# Board of Management
# Finance Committee

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| Date of Meeting | 11 March 2026 |
| Paper No. | FC3-E |
| Agenda Item | 4.3 |
| Subject of Paper | Strategic Risk Review |
| FOISA Status | Disclosable |
| Primary Contact | Marcus Walker<br>Associate Director Governance & Risk |
| Date of production | 03 March 2026 |
| Action | For Discussion |

**1. Recommendations**

**1.1.** To discuss the Strategic Risk Register for risks reported to the Committee, agreeing to recommend any changes to the Board of Management for final approval.

**1.2.** To note the Risk Management Action Plans for risks reported to the Committee, including the updated risk description for SR19.

**1.3.** To note the development of a draft risk heatmap as per the request of the Finance Committee.

**2. Consultation**

**2.1.** All strategic risk owners were consulted during the latest quarterly review.

**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 Board of Management, the Executive Leadership Team (ELT) and the Senior Management Team (SMT). Final approval of the Strategic Risk register is reserved to the Board and the Audit & Assurance Committee has oversight over the College's risk management approach.

**3.2.** ELT and SMT members are invited to review the risks they own on a quarterly basis. This is to ensure that the College, our Board and its committees, remain aware of any changes in the risk environment and that our risk management plans remain up-to-date and effective. Committees review the risks that are within their remit and recommend any changes to the Board for final approval.

**3.3.** The Strategic Risk Register and the MAPs are enclosed for the Committee's consideration and approval of members. Four strategic risks are reported to the Committee. No changes to risk scores are proposed in this review.

**3.4.** Following the drawdown approval of £1.3m from the Foundation for capital expenditure, only a small balance now remains. The Committee should consider whether SR21 (Failure to obtain funds from the Foundation for the College's priorities) remains strategically material and assess any ongoing dependence on Foundation funds, with a view to determining if SR21 continues to warrant inclusion on the strategic risk register.

**3.5.** At the request of the Joint Audit and Finance Committee the narrative for SR19 (Failure to achieve operating surplus), which sits within the remit of the Finance Committee, has been updated to include reference to cashflow and liquidity. The updated risk description is as follows:

*"There is a risk that the College may fail to achieve an operating surplus due to pressures on income and increased expenditure. To mitigate this, the College maintains robust financial management, including meeting credit targets to secure SFC funding, close monitoring of course fees and non-SFC income, and the control of staff and operating costs. Inflation and energy cost impacts are also proactively managed.*

*There is also a related risk of cashflow pressure or reduced liquidity headroom arising from operating deficits, timing differences in income, or cost commitments. Reduced liquidity may limit the College's ability to meet short-term obligations or respond quickly to financial pressures. Cashflow will be monitored regularly, with mitigations applied as needed to maintain stability."*

**3.6.** Further to discussions at the last meeting of the Finance Committee a risk heatmap has been developed (Appendix 3 refers). Members are invited to feedback their comments on the heatmap before it is included within future Board and committee-level strategic risk reporting.

**4. Impact and Implications**

**4.1.** The effective management, control and mitigation of risks are essential to the College's institutional and financial sustainability, compliance, reputation and future growth.

