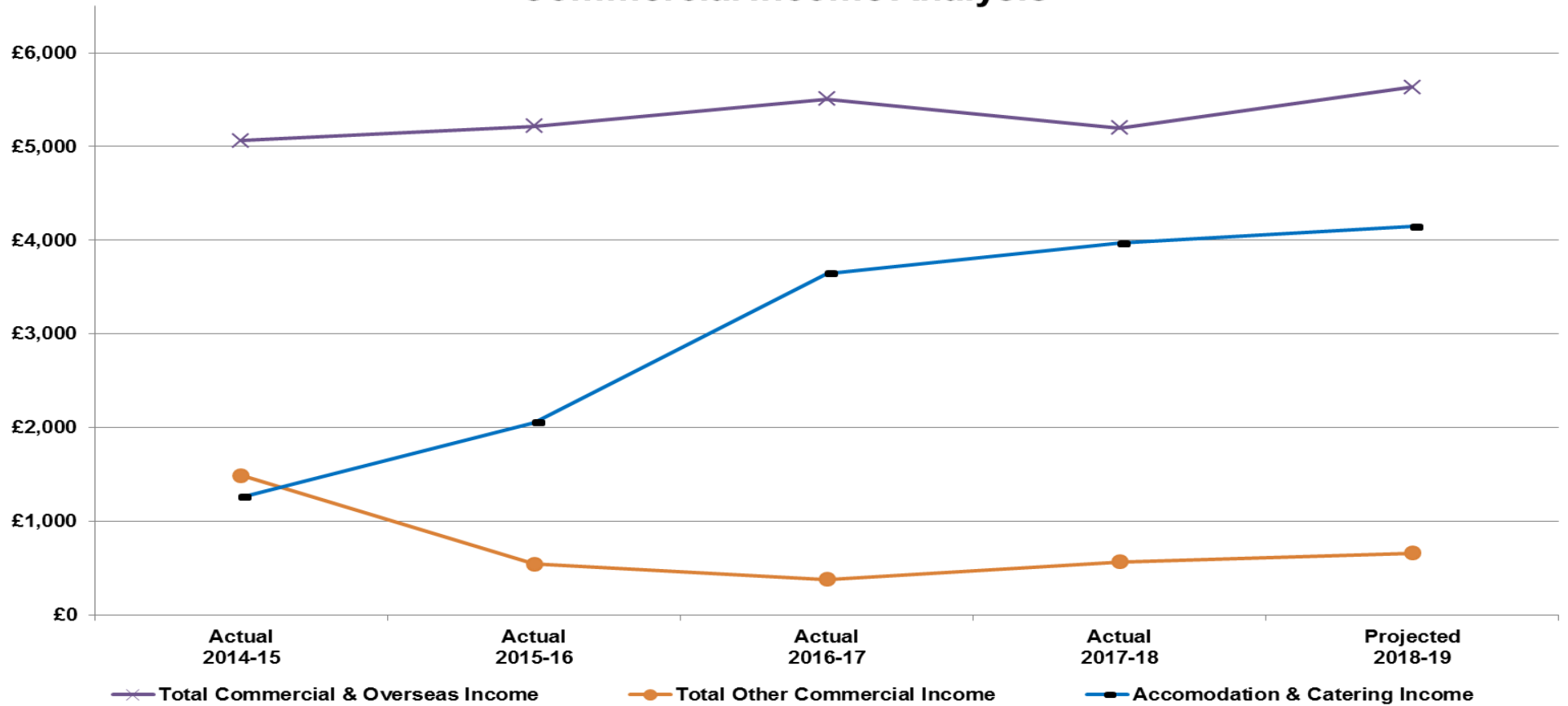
| CITY OF GLASGOW COLLEGE  |                           |                           |                           |                           |                              |                          |                       |
|--|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--------------------------|-----------------------|
|  | Actual<br>2014-15<br>£000 | Actual<br>2015-16<br>£000 | Actual<br>2016-17<br>£000 | Actual<br>2017-18<br>£000 | Projected<br>2018-19<br>£000 | 4 Year<br>Growth<br>£000 | 4 Year<br>Growth<br>% |
| <b>INCOME ANALYSIS</b>   |                           |                           |                           |                           |                              |                          |                       |
| SFC Grant in Aid   | £27,288                   | £29,797                   | £32,628                   | £33,880                   | £38,160                      | £10,872                  | 39.8%                 |
| SFC Other Income   | £4,094                    | £5,439                    | £7,656                    | £8,817                    | £7,900                       | £3,806                   | 93.0%                 |
| SFC NPD Income   | £473                      | £4,951                    | £18,792                   | £20,064                   | £20,096                      | £19,624                  | 4153.1%               |
| <b>Total SFC Income</b>  | <b>£31,855</b>            | <b>£40,187</b>            | <b>£59,076</b>            | <b>£62,761</b>            | <b>£66,156</b>               | <b>£34,301</b>           | <b>107.7%</b>         |
| Course Fees  | £8,997                    | £9,683                    | £10,540                   | £10,987                   | £10,794                      | £1,797                   | 20.0%                 |
| Education Contracts  | £2,095                    | £1,956                    | £1,895                    | £1,861                    | £1,783                       | £-312                    | -14.9%                |
| <b>Total Course Fee Income</b>                                     | <b>£11,092</b>            | <b>£11,639</b>            | <b>£12,435</b>            | <b>£12,848</b>            | <b>£12,577</b>               | <b>£1,485</b>            | <b>13.4%</b>          |
| Faculty Commercial & Overseas Income                               | £5,060                    | £5,216                    | £5,506                    | £5,198                    | £5,634                       | £574                     | 11.3%                 |
| Other Commercial Income  | £1,487                    | £541                      | £375                      | £564                      | £659                         | £-828                    | -55.7%                |
| <b>Total Commercial Income</b>                                     | <b>£6,547</b>             | <b>£5,757</b>             | <b>£5,881</b>             | <b>£5,762</b>             | <b>£6,293</b>                | <b>£-254</b>             | <b>-3.9%</b>          |
| <b>Total Other Income</b>  | <b>£1,277</b>             | <b>£1,562</b>             | <b>£1,277</b>             | <b>£1,794</b>             | <b>£1,715</b>                | <b>£438</b>              | <b>34.3%</b>          |
