

Board of Management Development Committee

Date of Meeting	Wednesday 30 October 2019
Paper No.	DC1-J
Agenda Item	12
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	23 October 2019
Action	For Discussion and Decision

1. Recommendations

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

2. Purpose of report

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

3. Strategic Context and Key Points

3.1 Risk Management is a key component of the College's internal control and governance arrangements, and as such is an important responsibility of the Senior Management Team, and the Board of Management. The current strategic risks have been identified by SMT and the Audit Committee, as the primary strategic risks currently faced by the College. The risks are aligned within the same framework of strategic themes as the College Strategic Plan. The risks included in the Risk Register have potential impacts on one or more of the College's strategic priorities.

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

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

- Risk 6 - Negative impact upon College reputation (15/**RED**); This score was increased from 10 (AMBER) by the Audit Committee in May 2019.
- Risk 7 - Failure to achieve improved business development performance with stakeholders (**10/AMBER**)
- Risk 16 – Failure to maximise income via diversification (12/**AMBER**). This 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.

3.4 At the Audit Committee meeting of 21 February 2018, that Committee requested that the Risk MAP for Risk 16 - Failure to maximise income via diversification (**6/AMBER**) be reviewed by the Development Committee at its next meeting, and specifically to review the risk score which the Audit Committee considered to be low. As a consequence, a revised risk score of $4 \times 3 = 12$ (**AMBER**) is currently in place.

3.4 The Risk Management Action Plans for Risks 6 , 7, and 16 are attached at Appendix 1, and provide more detailed descriptions of the risks, treatments, and commentaries. These are carried forward from the Development Committee meeting on 23 January and therefore should be reviewed by the Committee.

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

4. Impact and implications

4.1 The effective management and control of risks is essential to the on-going stability and future growth of the College, with clear implications in terms of potential impact upon College students and staff, as well as the College’s wider reputation and legal compliance status.

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

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

4.4 Regional and sectoral considerations are included in the process of risk management, and are reflected in the risk documentation.

Appendices:

Appendix 1: Risk Management Action Plans 6, 7, 16; Risk Register.

Risk Management Action Plan

Risk Description: Negative impact upon College reputation

Risk ID: 6

Owned by: VPCDI

Review Date: Sept 2019

Update

Full Description:

1. Failure to protect and maintain the brand.
2. Complaint to Scottish Public Services Ombudsman upheld
3. Significant breach of College policies & procedures.
4. Gross misconduct of a member / members of staff.

Treatment:

1. An Associate Director for Brand & Communications has been appointed and is currently reviewing the operational elements and structure of the team to ensure that is fit for purpose to maintain and enhance the college brand.
2. College Complaints Procedure to be available and communicated to all employees; train staff, including managers in operation of college policies & procedures, including legal requirements.
3. Management monitoring and control supported by the work of the College internal and external auditors.
4. Embedding College values and behaviours supported by robust College policies & procedures.

Commentary (Update):

The College currently enjoys an excellent external reputation based on performance, facilities and the work of the Corporate Development team.

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

6. Positive press coverage relating to a number of awards and events have continued each month in session 2018/19, however this may be negatively impacted upon in the context of EIS Strike activity
7. The latest College Annual Report 2017-18, highlighting various College, student, and staff successes, published in February 2019.

At 8 May 2019:

An internal review has revealed some suspected fraudulent activity, reported to the Audit Committee (29/4/19), which is the subject of ongoing further detailed investigation and audit. All relevant parties have been informed, including the Police who are now treating this as a suspected criminal act. It is envisaged that there may be negative reputational impact near the completion of this investigation. The College is working on a PR/Crisis plan to mitigate reputational risk which will include working with the media to ensure that the key facts of this case are presented at the correct time.

At 15 May 2019

The Audit Committee received the Principal's report on the above matter, and agreed the recommendation to increase the risk score to 3x5= RED.

At Sept 2019

The Principal continues to keep the Committee and Board of Management up to date with ongoing investigations, and report due dates, as far as is known and appropriate for dissemination.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 3/5 Impact 5/5 Risk Score 15/25 RAG Rating: RED (increased from AMBER – Audit Committee 15/5/19). Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<u>Low</u> Medium High	Category: Reputation <u>Low</u> Medium High 1 2 3 4 5 6

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

Risk Management Action Plan

Risk Description:

Failure to achieve improved business development performance with stakeholders

Risk ID: 7

Owned by: VPCDI

Review Date: 11 Sept 2019

Update

Full Description:

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

Treatment:

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

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

N.B. Associated Level 1 Risks:

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

Commentary (Update):

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

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

Business Development forecasts for 2018-19 are positive and on target. The Development Committee has requested and now receives a fuller context for commercial and international development (noted at April 2019).