**Appendix 1:** Strategic Risk Register
**Appendix 2:** Risk Management Action Plans
**Appendix 3**: Draft Risk Heatmap

## Strategic Risk Register

| The Risk | | | Assessment | | | Changes | | Board |
|---|---|---|---|---|---|---|---|---|
| ID | Risk Title | Owner | Impact | Prob. | Net Score | Trend | Updated | Committee |
| SR1 | Failure to support successful student outcomes and progression | VPSE | 5 | 2 | 10 | ↔ | Jan '26 | Learning |
| SR2 | Failure to establish an optimal pedagogical model | VPSE | 5 | 1 | 5 | ↔ | Jan '26 | Learning |
| SR4 | Failure of the College's duty of care to students | VPSE | 5 | 2 | 10 | ↔ | Jan '26 | Learning |
| SR5 | Failure to realise planned benefits of Regionalisation | Pr DPr | 3 | 2 | 6 | ↔ | Jan '26 | Conveners' |
| SR6 | Negative impact upon the College's reputation | VPCDI | 3 | 3 | 9 | ↔ | Jan '26 | Development |
| SR7 | Failure to achieve improved business development with stakeholders | VPCDI | 3 | 3 | 9 | ↔ | Jan '26 | Development |
| SR8 | Failure to manage strategic risks associated with CGI Ltd | VPCDI | 5 | 2 | 10 | ↔ | Jan '26 | Development |
| SR9 | Failure to manage performance and achieve improved performance | DE | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR10 | Failure to attract, engage, and retain suitable staff | VPPCS | 4 | 4 | 16 | ↔ | Jan '26 | People |
| SR12 | Negative impact of statutory compliance failure | DPr ADGR | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR13 | Failure of compliance with Environmental Social and Governance (ESG) duties | DPr ADGR | 5 | 2 | 10 | ↔ | Jan '26 | Audit |
| SR14 | Failure of compliance with the General Data Protection Regulations (GDPR) | DPr | 4 | 2 | 8 | ↔ | Jan '26 | Audit |
| SR15 | Failure of corporate governance | Pr ADGR | 5 | 1 | 5 | ↔ | Jan '26 | Audit |
| SR16 | Failure of business continuity | ADGR | 4 | 2 | 8 | ↔ | Jan '26 | Audit |
| SR17 | Negative impact of industrial action | VPPCS | 5 | 1 | 5 | ↔ | Jan '26 | People |
| SR18 | Failure of IT system security | DIT | 5 | 2 | 10 | ↔ | Jan '26 | People |
| SR19 | Failure to achieve operating surplus | CFO | 4 | 4 | 16 | ↔ | Jan '26 | Finance |
| SR20 | Failure to maximise income via diversification | CFO VPCDI | 4 | 4 | 16 | ↗ | Jan '26 | Development |
| SR21 | Failure to obtain funds from the Foundation for the College's priorities | CFO | 4 | 3 | 12 | ↔ | Jan '26 | Finance |
| SR23 | Failure to secure a sustainable model/level of funding | CFO | 4 | 5 | 20 | ↔ | Jan '26 | Finance |
| SR24 | Failure to secure sufficient capital investment | CFO | 4 | 5 | 20 | ↔ | Jan '26 | Finance |
| SR27 | Failure to prepare for the impact and harness the capabilities of AI | VPSE | 3 | 3 | 9 | ↔ | Jan '26 | Learning |
| SR28 | Failure to manage strategic, physical and digital assets and infrastructure effectively | DPr CFO | 4 | 3 | 12 | ↔ | Jan '26 | Development |

## Impact and Probability Criteria

| Score | Impact | Probability |
|---|---|---|
| 1 | **Insignificant:** the risk has minimal to no effect on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Highly Unlikely:** the likelihood of the risk occurring is minimal. It would be estimated that the risk has a 1-5% chance of happening. |
| 2 | **Minor:** the risk may cause slight disruption or impact on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Unlikely:** the likelihood of the risk occurring is unlikely but still possible. It would be estimated that the risk has a 6-25% chance of happening. |
| 3 | **Moderate:** the risk has a noticeable impact or disruption, affecting the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Possible:** the likelihood of the risk occurring is reasonable. It would be estimated that the risk has a 26-50% chance of happening. |
| 4 | **Major:** the risk has a substantial impact on the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Likely:** the likelihood of the risk occurring is probable. It would be estimated that the risk has a 51-75% chance of happening. |
| 5 | **Critical:** the risk is a severe threat to the College's operations, objectives, reputation, stakeholders or financial sustainability. | **Almost Certain:** the likelihood of the risk occurring is highly likely. It would be estimated that the risk has more than a 75% chance of happening. |

## Key

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|---|---|
| **Pr** | Principal & CEO |
| **DPr** | Depute Principal & COO |
| **CFO** | Chief Financial Officer |
| **VPSE** | Vice Principal Student Experience |
| **VPCDI** | Vice Principal Corporate Development |
| **VPPCS** | Vice Principal People & Corporate Services |
| **ADGR** | Associate Director of Governance & Risk |
| **DE** | Director of Excellence |
| **DCS** | Director of Corporate Support |
| **DSE** | Director of Student Experience |
| **DIT** | Director of IT |

| | |
|---|---|
| ↗ | New risk or existing risk score has increased since the previous review. |
| ↘ | Risk score has decreased since the previous review. |
| ↔ | Risk score has not changed since the previous review. |