| <b>Student Accomodation</b>  | <b>£1,257</b>             | <b>£2,051</b>             | <b>£2,223</b>             | <b>£2,253</b>             | <b>£2,395</b>                | <b>£1,138</b>            | <b>90.5%</b>          |
| <b>Catering Income</b>   | <b>£0</b>                 | <b>£0</b>                 | <b>£1,421</b>             | <b>£1,715</b>             | <b>£1,749</b>                | <b>£1,749</b>            |                       |
| <b>Foundation</b>  | <b>£207</b>               | <b>£6,515</b>             | <b>£2,410</b>             | <b>£2,911</b>             | <b>£875</b>                  | <b>£668</b>              | <b>322.7%</b>         |
| <b>Property disposals</b>  | <b>£0</b>                 | <b>£0</b>                 | <b>£0</b>                 | <b>£0</b>                 | <b>£10,403</b>               | <b>£10,403</b>           | <b>#DIV/0!</b>        |
| <b>Net Return on Pension</b>                                       | <b>£620</b>               | <b>£0</b>                 | <b>£0</b>                 | <b>£0</b>                 | <b>£0</b>                    | <b>£-620</b>             | <b>-100.0%</b>        |
| <b>NON SFC Income</b>  | <b>£21,000</b>            | <b>£27,524</b>            | <b>£25,647</b>            | <b>£27,283</b>            | <b>£36,007</b>               | <b>£15,007</b>           | <b>71.5%</b>          |
| <b>Total Income</b>  | <b>£52,855</b>            | <b>£67,711</b>            | <b>£84,723</b>            | <b>£90,044</b>            | <b>£102,163</b>              | <b>£49,308</b>           | <b>93.3%</b>          |
| <b>Total Funding Council Grant as % of Total Income (excl NPD)</b> | <b>60%</b>                | <b>56%</b>                | <b>61%</b>                | <b>61%</b>                | <b>64%</b>                   |                          |                       |
| <b>Further Breakdown</b>   |                           |                           |                           |                           |                              |                          |                       |
| Faculty Creative Ind   | £73                       | £61                       | £76                       | £71                       | £94                          | £21                      | 28.8%                 |
| Faculty Hospitality & Leisure                                      | £83                       | £134                      | £96                       | £71                       | £71                          | £-12                     | -14.5%                |
| Faculty Nautical Science & STEM                                    | £4,372                    | £4,478                    | £4,767                    | £4,289                    | £4,838                       | £466                     | 10.7%                 |
| Faculty Education & Humanities                                     | £532                      | £543                      | £567                      | £767                      | £631                         | £99                      | 18.6%                 |
| <b>Faculty Commercial &amp; Overseas Course Fee Income</b>         | <b>£5,060</b>             | <b>£5,216</b>             | <b>£5,506</b>             | <b>£5,198</b>             | <b>£5,634</b>                | <b>£574</b>              | <b>11.3%</b>          |
