

## Board of Management Development Committee

<b>Date of Meeting</b>	<b>Wednesday 4 May 2022</b>
<b>Paper No.</b>	<b>DC3-E</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>Dr Sheila Lodge, Depute Principal &amp; COO</b>
<b>Date of production</b>	<b>28 April 2022</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### 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 and economic emergency places a particular emphasis upon strategic risk management at this time.

## 3. Consultation

3.1 Consultation has been undertaken with the Executive and Senior Managers responsible for the respective strategic risks, as specified within the Risk Register.

## 4. Key Insights

- 4.1 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.
- 4.2 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.
- 4.3 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 (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).

- 4.4 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.
- 4.5 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.

## **5. Impact and implications**

- 5.1 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.
- 5.2 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”.
- 5.3 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.
- 5.4 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: 3 May 2022

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>	Jan'22
Students	Failure to establish optimal pedagogical model	2	1	VPSE	1	5	5	20	5		<a href="#">Risk 2 MAP.docx</a>	Jan'22
Students	Failure to achieve good student outcome/progression levels	3	1	VPSE	2	5	10	15	5		<a href="#">Risk 3 MAP.docx</a>	Feb'22
Students	Failure of the College's Duty of Care to Students	21	1	VPSE	2	5	10	20	4		<a href="#">Risk 21 MAP.docx</a>	Jan'22
Growth and Development	Failure to realise planned benefits of Regionalisation	4	1	Pr/DP	3	3	9	20	3		<a href="#">Risk 4 MAP.docx</a>	Feb'22
Growth and Development	Negative impact upon College reputation	6	1	VPCDI	3	4	12	25	5		<a href="#">Risk 6 MAP.docx</a>	May'22
Growth and Development	Failure to achieve improved business development performance with stakeholders	7	1	VPCDI	4	5	20	25	5		<a href="#">Risk 7 MAP.docx</a>	May'22
Growth and Development	Failure to manage strategic risks associated with City of Glasgow International Ltd/College Group	28	1	VPCDI			tbc			New Risk added AAC 3/22		Mar'22
Growth and Development	Failure to achieve improved performance	8	1	VPSE/DirE	2	5	10	20			<a href="#">Risk 8 MAP.docx</a>	Feb'21
Growth and Development	Failure to attract, engage, and retain suitable staff	9	1	EDHR	3	2	6	20	3	Risk Score incr from 4 to 6 SSEC 2/22	<a href="#">Risk 9 MAP.docx</a>	Feb'22
Growth and Development	Failure to achieve taught degree awarding powers	26	1	DPr	3	4	12	20	3		<a href="#">Risk 9 MAP.docx</a>	Feb'22
Processes and Performance	Negative impact of statutory compliance failure	10	1	CSP	2	5	10	20	5		<a href="#">Risk 10 MAP.docx</a>	Feb'22
Processes and Performance	Failure of Compliance with Environmental Social and Governance (ESG) Duties	29	1	tbc			tbc			New Risk added AAC 3/22		Mar'22
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	<a href="#">Risk 24 MAP.docx</a>	Feb'22
Processes and Performance	Failure of Corporate Governance	11	1	Pr/CSP	1	5	5	20	5		<a href="#">Risk 11 MAP.docx</a>	Feb'22
Processes and Performance	Failure of Business Continuity	12	1	VPCS/CSP	3	4	12	25	4		<a href="#">Risk 12 MAP.docx</a>	Feb'22
Processes and Performance	Failure to manage performance	13	1	VPSE/DirE	3	4	12	20	4	Score incr. 4 to 12 PNC 8/21	<a href="#">Risk 13 MAP.docx</a>	Feb'22
Processes and Performance	Negative impact of Industrial Action	14	1	EDHR	3	4	12	25	4		<a href="#">Risk 14 MAP.docx</a>	Feb'22
Processes and Performance	Failure of IT system security	25	1	VPCS	2	5	10	25	5		<a href="#">Risk 25 MAP.docx</a>	Feb'22
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	15	1	VPCS	5	4	20	25	4	Score incr. 12 to 20 AAC 02/22	<a href="#">Risk 15 MAP.docx</a>	Mar'22
Finance	Failure to maximise income via diversification	16	1	VPCS/VPCDI	4	5	20	25	5	Score decr. 25 to 20 DC 5/21	<a href="#">Risk 16 MAP.docx</a>	Feb'22
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4		<a href="#">Risk 20 MAP.docx</a>	Feb'22
Finance	Negative impact of Brexit	22	1	VPCS/DCS	3	3	9	15	5	Score decr. from 12 to 9 AAC 3/22	<a href="#">Risk 22 MAP.docx</a>	Mar'22
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>	Feb'22
ALL	Failure to manage acute threats relating to coronavirus outbreak	27	1	Pr/DP	3	4	12	25	4	Score incr.. 8 to 12: PNC 1/22		Jan'22

**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				
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

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	10.4
Number of RED Risks	2	2	3	1	4	5	4	2

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:** May 2022

## 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 regularly briefed the ELT & Communications team on Covid updates, 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.
5. Following a successful Open Day, the College has enjoyed extensive coverage across a wide range of social channels. However, numbers for Full Time places remain challenging in places and the Marketing team are working with Faculties to target those areas where applications are still required.
6. College communications have remained frequent pre & post the Christmas period with regular updates to the Staff/Student FAQ's on the website. The new Intranet and Staff Resource Hub is assisting the ELT/SMT in reaching staff and the reintroduction of All Managers meetings is continually helping the re-integration back into the College and to cascade the messaging around Hybrid working.