## Risk Matrix

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 |

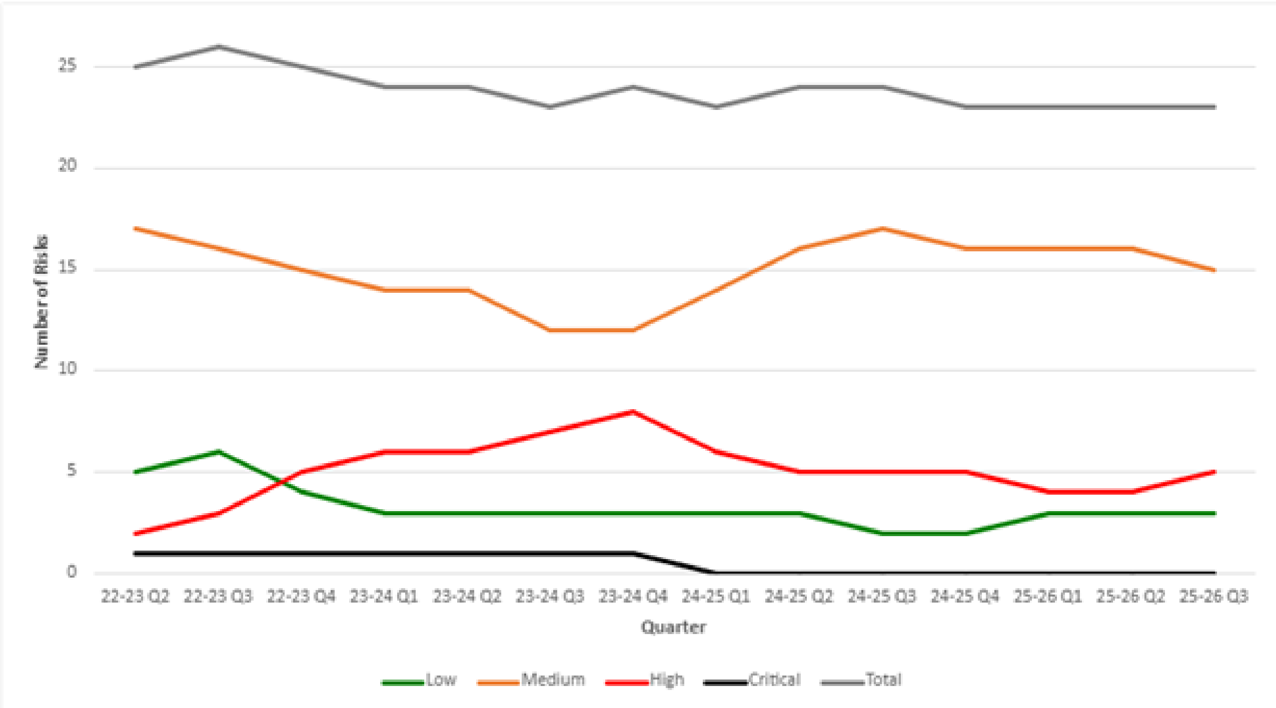
IMPACT

| | |
|---|---|
| **Low (1-5)** | Acceptable level of risk subject to periodic review |
| **Medium (6-12)** | Moderate level of risk subject to regular monitoring and mitigating actions and plans being in place |
| **High (15-20)** | Unacceptable level of risk requiring immediate actions and plans to prevent or mitigate |
| **Critical (25)** | Critical level of risk requiring urgent attention and actions to prevent or mitigate |

## Risk Appetite

| Risk Appetite[1] | Risk Categories |
|---|---|
| **Avoid:** The College avoids any form of risk, striving to maintain an entirely risk-free approach. | Preparedness |
| **Averse:** The College prefers to accept minimal risk, prioritising safe decision-making while recognising potential limitations on innovation and opportunities. | Compliance and Governance |
| **Cautious:** The College is willing to accept some low risks while primarily favouring safe decision-making, acknowledging the potential for restricted innovation and limited outcomes. | Financial |
| **Moderate:** The College tends to expose itself to moderate levels of risk, aiming for acceptable, though not overly ambitious, outcomes. | Reputation |
| **Open:** The College is open to innovative decisions and strategic implementations, prioritising productive outcomes even when accompanied by elevated risk levels. | Change and Development<br>People and Culture |
| **Hungry:** The College actively seeks pioneering decisions and strategic implementations, embracing substantial risk to secure highly successful outcomes and benefits. | Education and Student Experience |