| Commercial Fee Income  | £2,852                    | £2,978                    | £3,537                    | £3,396                    | £3,682                       | £830                     | 29.1%                 |
| Overseas Fee Income  | £2,208                    | £2,238                    | £1,969                    | £1,802                    | £1,952                       | £-256                    | -11.6%                |
| <b>Faculty Commercial &amp; Overseas Course Fee Income</b>         | <b>£5,060</b>             | <b>£5,216</b>             | <b>£5,506</b>             | <b>£5,198</b>             | <b>£5,634</b>                | <b>£574</b>              | <b>11.3%</b>          |
| Malta  | £583                      | £88                       | £0                        | £128                      | £45                          | £-538                    | -92.3%                |
| Angola   | £650                      | £150                      | £0                        | £64                       | £0                           | £-650                    | -100.0%               |
| Business & International Income                                    | £0                        | £60                       | £68                       | £110                      | £214                         | £214                     | #DIV/0!               |
| City Enterprise  | £254                      | £243                      | £307                      | £161                      | £227                         | £-27                     | -10.6%                |
| STEM & Innovation  | £0                        | £0                        | £0                        | £101                      | £173                         | £173                     | #DIV/0!               |
| <b>Other Commercial Income</b>                                     | <b>£1,487</b>             | <b>£541</b>               | <b>£375</b>               | <b>£564</b>               | <b>£659</b>                  | <b>£-828</b>             | <b>-55.7%</b>         |
| EU Grants & Other Grants   | £56                       | £341                      | £189                      | £354                      | £467                         | £411                     | 733.9%                |
| Nautical - Exam Fee Charges  | £242                      | £282                      | £268                      | £178                      | £191                         | £-51                     | -21.1%                |
| CITY Shop Outlets  | £153                      | £138                      | £261                      | £275                      | £258                         | £105                     | 68.6%                 |
| Faculty - Other Income   | £282                      | £291                      | £298                      | £301                      | £299                         | £17                      | 6.0%                  |
| Other Income   | £544                      | £510                      | £261                      | £686                      | £500                         | £-44                     | -8.1%                 |
| <b>Total Other Income</b>  | <b>£1,277</b>             | <b>£1,562</b>             | <b>£1,277</b>             | <b>£1,794</b>             | <b>£1,715</b>                | <b>£438</b>              | <b>34.3%</b>          |

