

Board of Management Development Committee

Date of Meeting	Tuesday 7 December 2021
Paper No.	DC1-I
Agenda Item	4.7
Subject of Paper	Strategic Risk Review
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	6 November 2021
Action	For Discussion/Decision

1. Recommendations

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

2. Purpose

- 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.
- 2.2 The ongoing global health pandemic and economic impact places a particular emphasis upon strategic risk management at this time.

3. Key Insights

- 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 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 (Score reduced from 15 **RED** to 12 AMBER by PNC August 2020).
 - Risk 7 - Failure to achieve improved business development performance with stakeholders. (Scored 25 **RED** by Development Committee April 2020, reduced to 20 **RED** by Audit Committee November 2020).
 - Risk 16 - Failure to maximise income via diversification. (Scored 25 **RED** by Development Committee April 2020).
- 3.3 These risks have specific relevance to the achievement of Strategic Priorities 7, and 8, as outlined below (Impact and Implications). Risk scores remain unchanged following the Audit and Assurance Committee meeting of 23 November 2021.
- 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 latest commentaries.
- 3.5 A full review of strategic risks is undertaken in alignment with the cycle of Board Committee meetings, 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, sustainability, 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 Register; Risk Management Action Plans 6, 7, 16.

Risk Register: 24 November 2021

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	Score decr. 15 to 10 L&TC 9/21	Risk 1 MAP.docx	Sept'21
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Sept'21
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		Risk 3 MAP.docx	Sept'21
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	2	5	10	20	4		Risk 21 MAP.docx	Sept'21
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DPr	3	3	9	20	3		Risk 4 MAP.docx	Sept'21
Growth and Development	Negative impact upon College reputation	6	1	VPCDI	3	4	12	25	5		Risk 6 MAP.docx	Nov'21
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	VPCDI	4	5	20	25	5	Score decr. 25 to 20: AAC 11/20	Risk 7 MAP.docx	Nov'21
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirE	2	5	10	20	5		Risk 8 MAP.docx	May'21
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	EDHR	2	2	4	20	3		Risk 9 MAP.docx	Sept'21
Growth and Development	Failure to achieve taught degree awarding powers	26	1	DPr	3	4	12	20	3		Risk 9 MAP.docx	Sept'21
Processes and Performance	Negative impact of statutory compliance failure	10	1	CSP	2	5	10	20	5		Risk 10 MAP.docx	Nov'21
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DPr	2	4	8	25	5	Score decr. 12 to 8 AAC 05/21	Risk 24 MAP.docx	Sept'21
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5		Risk 11 MAP.docx	Nov'21
Processes and Performance	Failure of Business Continuity	12	1	VPCS/CSP	3	4	12	25	4		Risk 12 MAP.docx	Nov'21
Processes and Performance	Failure to manage performance	13	1	VPSE/DirE	3	4	12	20	4	Score incr. 4 to 12 PNC 8/21	Risk 13 MAP.docx	Aug'21
Processes and Performance	Negative impact of Industrial Action	14	1	EDHR	3	4	12	25	4		Risk 14 MAP.docx	Oct'21
Processes and Performance	Failure of IT system security	25	1	VPCS	2	5	10	25	5		Risk 25 MAP.docx	Nov'21
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	15	1	VPCS	4	3	12	25	4	Score incr. 9 to 12 FPRC 09/21	Risk 15 MAP.docx	Nov'21
Finance	Failure to maximise income via diversification	16	1	VPCS/VPCDI	4	5	20	25	5	Score decr. 25 to 20 DC 5/21	Risk 16 MAP.docx	Nov'21
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4		Risk 20 MAP.docx	Nov'21
Finance	Negative impact of Brexit	22	1	VPCS/DCS	3	4	12	15	5		Risk 22 MAP.docx	Nov'21
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'21
ALL	Failure to manage acute threats relating to coronavirus outbreak	27	1	Pr/DPr	2	4	8	25	4	Score decr. 12 to 8: AAC 5/21		Nov'21

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
EDHR - Executive Director of Human Resources
DirE - Director of Excellence
DCS - Director of Corporate Support
AAC - Audit & Assurance Committee

Risk Score Matrix

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

Recent (12mth) change

Trend

Date	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Average Risk Score	9	9	9.43	8.95	11.2	11.3	10.7	
Number of RED Risks	2	2	3	1	4	5	4	

N.B. Closure of low-scoring risks will have an upward 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: Negative impact upon College reputation