Reviewed by the Development Committee, April 2019.

Currently under further review (Sept 2019)

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 2/5 Impact 5/5 Risk Score 10/25 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):
<u>Low</u> Medium High	Category: Change and Development Activities Low <u>Medium</u> High 1 2 3 <u>4</u> 5 6

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

Risk Management Action Plan

Risk Description: Failure to maximise income via diversification

Risk ID: 16

Owned by: 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 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 with the Corporate Development currently planning to fully deliver the target.

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):
<u>Low</u> Medium High	Category: Change and Development/ Financial Low <u>Medium</u> High 1 2 3 4 5 6

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

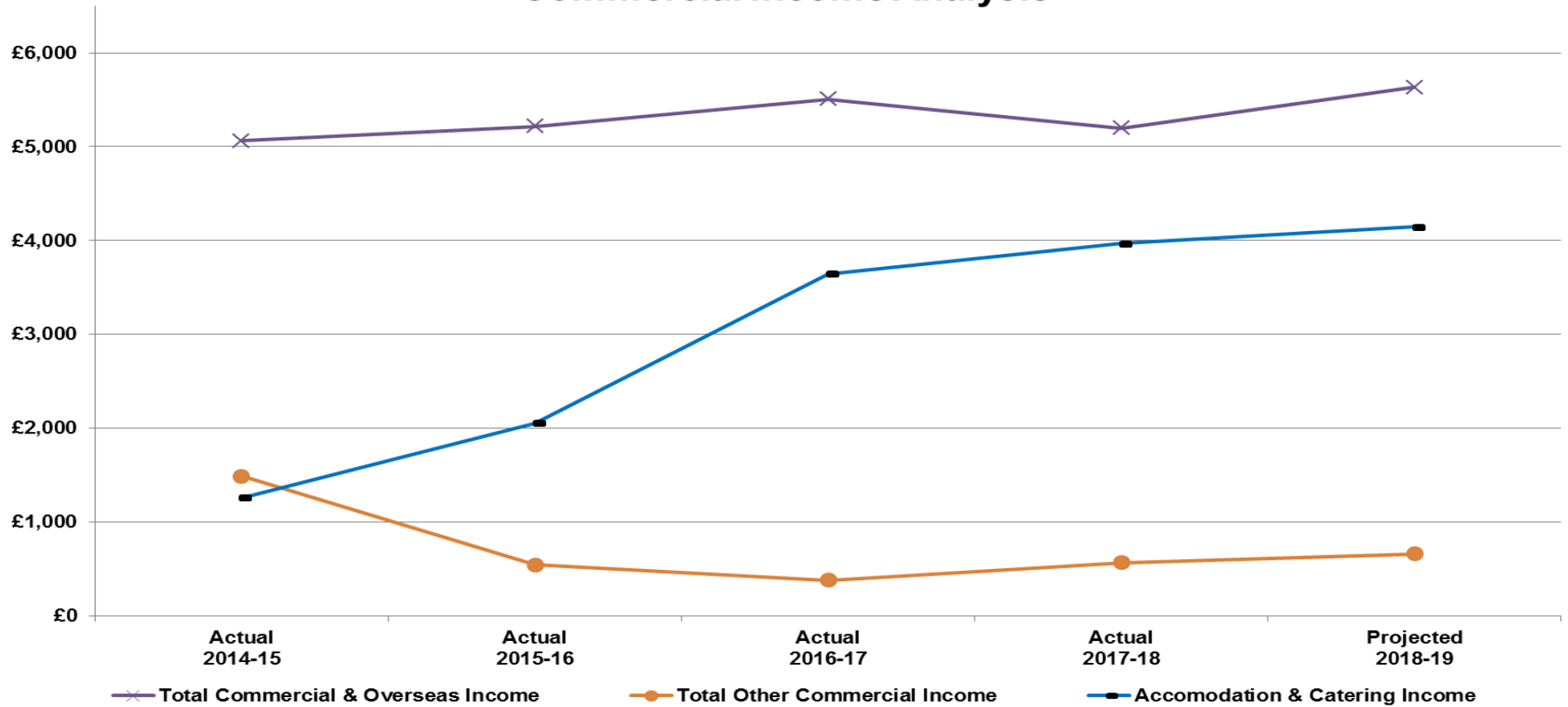
CITY OF GLASGOW COLLEGE							
	Actual 2014-15 £000	Actual 2015-16 £000	Actual 2016-17 £000	Actual 2017-18 £000	Projected 2018-19 £000	4 Year Growth £000	4 Year Growth %
INCOME ANALYSIS							
SFC Grant in Aid	£27,288	£29,797	£32,628	£33,880	£38,160	£10,872	39.8%
SFC Other Income	£4,094	£5,439	£7,656	£8,817	£7,900	£3,806	93.0%
SFC NPD Income	£473	£4,951	£18,792	£20,064	£20,096	£19,624	4153.1%
Total SFC Income	£31,855	£40,187	£59,076	£62,761	£66,156	£34,301	107.7%
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%
Total Course Fee Income	£11,092	£11,639	£12,435	£12,848	£12,577	£1,485	13.4%
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%
Total Commercial Income	£6,547	£5,757	£5,881	£5,762	£6,293	£-254	-3.9%
Total Other Income	£1,277	£1,562	£1,277	£1,794	£1,715	£438	34.3%
Student Accomodation	£1,257	£2,051	£2,223	£2,253	£2,395	£1,138	90.5%
Catering Income	£0	£0	£1,421	£1,715	£1,749	£1,749	
Foundation	£207	£6,515	£2,410	£2,911	£875	£668	322.7%
Property disposals	£0	£0	£0	£0	£10,403	£10,403	#DIV/0!
Net Return on Pension	£620	£0	£0	£0	£0	£-620	-100.0%
NON SFC Income	£21,000	£27,524	£25,647	£27,283	£36,007	£15,007	71.5%
Total Income	£52,855	£67,711	£84,723	£90,044	£102,163	£49,308	93.3%
Total Funding Council Grant as % of Total Income (excl NPD)	60%	56%	61%	61%	64%		
Further Breakdown							
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%
Faculty Commercial & Overseas Course Fee Income	£5,060	£5,216	£5,506	£5,198	£5,634	£574	11.3%
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%
Faculty Commercial & Overseas Course Fee Income	£5,060	£5,216	£5,506	£5,198	£5,634	£574	11.3%
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!
Other Commercial Income	£1,487	£541	£375	£564	£659	£-828	-55.7%
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%
Total Other Income	£1,277	£1,562	£1,277	£1,794	£1,715	£438	34.3%