## CITY OF GLASGOW COLLEGE

|                                    | Actual<br>2014-15<br>£000 | Actual<br>2015-16<br>£000 | Actual<br>2016-17<br>£000 | Actual<br>2017-18<br>£000 | Projected<br>2018-19<br>£000 | 4 Year<br>Growth<br>£000 | 4 Year<br>Growth<br>% |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--------------------------|-----------------------|
| <b>INCOME ANALYSIS</b>             |                           |                           |                           |                           |                              |                          |                       |
| Total SFC Income (excl NPD)        | £31,382                   | £35,236                   | £40,284                   | £42,697                   | £46,060                      | £14,678                  | 46.8%                 |
| Total Course Fee Income            | £11,092                   | £11,639                   | £12,435                   | £12,848                   | £12,577                      | £1,485                   | 13.4%                 |
| Accomodation & Catering Income     | £1,257                    | £2,051                    | £3,644                    | £3,968                    | £4,144                       | £2,887                   | 229.7%                |
| Total Commercial & Overseas Income | £5,060                    | £5,216                    | £5,506                    | £5,198                    | £5,634                       | £574                     | 11.3%                 |
| Total Other Commercial Income      | £1,487                    | £541                      | £375                      | £564                      | £659                         | £-828                    | -55.7%                |
| <b>TOTAL COMMERCIAL</b>            | <b>£6,547</b>             | <b>£5,757</b>             | <b>£5,881</b>             | <b>£5,762</b>             | <b>£6,293</b>                | <b>£-254</b>             | <b>-3.9%</b>          |

£000

### City of Glasgow College Commercial Income Analysis



## Risk Management Action Plan

**Risk Description:** Failure to obtain funds from College Foundations

**Risk ID:** 20

**Owned by:** VPCS

**Review Date:** Sept 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 now fully paid.

No further applications have been made, we estimate that the Foundation currently holds a balance of approx. £4.6m.

|   |   |
|---|---|
| <b>Current Risk Score:</b>  | <b>Gross Risk Score<br/>(assuming no treatment)</b>               |
| Likelihood 1/5<br>Impact 4/5<br>Risk Score 4/25<br>RAG Rating: <b>GREEN</b><br><b>Target Score: 3</b> | Likelihood 4/5<br>Impact 5/5<br><br>Risk Score 20/25              |
| <b>Risk Appetite<br/>(Willing to accept):</b>   | <b>Risk Tolerance<br/>(Able to accept):</b>                       |
| <u>Low</u> Medium High  | Category: Finance<br>Low <b>Medium</b> High<br>1 2 <b>3</b> 4 5 6 |

|        |            |    |    |    |    |
|--------|------------|----|----|----|----|
| Impact | 5          | 10 | 15 | 20 | 25 |
|        | <b>4</b>   | 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: Sept 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.
4. Impact on shipping industry.
5. CoGC EU Students – numbers in 18/19 were 1,734 from 31,837
6. CoGC EU Staff – very few EU staff (45 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 2021. 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.

**Sept 2019 Update:**

The Brexit Risk Register for Colleges monitored by ELT considering all external guidance and advice. There is still a huge amount of uncertainty regarding the nature of a Brexit deal or no deal with the resulting consequences.

- The supply chain appears to be robust will limited immediate negative impact.
- Brexit will impact on the ability to retain and attract staff, who provide a wealth of experience and knowledge to the college sector.
- Implication for non-UK EU students who could be adversely affected by the outcome of the UK withdrawing from the EU. Recruitment of non-UK students

may be an issue with greater immediate ramifications for the university sector, which could have knock-on consequences for the college sector.

- Risks around limiting engagement in positive cultural exchange visits. These programmes have wide ranging positive benefits beyond the educational impact.
- College is taking forward readiness preparations guided by the Brexit checklist
- College is considering how indirect investments that reach the college sector from local authorities or SDS may be impacted.
- The college sector's readiness and willingness to be flexible and seek to support the Scottish Government, whatever the outcome and level of economic impact as a result of Brexit.

|   |  |
|---|--|
| <b>Current Risk Score:</b>  | <b>Gross Risk Score<br/>(assuming no treatment)</b>                |
| Likelihood 5/5<br>Impact 2/5<br>Risk Score 10 /25<br>RAG Rating: <b>AMBER</b><br><b>Target Score: 5</b> | Likelihood 5/5<br>Impact 3 /5<br>Risk Score 15/25                  |
| <b>Risk Appetite<br/>(Willing to accept):</b>   | <b>Risk Tolerance<br/>(Able to accept):</b>                        |
| <u>Low</u> Medium High  | Category: Finance?<br>Low <u>Medium</u> High<br>1 2 <b>3</b> 4 5 6 |