Risk ID: 6

Owned by: VPCDI

Review Date: Nov 2021

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. The Brand and Communications team, in working with IT have successfully launched the new intranet 'My Connect'. This is a key platform to ensure that our communications are timeous and accurate across all staffing community. In conjunction with staff communication, there has been a lot of recent messaging and updates put through our available channels to students and stakeholders. This has been particularly frequent over the summer months in preparation for the start of the new academic term and explaining the revised updates coming from the Government in relation to COVID restrictions.
2. Our Public Affairs Company (Dram Communications) have continually briefed the ELT & Communications team on policy developments and parliamentary business, as well as provide business updates from the City Council and Chamber Business Network.
3. College Complaints Procedure to be available and communicated to all employees; train staff, including managers in operation of college policies & procedures, including legal requirements.
4. Management monitoring and control supported by the work of the College internal and external auditors.
5. 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 and extended college staff.

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. Utilising various media monitoring platforms the College continues to monitor its coverage, reputation and positioning within the marketplace on a daily basis. the
5. Following a hugely successful COP26 Programme, the College has enjoyed extensive coverage across a wide range of channels including, TV, Press, Radio and Online. Social Media coverage though has exceeded expectations due to the number of high level stakeholder events that had taken place within the

Nov 2021: College communications have remained frequent and relevant throughout the summer period with regular updates to the Staff/Student FAQ's on the website. The new Intranet and Staff Resource Hub has also greatly assisted in reaching staff and helping obtain robust feedback to inform decision making and next steps for re-integration back into the College and to inform the messaging around Hybrid working.

Current Risk Score:		Gross Risk Score (assuming no treatment)	
Likelihood	3/5	Likelihood	5/5
Impact	4/5	Impact	5/5
Risk Score	12/25	Risk Score	25/25
RAG Rating: AMBER			
Target Score: 5			
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: Nov 2021

Update

Full Description:

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

Treatment:

Employer relationships and Business engagement are largely managed and supported through the Corporate Development Team and in line with the agreed Business Development Process Map. A recent audit has highlighted the engagement across the College as 'Good' with some enhancement recommendations.

The planning for this activity is continually reviewed with reference to the College Strategic Plan 2020-30 and the 8 strategic priorities. In line with Strategic Priority 8 the new Corporate Development Strategy will focus planning for:

- Brand Positioning
- Global Ambition
- Innovation & Research
- Workforce Planning
- Industry Academies
- Partnerships & Developments
- City of Glasgow International Limited

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 refreshed Corporate Development Strategy, relating to delivery of the new College Strategic Plan 2021-2030. This strategy is being continually developed to feature the additional and associated initiatives as well as the new challenges the college faces within the current economic climate.

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.

May 2021: College campuses open but restricted.

Business Development activity during lockdown and post lockdown has remained consistent with some areas being surprisingly consistent. The team have continued to submit numerous RFP's and Tenders across both the public and private sectors. There has also been a lot of activity across the International sectors where the College operates with Indonesia being a particular place of interest. A significant contract has been procured through the 'Skills for Prosperity' a UK Government funded project to develop skills in Indonesia.

The FWDF team have worked tirelessly throughout lockdown with the development of over 200 courses which are predominantly still being delivered online. Since March 2020, there have also been over 10,000 employees undertaking training on funded programmes.

FWDF activity is now available on the College Dashboard.

The Corporate Development team have maintained regular contact with partners in China, Malaysia, India and Vietnam with live interactive sessions taking place since June 2020. This has been extremely successful and will continue until restrictions around international travel is relaxed.

The Development Committee have continued to note the progress made in the development of a number of initiatives with partner organisations. However, the ongoing uncertainties caused by the Covid pandemic, nationally and globally, remain a considerable threat. Risk score remains at 25 RED.

In November 2020, the Audit Committee agreed a change to risk likelihood from 5 to 4, hence Risk score of 20.

Current Risk Score:	Gross Risk Score (assuming no treatment)
<p>Likelihood 4/5 Impact 5/5</p> <p>Risk Score 20/25</p> <p>RAG Rating: Decreased to 20 RED score (Audit Committee Nov 2020)</p> <p>Target Score: 5</p>	<p>Likelihood 5/5 Impact 5/5</p> <p>Risk Score 25/25</p>
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
<p>Low Medium High</p>	<p>Category: Change and Development Activities</p> <p>Low Medium High</p>

	1	2	3	<u>4</u>	5	6
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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: Nov 2021

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.

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.