## Score Trend Chart



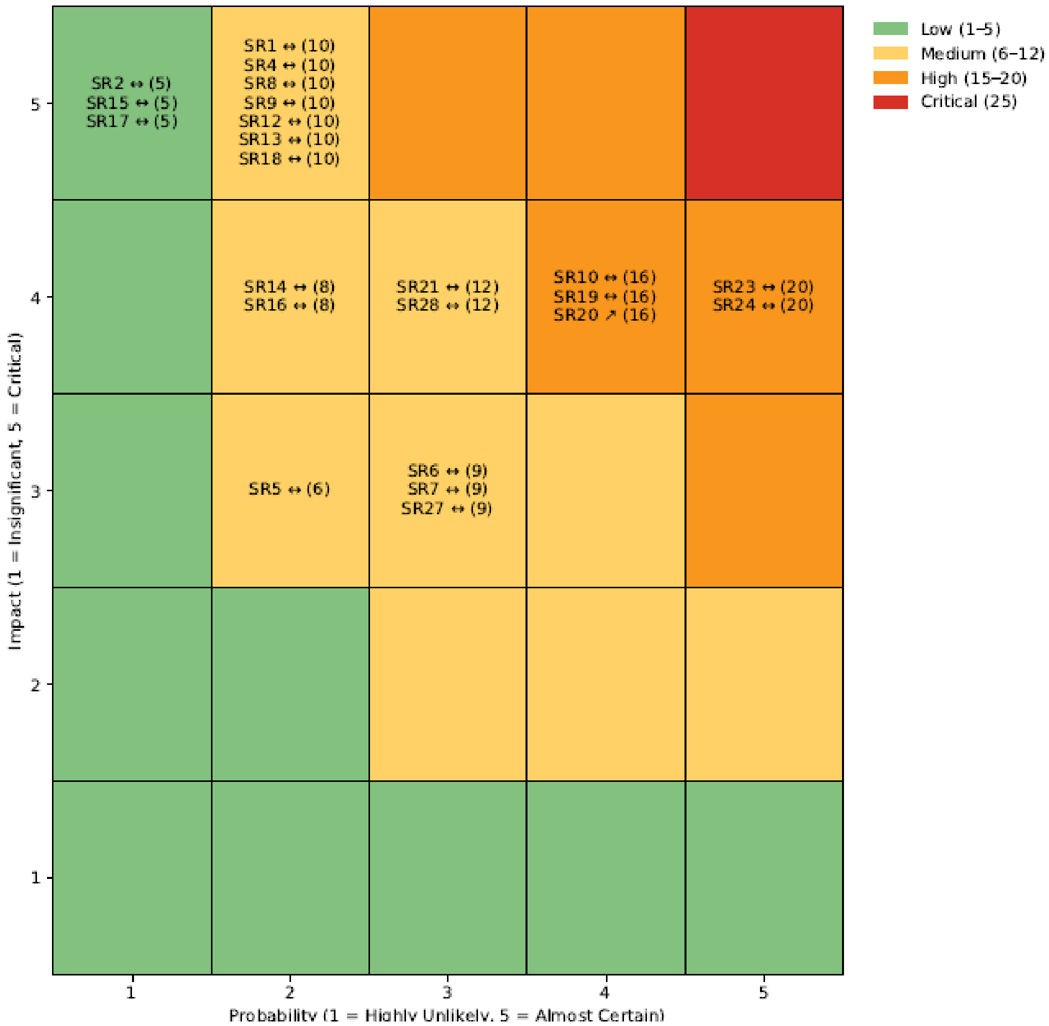

[1] Full risk appetite statements for each risk category are outlined in the Risk Management Policy.

## Risk Management Action Plans

| The Risk | | | | | | Net Score | | | | Gross Score | | | Changes | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
| SR23 | Failure to secure a sustainable model/level of funding | CFO | There is a risk that an agreed and sustainable model of grant funding for the College may not be achieved. Uncertainties in funding methodologies (e.g., capital, national bargaining, IT) and the impact Covid-19 contribute to the risk. As the proportion of SFC income grows against non-SFC income, the impact of this risk will become greater.<br><br>To manage this risk, the College focuses on robust curriculum planning and maintains close collaboration with other Glasgow colleges. It actively engages in transparent discussions with the SFC to communicate funding needs effectively. Proactive planning and adaptability are emphasised, allowing the College to navigate changing funding scenarios. | Jan 26: Position remains the same as in October. Budget announced in January included a 9.3% increase in budgeted revenue, no detail is yet available on impact on CoGC in 2026/27.<br><br>Oct'25 : Position remains the same as in August . Finance Committee have requested SFC attend a future meeting to explain the funding model.<br><br>Aug '25: The financial position reported in May 2025 remains unchanged. The new SFC funding model does not materially benefit the College in the way that we hoped. Our price per credit remains the lowest in the sector. | Cautious | 4 | 5 | 20 | 5 | 5 | 5 | **25** | ↔ | Jan '26 | Aug '25: Score increased from 16 to 20.<br><br>Jan '24: Score increased from 12 to 16.<br><br>Aug '23: Edited for transfer to new MAP. |
| SR24 | Failure to secure sufficient capital investment | CFO | There is a risk of the College failing to secure sufficient capital investment to replace essential equipment as it reaches the end of its useful life, due to a substantial annual capital funding gap.<br><br>To manage this risk, the College has developed a capital asset replacement plan, requiring around £3m - £4m annually. However, the current SFC Maintenance and Capital Grant is only approximately £1.3m, resulting in a significant funding gap. The College will actively engage with SFC to secure a substantial increase in annual capital funding. The College also plans to seek assistance from the College Foundation and enhance financial performance to allocate more funds for asset replacement. | Jan 26 : Position remains the same as in October. Budget announced in January included a 24% increase for capital maintenance, no detail is yet available on impact on CoGC in 26/27.<br><br>Oct'25 : Position remains the same as at Aug '25.<br><br>Aug '25: In June 2025, the Finance Committee approved capital expenditure for 2025-26. SFC have confirmed the £1.37m grant; however, the College's maintenance needs continue to outstrip the funding provided by the SFC, emphasising the importance of phasing and prioritising expenditure in this way. As outlined in SR21, the Foundation funds will be used to fund capital expenditure in the next two years but it has a diminishing balance. | Cautious | 4 | 5 | 20 | 3 | 5 | 4 | 20 | ↔ | Jan '26 | Dec '25: Score increased form 16 to 20.<br>Oct '23: Score increased from 12 to 16.<br><br>Aug '23: Edited for transfer to new MAP. |