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



# BREXIT RISK MANAGEMENT APPENDIX: EXAMPLE REGISTER FROM SFC

Area of activity  
Date  
Review date  
Assessor name

College wide BREXIT Impact assessment  
25th Sept 2019

| Ref | No | Strategic objective | Uncertain event  | Potential impact   | Likelihood | Severity | Score | Existing controls   | Further action (likelihood)  | Further action (impact)  | By whom | When |
|-----|----|---------------------|--|--|------------|----------|-------|---|--|--|---------|------|
| 1h  | 1  | Needs of region     | If EU-funded Credit (ESF) activity is withdrawn  | THEN the College may lose credits  | 3          | 2        | 6     | Funding available until 2021. This is built into the FFR.   | Likelihood score will increase with proximity of loss of income  | Continue to seek efficiency savings to invest in new provision, including consultation with staff re staff reductions and use of temporary staff   |         |      |
|     | 2  | College experience  | IF business critical supplies are unavailable over an uncertain period of time                                 | THEN the College may have to operate with restricted services and students may not be able to complete courses                           | 3          | 3        | 9     | BCP would be invoked.   | Identify business critical supplies and determine ways of coping with delay or cost - eg food and fuel. Undertake procurement analysis based on info supplied by APUC. | Impact assessments for specific areas of activity. Prioritise use of scarce resources - eg final year groups. Increase online and theory of application. Send more people out to employers for application |         |      |
|     | 3  | College experience  | IF the UK does not adopt the same quality standards, employment and legal obligations for procurement activity | THEN the College may procure goods of an inferior quality, resulting in uncertainty about safety, and risk of harm to staff and students | 2          | 3        | 6     | Continue to follow APUC guidance and frameworks   |  |  |         |      |
|     | 4  | College experience  | IF ERASMUS funding for international students is withdrawn   | THEN the College may not be able to support student placements in Europe.  | 3          | 1        | 3     | Funding student placements is available until 2021. Negligible impact on net position as does not affect staffing levels.           |  |  |         |      |
|     | 4b | College experience  | IF ERASMUS activity is impacted by No Deal or delay  | THEN agreements may be invalid and travel arrangements may be compromised  | 3          | 4        | 12    |   | Existing agreements to be updated.   | Safety nets to be put in place for travel  |         |      |
|     | 5  | College experience  | IF rationing of fuel is introduced   | THEN we may suffer staff shortages and inability of students to get to our campuses  | 2          | 4        | 8     | BCP / travel plan would be invoked.   |  |  |         |      |
|     | 6  | College experience  | IF there is a shortage of supply of medications  | THEN staff or students may become unwell on campus / or unable to attend the college   | 2          | 3        | 6     | Maintain full coverage of first aiders. Extend medical protocols process to staff.  |  | Potentially increase student support services  |         |      |
|     | 7  | College experience  | IF there is a change in availability of data across EU and UK  | THEN there may be an impact on business continuity until revised agreements can be put in place  | 2          | 3        | 6     | Support from DPO service to identify priority areas to address  |  |  |         |      |
| 4d  | 8  | Grow Business       | IF BREXIT adversely affects the Regional economy   | THEN employers may not have the capacity to undertake commercial training.   | 3          | 4        | 12    | Employer/client engagement, work on new markets and products  | Widen client base to spread risk and access funding  | Widen client base to spread risk   |         |      |
