

Board of Management Development Committee

Date of Meeting	Wednesday 22 April 2020
Paper No.	DC3-B
Agenda Item	4.2
Subject of Paper	Strategic Risk Review v2
FOISA Status	Disclosable
Primary Contact	Paul Clark, College Secretary/Planning
Date of production	16 April 2020
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, 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.
- 2.2 The current global health emergency places a particular emphasis upon strategic risk management at this time.

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, 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.
 - Risk 7 - Failure to achieve improved business development performance with stakeholders.
 - Risk 16 - Failure to maximise income via diversification.
- 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.
- 3.5 In consideration of the current global health emergency, 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, 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 Management Action Plans 6, 7, 16; Risk Register.

Risk Register: 13 April 2020

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	Mar'20
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		Risk 2 MAP.docx	Mar'20
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		Risk 3 MAP.docx	Mar'20
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	Feb '20
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	Jan '20
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	VPCDI	2	5	10	25	5		Risk 7 MAP.docx	Jan '20
Growth and Development	Failure to achieve improved performance	8	1	VPSE/Dir P	2	5	10	20	5		Risk 8 MAP.docx	Mar'20
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
Growth and Development	Failure to achieve taught degree awarding powers	26	1	VPCS	3	4	12	20	3	New Risk (AC 02/20) score tbc	Risk 9 MAP.docx	Feb'20
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	Feb'20
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	24	1	DPr	3	4	12	25	5		Risk 24 MAP.docx	Jan'20
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5	Monitor IA actions AC 11/19	Risk 11 MAP.docx	Feb'20
Processes and Performance	Failure of Business Continuity	12	1	VPCS/CSP	5	4	20	25	4	Score incr. 10 to 20 RED; Board	Risk 12 MAP.docx	Mar'20
Processes and Performance	Failure to manage performance	13	1	VPSE/Dir P	1	4	4	20	4		Risk 13 MAP.docx	Mar'20
Processes and Performance	Negative impact of Industrial Action	14	1	VPCS	3	4	12	25	4		Risk 14 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 10/19	Risk 25 MAP.docx	Feb'20
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	15	1	VPCS	2	3	6	25	4	Score incr. 6 to 9 AC 02/20	Risk 15 MAP.docx	Feb'20
Finance	Failure to maximise income via diversification	16	1	VPCS/VPCDI	4	3	12	20	4		Risk 16 MAP.docx	Feb'20
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4		Risk 20 MAP.docx	Feb'20
Finance	Negative impact of Brexit	22	1	VPCS/DCS	5	2	10	tbc	5		Risk 22 MAP.docx	Feb'20
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	Feb'20
ALL	Acute immediate threats realiting to coronavirus outbreak	26	1	Pr	tbc	tbc	tbc	25	5	New Risk		Apr '20

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
 AC - Audit Committee

		Likelihood				
Impact	X	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

Note comment

Date	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average Risk Score	10	9.56	9	9	9.43	8.95		

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: Negative impact upon College reputation

Risk ID: 6

Owned by: VPCDI

Review Date: April 2020

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: (new text in red)

1. The Associate Director for Brand & Communications is continually reviewing the operational elements and structure and roles of the team to ensure that there is a maintained and relevant voice and promotion across our social media platforms.
2. A new Public Affairs company (Dram Communications) has been procured and have recently been assisting the team with public affairs communications that the college requires at this time.
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. Through various media monitoring platforms the College continues to monitor its coverage, reputation and positioning within the marketplace on a daily basis using Vuelio, who were awarded the contract in 2019.
5. Ongoing press/media activity relating to the College's response to Covid-19 is taking priority at this time.

6. Positive press coverage relating to a range of staff and student led activity is continuing each week.

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.

January 2020

Risk Treatment (1-2) and Commentary (3-6) updated above.

March 2020: College campuses closed.