CITY OF GLASGOW COLLEGE

	Actual 2014-15 £000	Actual 2015-16 £000	Actual 2016-17 £000	Actual 2017-18 £000	Projected 2018-19 £000	4 Year Growth £000	4 Year Growth %
INCOME ANALYSIS							
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%
TOTAL COMMERCIAL	£6,547	£5,757	£5,881	£5,762	£6,293	£-254	-3.9%

£000

City of Glasgow College Commercial Income Analysis



Risk Register: 03 October 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		Risk 1 MAP.docx	Sept '19
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Sept '19
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		Risk 3 MAP.docx	Sept '19
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	1	5	5	20	4		Risk 21 MAP.docx	Sept '19
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DPr	3	3	9	20	3		Risk 4 MAP.docx	Sept '19
Growth and Development	Negative impact upon College reputation	6	1	VPCDI	3	5	15	25	5	Amber to RED AC 05/19	Risk 6 MAP.docx	Sept '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	Apr '19
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirP	2	5	10	20	5		Risk 8 MAP.docx	Sept '19
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	VPCS	2	2	4	20	3		Risk 9 MAP.docx	Oct '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	Risk 10 MAP.docx	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	Risk 24 MAP.docx	Sept '19
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5	Monitor IA actions AC 5/19	Risk 11 MAP.docx	Sept '19
Processes and Performance	Failure of Business Continuity	12	1	VPCS/CSP	3	5	15	25	4	Monitor IA Report 11/19	Risk 12 MAP.docx	Oct '19
Processes and Performance	Failure of IT system security	25	1	VPCS	2	5	10	25	5	Score decr.. 15 to 10: FPRC 02/19	Risk 25 MAP.docx	Oct '19
Processes and Performance	Failure to manage performance	13	1	VPSE/DirP	1	4	4	20	4		Risk 13 MAP.docx	Sept '19
Processes and Performance	Negative impact of Industrial Action	14	1	VPCS	3	4	12	25	4		Risk 14 MAP.docx	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		Risk 15 MAP.docx	Sept '19
Finance	Failure to maximise income via diversification	16	1	VPCS/VPCDI	4	3	12	20	4		Risk 16 MAP.docx	Sept '19
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4		Risk 20 MAP.docx	Sept '19
Finance	Negative impact of Brexit	22	1	VPCS/DCS	5	2	10	tbc	5		Risk 22 MAP.docx	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		Risk 23 MAP.docx	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	