| ID | Risk Title | Owner | Risk/Treatment Description | Developments/Commentary | Appetite | Impact | Prob. | Score | Target | Impact | Prob. | Score | Trend | Updated | History |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SR19 | Failure to achieve operating surplus | CFO | There is a risk that the College may fail to achieve an operating surplus due to pressures on income and increased expenditure. To mitigate this, the College maintains robust financial management, including meeting credit targets to secure SFC funding, close monitoring of course fees and non-SFC income, and the control of staff and operating costs. Inflation and energy cost impacts are also proactively managed.<br><br>There is also a related risk of cashflow pressure or reduced liquidity headroom arising from operating deficits, timing differences in income, or cost commitments. Reduced liquidity may limit the College's ability to meet short-term obligations or respond quickly to financial pressures. Cashflow will be monitored regularly, with mitigations applied as needed to maintain stability. | Jan'26: 2024/25 achieved a final operating surplus of £59k, significant improvement on budgeted deficit of £500k. Q1 Forecast for 2025/26 was a £874k deficit against original budgeted deficit of £172k.<br><br>Oct'25 : Q4 forecasted year end position was a surplus of £55k, there has been a £600k improvement from original budget. This is subject to audit.<br><br>Aug' 25 : The updated forecast at Q3 was a deficit of £68k. The improved forecast from £500k budgeted deficit has continued. The Q4 year-end forecast will be reported to the Finance Committee in September 2025. | Cautious | 4 | 4 | 16 | 5 | 5 | 5 | 25 | ↔ | Jan '26 | Nov '24: Score increased from 12 to 16.<br><br>Sept '24: Score decreased from 20 to 12.<br><br>Aug '24: Score decreased from 25 to 20.<br><br>Aug '23: Edited for transfer to new MAP.<br><br>Sept '22: Score increased from 20 to 25.<br><br>Feb '22: Score increased from 12 to 20. |
| SR21 | Failure to obtain funds from the Foundation for the College's priorities | CFO | There is a risk that the College may not successfully secure funds from the CoGC Foundation for the College's current priorities and needs, resulting in inadequate resourcing for planned initiatives and improvements.To mitigate this risk, the Terms of Reference for the College Foundation are thoughtfully framed while respecting its independence, with external legal counsel contributing their expertise. This strategic framing enhances the potential for successful funding applications. The College ensures strict adherence to the defined Terms of Reference, guiding the preparation and management of all funding applications. This rigorous approach aims to maximise the chances of securing Foundation funds for planned initiatives, preventing the under-resourcing of crucial projects. | Jan 26 : Application for £1.3m for capital expenditure was approved and will be drawn down over 25/26 and 26/27 leaving a small balance in Foundation. As no funds will be held no longer a strategic risk.<br><br>Oct '25: Application for £1.3m for capital expenditure has been submitted and meeting is planned for 13 October.<br><br>Aug' 25: £1.3m remains in Foundation and the College's plan is to make applications to draw down all funds for capital expenditure in 2025-26 and 2026-27.<br><br>Mar '25: As reported to the Finance Committee, the CFO has been tasked with developing an investment strategy for the College which will consider future options for arms-length foundation. | Cautious | 4 | 3 | 12 | 3 | 5 | 4 | 20 | ↔ | Jan '26 | Aug '23: Edited for transfer to new MAP.<br><br>June '23: Score increased from 4 to 12. |

## 1. Strategic Risk Register Heatmap - All Risks




## 2. Strategic Risk Register Heatmap – Finance Committee Risks