Further commentary to follow.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 3/5 Impact 5/5 Risk Score 15/25 RAG Rating: RED Target Score: 5	Likelihood 5/5 Impact 5/5 Risk Score 25/25
Risk Appetite (Willing to accept):	Risk Tolerance (Able to accept):
Low Medium High	Category: Reputation Low Medium High 1 2 3 4 5 6

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

Risk Management Action Plan

Risk Description:

Failure to achieve improved business development performance with stakeholders

Risk ID: 7

Owned by: VPCDI

Review Date: April 2020

Update

Full Description:

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

Treatment: (new text in red)

Employer relationships and Business engagement are managed as detailed in the Corporate Development Plan and in line with the agreed Business Development Process Map to ensure relevant and timely communications. 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 and Influence
- 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 refreshed Corporate Development Strategy, relating to delivery of the new College Strategic Plan 2020-2030. 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.

Business Development forecasts for 2019-20 are now unable to achieve target. The Development Committee now receives a fuller context for commercial and international development initiatives as (noted at April 2019) and are detailed in each of the associated papers.

March 2020: College campuses closed.
Further commentary to follow.

Current Risk Score:	Gross Risk Score (assuming no treatment)
Likelihood 2/5 Impact 5/5 Risk Score 10/25 RAG Rating: Suggest increase to RED score 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

	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: April 2020

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.

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. Appendix 1 highlights the current projected underlying operating deficit of £4m. 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. Commercial course income has an estimated reduction of £1.5m and international course income by £1.2m. 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. The College is projected a significant loss at the 31st July 2020 with Non SFC income falling by £5.4m.

The Corporate Development Team and Faculties were on target to fully deliver the full £894k FWDF SFC Grant allocation. This income has also been negatively impacted with our building closure and a high proportion of businesses closed or prioritising

tackling Covid-19, there will be very limited training delivered up to 31st July 2020. SFC have confirmed we can only claim funding for training delivered up to 31st July 2020. The projected income for 2019/20 has been reduced by £297k.

The College is currently working on the draft budget for 2020/21 and the current assumption for commercial & international course income generation is to only reach 50% of the previous projected levels. This would mean a £4m reduction in this budget compared to the 2019/20 original budget. Although we are still working on the 2020/21 budget, it is high likely the continued substantially lower income will cause a significant loss.

The changed context and massive reduction in commercial & international course income generation the risk score is suggested to be **increased to 25**.

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

	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
	x	Likelihood			

CITY OF GLASGOW COLLEGE INCOME AND EXPENDITURE ACCOUNT				
	2019/20	2019/20	2019/20	2019/20
	Change	F'Cast	F'Cast	Budget
	£000s	Live	Feb'20	£000s
	£000s	£000s	£000s	£000s
Income				
SFC Teaching Grants	0	39,365	39,365	38,778
SFC ESF	(818)	1,520	2,338	2,386
SFC FWDF	(297)	593	890	890
SFC Other	0	24,862	24,862	24,913
Fundable tuition fees	(709)	10,034	10,743	11,036
International & commercial tuition fees	(2,371)	5,355	7,726	7,992
Other income	(218)	602	820	776
Catering & Student Accommodation	(1,401)	3,032	4,433	4,433
EU & International projects	(712)	1,031	1,743	1,002
Grant from Foundation	0	315	315	1,000
Investment income	(5)	10	15	25
Total income	(6,531)	86,719	93,250	93,231
Expenditure				
Staff Costs	(539)	53,125	53,664	52,898
Other operating expenses	(1,281)	12,020	13,301	13,073
Property Costs	(746)	16,906	17,652	17,772
Exam Fees	(52)	1,269	1,321	1,321
Depreciation	0	8,766	8,766	8,377
Total expenditure	(2,618)	92,086	94,704	93,441
Operating Surplus (Deficit)	(3,913)	(5,367)	(1,454)	(210)
(Loss) on sale of fixed asset	0	0	0	0
Operating Surplus/(Deficit) after loss sale of asset	(3,913)	(5,367)	(1,454)	(210)
Difference between historical cost deprn & the actual charge for the period	0	677	677	188
Historical cost Surplus / (Deficit) for the period	(3,913)	(4,690)	(777)	(22)
Pension Adjustments	0	0	0	0
Foundation Adjustments	0	(315)	(315)	(1,000)
NPD Balance Sheet debt	0	(4,700)	(4,700)	(4,700)
Revaluation reserve	0	(677)	(677)	(188)
Depreciation - Net of deferred Grant	0	6,371	6,371	5,927
Underlying Operating Surplus / (Deficit)	(3,913)	(4,011)	(98)	17