|     | 9  | Grow Business       | IF SDS apprenticeship part funding is lost   | THEN the College may not be sustain the planned growth in provision  | 3          | 4        | 12    | European funding possible up to 2021  | May be offset by redistribution of funds by SFC. Likelihood factor may increase  | Deliver through temporary resources if possible, which would need to be support staff. If already employed may need to have consultation about staff reductions. Tap into credit funding                   |         |      |
|     | 10 | Grow Business       | IF other funders lose their EU grants  | THEN there may be an uncertain impact on secondary income sources eg from SBC  | 3          | 3        | 9     | Uncertain impact  | Undertake exercise to assess   |  |         |      |
|     | 11 | Grow Business       | IF College is unable to accept EU students   | THEN tuition fees may be lost  | 5          | 1        | 5     | This has negligible impact due to low numbers of students   |  |  |         |      |
|     | 12 | Grow Business       | IF construction industry is significantly affected by labour or supplies shortages                             | THEN there may be a risk to delivery and completion of our capital/BOSEP projects  | 2          | 3        | 6     | Legal obligation to complete contract   | Seek a BREXIT impact assessment from major contractors   |  |         |      |
| 5f  | 13 | Sustainability      | If EU-funded Credit activity is withdrawn,   | THEN the College may lose income with associated impact on staff levels  | 3          | 2        | 6     | Funding available until 2021. This is built into the FFR.   | Likelihood score will increase with proximity of loss of income  | Continue to seek efficiency savings to invest in new provision, including consultation with staff re staff reductions and use of temporary staff   |         |      |
|     | 14 | Sustainability      | IF the supply of goods will incur increased transport timescales, paperwork, and / or duty                     | THEN the cost of business as usual may significantly increase  | 4          | 3        | 12    | Budget control, financial planning, FFR   | Plan ahead for purchases   | Continue to seek efficiency savings  |         |      |
|     | 15 | Sustainability      | IF there are changes in regulated procurement - ie processes for greater £50k are restricted to UK             | THEN there may be restricted supply, and potential increase in cost  | 2          | 3        | 6     | Government have provided assurances that the regulations for public procurement will continue to operate in the event of a no deal. | Notification will be received via APUC of any concerns   | BCP response required if urgent loss of supply   |         |      |
|     | 16 | Sustainability      | IF the UK does not adopt the same quality standards, employment and legal obligations for procurement activity | THEN the College may not meet its social responsibility and sustainability objectives  | 3          | 2        | 6     | Continue to follow APUC guidance and frameworks   |  |  |         |      |
|     | 17 | Sustainability      | IF Universities lose EU students and EU grants eg research   | THEN Universities may look to extend their activities to further education   | 4          | 3        | 12    | This would be a massive change for the HE sector but is increasingly likely. Not likely to be felt immediately                      | Articulation pathways not always successful.   | Growing HND provision, looking at other areas of college activity to potentially grow  |         |      |
|     | 18 | Sustainability      | IF there are restrictions on residential status for EU citizens  | THEN labour supply may be affected and / or student numbers reduced  | 5          | 2        | 10    | staff who may need to apply for residency.  |  | Establish how we can help them to do this. What about families of staff and students. Prepare briefing notes to share with all staff. Can we offer a drop in service to help with applications.            |         |      |
|     | 19 | Sustainability      | IF there is social unrest in the area  | THEN our ability to maintain services may be adversely affected  | 3          | 3        | 9     | BCP would be invoked.   | What is our social responsibility in myth busting.   | Promote our image as as diverse student and staff population (also wider promotion)  |         |      |