Update:

The College strategic plan is to grow the proportion of income from Non SFC funding. The Covid-19 pandemic has caused a massive financial impact on the College since the buildings closing on the 17th March 2020. The College has the highest proportion of non SFC income and unfortunately these income sources has suffered the greatest reduction from the closure and cancellation of courses

Appendix 1 shows the College Income & Expenditure performance, the 2020-21 projected underlying operating surplus of £72k is a massive improvement due to additional SFC funding, CJRS (furlough) funding, improved volume of online teaching and cost controls. 2020-21 Commercial and international course income has an estimated reduction of £0.9m. The other main non SFC income sources adversely

affected by the pandemic are student accommodation and catering income. In addition to the dramatic drop in income the majority of the costs to the 31st July 2020 are still being incurred and we are continuing to fully pay all contracted staff.

In 2020-21 the College received £1.7m of SFC funding to support and delivery the National Transition Training Fund (NTTF) and Young Person Guarantee (YPG) initiatives. SFC has recently announced the regional allocation for 2021-22, our allocation is still to be confirmed.

The 2021 projected underlying operating deficit has increased to £1.3m from the budget deficit of £740k due to the continuing negative financial impact of the COVID-19 restrictions. International, commercial, student accommodation and catering are all anticipated to experience a slow recovery to pre pandemic levels.

The Corporate Development Team and Faculties were on target to fully deliver the full £894k FWDF SFC Grant allocation. During 2020-21, SFC allocated an additional £445k of FWDF to the College to further support businesses during the pandemic. The training delivery was negatively impacted with our building closure and a high proportion of businesses closed or prioritising tackling Covid-19 business impacts. The team have managed to deliver a significant volume of online training limiting and commitments from employers securing the full grant allocation however there remains a substantial backlog of training to be delivered, £1.1m carried forward at 31st July 2021.

The College budget for 2021-22 and the underlying assumptions still show a substantial reduction in commercial & international course income and other Non SFC income, reduction of £4.2m. Appendix 2 shows a breakdown of income over the years since 2014 and highlights the substantial and continued growth of SFC funding received by the College, now 70% of the total College income (excl. NPD funding).

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 4/5 Impact 5/5 Risk Score 20/25 RAG Rating: RED 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					
	2021/22	2021/22	2020/21	2019/20	2018/19
	12-month F'Cast Sep £000s	12-month Budget £000s	12-month Actual £000s	12-month Actual £000s	12-month Actual
Income					
SFC Teaching Grants	43,987	43,987	41,573	39,686	37,196
SFC ESF	2,069	2,069	2,021	2,378	2,367
SFC FWDF	1,190	1,190	1,047	730	682
SFC Other	24,228	24,228	23,994	24,508	26,321
Total SFC income	71,474	71,474	68,635	67,302	66,566
Fundable Tuition Fees	10,746	10,993	10,039	10,422	10,772
International & Commercial tuition fees	6,279	5,918	6,599	7,468	7,733
Other income	578	578	1,934	1,772	1,033
Catering & Accommodation	2,228	2,381	1,359	2,993	4,200
EU & International	1,486	719	476	795	792
Grant from Foundation	1,412	1,000	312	24	563
Investment income	5	5	0	5	31
Total NON SFC income	22,734	21,594	20,719	23,479	25,124
Total income	94,208	93,068	89,354	90,781	91,690
Expenditure					
Staff Costs	57,091	56,541	59,387	56,292	50,916
Other operating expenses	12,829	11,652	10,071	12,191	12,986
Property costs	17,267	17,267	17,119	17,055	18,844
Exam fees	1,263	1,263	1,216	1,318	1,239
Depreciation	5,238	5,238	5,245	8,645	10,083
Voluntary Severance				0	638
Total expenditure	93,688	91,961	93,038	95,501	94,706
Operating Surplus (Deficit)	520	1,107	(3,684)	(4,720)	(3,016)
(Loss) on sale of fixed asset	0	0	0	0	5,790
Operating Surplus/(Deficit) after loss on sale of fixed asset	520	1,107	(3,684)	(4,720)	2,774
SURPLUSES AND DEFICITS					
Operating Surplus/(Deficit)	520	1,107	(3,684)	(4,720)	2,774
Diff between historical cost deprn & actual charge for the period	677	677	578	578	2,087
Historical cost Surplus/(Deficit) for the period	1,197	1,784	(3,106)	(4,142)	4,861
Pension Adjustments	0	0	4,733	2,681	2,922
Foundation Adjustments	(1,000)	(1,000)	(312)	0	(263)
NPD Balance Sheet debt	(5,248)	(5,248)	(5,011)	(4,700)	(4,366)
Revaluation reserve	(677)	(677)	(578)	(578)	(2,087)
Depreciation - Net of deferred Grant	4,401	4,401	4,346	6,379	5,924
Underlying Operating Surplus/(Deficit)	(1,327)	(740)	72	(360)	1,201