Student Recruitment Plan 2019-20

Faculty	Sum of Fundable Fees Target 19/20	Sum of Fundable Course Fees Proj 19/20	Sum of Commercial Fees Target 19/20	Sum of Commercial Fees Proj 19/20	Sum of Overseas Fees Target 19/20	Sum of Overseas Fees Proj 19/20	Other Non SFC Fundable Course Income Target 19/20	Other Non SFC Fundable Course Income Proj 19/20	Sum of TOTAL Tuition Fees Target 19/20	Sum of Total Tuition Fees Proj 19/20
C - Creative Industries	£3,545,960	£3,342,640	£71,212	£82,708	£0	£14,412	£112,334	£127,094	£3,729,506	£3,566,854
E - Education and Humanities	£3,215,258	£2,602,706	£626,053	£330,108	£7,480	£31,296	£814,911	£923,726	£4,663,703	£3,887,836
H - Hospitality and Leisure	£2,093,804	£2,070,829	£33,645	£25,452	£13,400	£13,454	£403,522	£363,541	£2,544,370	£2,473,276
N - Nautical and STEM	£2,005,899	£1,943,035	£2,873,351	£1,702,183	£2,522,494	£1,241,669	£419,638	£376,131	£7,821,381	£5,263,018
O - Organisational Development	£0	£0	£17,000	£0	£0	£0	£0	£0	£17,000	£0
T - City Ents	£0	£0	£233,109	£193,422	£0	£0	£0	£0	£233,109	£193,422
V - Centre for Professional Techn	£24,981	£3,293	£8,000	£0	£0	£0	£0	£0	£32,981	£3,293
W- World Skills	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Grand Total	£10,885,902	£9,962,504	£3,862,369	£2,333,873	£2,543,374	£1,300,831	£1,750,405	£1,790,491	£19,042,050	£15,387,699

Student Recruitment Plan 2018-19

Faculty	Total Fundable Fees Target 18/19	Sum of Fundable Course Fees Proj 18/19	Total Commercial Fees Target 18/19	Total Commercial Fees Proj 18/19	Total Overseas Fees Target 18/19	Sum of Overseas Fees Proj 18/19	Other Non SFC Fundable Course Income Target 18/19	Other Non SFC Fundable Course Income Proj 18/19	Total Tuition Fees Target 18/19	Sum of Total Tuition Fees Proj 18/19
C - Creative Industries	£3,543,508	£3,359,034	£140,661	£93,915	£0	£6,525	£294,931	£225,759	£3,979,100	£3,685,233
E - Education and Humanities	£3,179,767	£3,029,642	£696,030	£578,230	£8,970	£26,110	£704,225	£826,964	£4,588,992	£4,460,946
H - Hospitality and Leisure	£2,128,716	£2,090,968	£50,016	£45,843	£0	£13,050	£463,785	£383,922	£2,642,517	£2,533,784
N - Nautical and STEM	£2,262,830	£2,243,098	£2,528,010	£2,529,248	£1,837,131	£2,310,208	£292,249	£341,795	£6,920,220	£7,424,349
O - Organisational Development	£0	£0	£3,928	£20,928	£0	£0	£0	£0	£3,928	£20,928
T - City Ents	£0	£0	£210,596	£200,555	£0	£0	£0	£0	£210,596	£200,555
W- World Skills	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
V - CoPTE	£19,700	£9,955	£0	£807	£0	£0	£0	£0	£19,700	£10,762
W - World Skills	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Grand Total	£11,134,521	£10,732,697	£3,629,240	£3,469,526	£1,846,101	£2,355,893	£1,755,191	£1,778,440	£18,365,053	£18,336,556