# BREXIT RISK MANAGEMENT APPENDIX: EXAMPLE REGISTER FROM SFC

Area of activity

College wide BREXIT Impact assessment

Date

25th Sept 2019

Review date

Assessor name

| Ref | No | Strategic objective | Uncertain event  | Potential impact  | Likelihood | Severity | Score | Existing controls                     | Further action (likelihood) | Further action (impact)  | By whom | When |
|-----|----|---------------------|--|---|------------|----------|-------|---------------------------------------|-----------------------------|--|---------|------|
|     | 20 | Sustainability      | IF EU residents leave  | THEN the need for employment may increase in key sectors with a corresponding reduction in student numbers at both FE and HE across the country | 3          | 3        | 9     | Plan for reduction in activity levels |                             | Reduce expenditure, review curriculum to ensure meeting changing needs of the region, continue to work with employers to maintain open comms |         |      |
|     | 22 | Sustainability      | IF Scottish government funding to the FE sector is reduced because of BREXIT | THEN thy may be a need to plan significant reductions in activity levels  | 3          | 4        | 12    | Plan for reduction in activity levels |                             | Reduce expenditure   |         |      |

## Risk Score

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

| Likelihood |                               | Impact |             |  |
|------------|-------------------------------|--------|-------------|--|
| 5          | Almost certain 80%            | 5      | Critical    | Substantial effect upon the objective, thus making it extremely difficult/costly to achieve                                    |
| 4          | Very likely 60%-80%           | 4      | Significant | Considerable effect on the objective, making it more difficult /costly to achieve  |
| 3          | Likely 40% - 60%              | 3      | Moderate    | Evident and material effect on the objective, making it fully achievable only with some moderate additional difficulty or cost |
| 2          | Unlikely 20% - 40%            | 2      | Minor       | Small but noticeable effect on the objective , making it fully achievable but with some minor difficulty/cost                  |
| 1          | Very unlikely - less than 20% | 1      | Marginal    | Peripheral effect upon the objective, impacting only in minor way upon achievement   |

## 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:** Sept 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.

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.

**Commentary (Update):**

SFC announced the 2019-20 initial regional funding allocation on the 28<sup>th</sup> February 2019. The Regional funding allocation slightly reduced the total regional Credits, City's SFC Credit target is 179,926 only slightly below the agreed activity level of 180,000+ Credits. The SFC allocation is a flat cash plus the agreed additional national bargaining funding.

The 2019-20 GCRB funding allocation means that City has the lowest grant per Credit in the sector at £225 per Credit compared to the Glasgow Regional average of £247 and the sector average of £274.

The 2019-20 SFC Capital Maintenance grant allocation within the Region is extremely disappointing for City of Glasgow College. We continue not to receive any share of the additional backlog maintenance SFC Capital Maintenance grant funding. At a sector and regional level the remaining SFC Capital Maintenance grant available for general use continues to decline. The Glasgow was £3.5m, however GCRB have only allocated City £0.9m for all our capital and maintenance requirements. The approved new campus business case included £1.4m of the annual SFC Capital Maintenance grant being allocated to the NPD costs.

GCRB have also retained an additional £246k for running costs and GCRB lead projects. The impact across the Glasgow Colleges is a funding reduction excluding the additional national bargaining 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.

Reviewed by Audit Committee September 2019.

|  |  |
|--|--|
| <b>Current Risk Score:</b>   | <b>Gross Risk Score<br/>(assuming no treatment)</b>          |
| Likelihood 3/5<br>Impact 4/5<br>Risk Score 12/25<br>RAG Rating: <b>AMBER</b><br><b>Target Score: 5</b> | Likelihood 5/5<br>Impact 5/5<br>Risk Score 25/25             |
| <b>Risk Appetite<br/>(Willing to accept):</b>  | <b>Risk Tolerance<br/>(Able to accept):</b>                  |
| <u>Low</u> Medium High   | Category: Financial<br><u>Low</u> Medium High<br>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: Sept 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.

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. Complying with 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 ensuring GDPR compliance 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 continue to pursue achieving and maintaining UK Government Cyber Essentials Plus accreditation 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.

**Sept 2019 Update:**

Cyber Essentials Plus accreditation was achieved in September 2019. Improvements were made on identified infrastructure equipment highlighted by our Technology Partner to ensure industry good practice is being followed. External network penetration test was successfully completed with the College network security preventing unauthorised access during the test scenario.

The College network and software is currently secure and robust. The College will continue to monitor and manage cyber attacks to minimise risk and disruption.

Recommending a reduced risk score as a result of achieving Cyber Essentials Plus accreditation.

|  |  |
|--|--|
| <b>Current Risk Score:</b>   | <b>Gross Risk Score<br/>(assuming no treatment)</b>                        |
| Likelihood <b>2/5 Change from 3</b><br>Impact 5/5<br>Risk Score 10 /25<br>RAG Rating: <b>AMBER</b><br><br>Recommended changed to AMBER 15 to 10.<br><b>Target Score: 5</b> | Likelihood 5/5<br>Impact 5/5<br>Risk Score 25/25                           |
| <b>Risk Appetite<br/>(Willing to accept):</b>  | <b>Risk Tolerance<br/>(Able to accept):</b>                                |
| <u>Low</u> Medium High   | Category: Business Continuity<br><br><u>Low</u> Medium High<br>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 |    |    |    |    |