<b>Current Risk Score:</b>	<b>Gross Risk Score (assuming no treatment)</b>
Likelihood 3/5 Impact 4/5 Risk Score 12/25  RAG Rating: <b>AMBER</b>  <b>Target Score: 5</b>	Likelihood 5/5 Impact 5/5 Risk Score 25/25
<b>Risk Appetite (Willing to accept):</b>	<b>Risk Tolerance (Able to accept):</b>
<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:

May 2022

## 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 2021-30 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.

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

Business Development activity during lockdown and post lockdown has performed well 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 partnership network, with some business wins through the International Labour Organisation, 'Skills for Prosperity Fund' and a UK Government funded British Council project, both looking at skills development in West Java, Indonesia. The College has also been successful in procuring new business which will be undertaken before the end of July 2022. This is helping with cash-flow for the current financial year.

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 13,000 employees undertaking training on funded programmes.

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)
Likelihood 4/5 Impact 5/5  Risk Score 20/25  RAG Rating: Decreased to 20 <b>RED</b> score (Audit Committee Nov 2020)  <b>Target Score: 5</b>	Likelihood 5/5 Impact 5/5  Risk Score 25/25



<b>Risk Appetite (Willing to accept):</b>	<b>Risk Tolerance (Able to accept):</b>
<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: Feb 2022**

### 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 17<sup>th</sup> 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 31<sup>st</sup> July 2020 continued with the College also fully paying 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 have announced the regional allocation for 2021-22, our allocation is £2m (7,000 Credits).

The 2021-22 projected underlying operating deficit has increased to £2m 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 31<sup>st</sup> July 2021.

The College budget for 2021-22 incorporates an improvement in commercial & international course income and other Non SFC income however is substantially lower compared to the pre pandemic cash level. Appendix 2 is a graph of income sources over the years since 2016-17 and highlights the substantial and continued growth of SFC funding received by the College, now 70% of the total College income (excl. NPD funding).

<b>Current Risk Score:</b>	<b>Gross Risk Score (assuming no treatment)</b>
Likelihood 4/5	Likelihood 5/5
Impact 5/5	Impact 4/5
Risk Score 20/25	Risk Score 20/25
RAG Rating: <b>RED</b>	

<b>Target Score: 9</b>	
<b>Risk Appetite (Willing to accept):</b>	<b>Risk Tolerance (Able to accept):</b>
<u>Low</u> Medium    High	Category: Change and Development/ Financial Low <u>Medium</u> High 1    2    3    4    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				

## Appendix 1

Income	2020/21	2021/22 5 Months			2021/22		
	Actual	Budget	Forecast	Var.	Budget	Forecast	Var.
	£k	£k	£k	£k	£k	£k	£k
Recurrent grant (inc. fee waiver grant)	40,222	15,000	15,000	-	43,012	43,012	-
Flexible Workforce Development Fund	1,047	496	496	-	1,190	1,436	246
NTTF & YPG	1351	-	-	-	975	2,177	1,202
ESF	2,021	-	-	-	2,069	2,069	-
Childcare Funds	711	-	-	-	1,050	515	(535)
New Campus Glasgow	20,225	8,447	8,450	3	20,273	20,273	-
Covid Support	1,255	-	-	-	-	-	-
Other	904	1,862	1,581	(281)	2,068	2,006	(62)
Buildings	363	-	-	-	146	146	-
Equipment	753	-	-	-	691	691	-
<b>Total SFC Income</b>	<b>68,852</b>	<b>25,805</b>	<b>25,527</b>	<b>(278)</b>	<b>71,474</b>	<b>72,325</b>	<b>851</b>
HE - Home & EU	9,372	4,143	3,856	(287)	9,942	8,799	(1,143)
FE - Home & EU	667	456	516	60	1,093	1,093	0
Non-EU	1,574	497	731	234	1,193	1,776	583
Commercial activities	3,040	1,089	1,410	321	2,613	2,982	369
Educational Contracts	1,985	862	909	47	2,070	2,598	528
<b>Total Fees &amp; Education contracts</b>	<b>16,638</b>	<b>7,047</b>	<b>7,422</b>	<b>375</b>	<b>16,911</b>	<b>17,248</b>	<b>337</b>
Residences	1,223	750	770	20	1,470	2,044	574
Catering	136	319	177	(142)	911	911	-
Learning Technology Projects	246	116	37	(79)	111	63	(48)
EU Projects	174	316	336	20	407	1,174	767
Other Income	857	267	352	85	784	1,103	319
Job Retention Scheme	824	-	-	-	-	-	-
Staff Secondments	309	-	-	-	-	-	-
College Foundation	-	-	-	-	-	434	434
<b>Total Other Income</b>	<b>3,769</b>	<b>1,768</b>	<b>1,672</b>	<b>(96)</b>	<b>3,683</b>	<b>5,729</b>	<b>2,046</b>
<b>Total Income</b>	<b>89,259</b>	<b>34,620</b>	<b>34,621</b>	<b>1</b>	<b>92,068</b>	<b>95,302</b>	<b>3,234</b>

Expenditure	2020/21	2021/22 5 Months			2021/22		
	Actual	Budget	Forecast	Var.	Budget	Forecast	Var.
	£k	£k	£k	£k	£k	£k	£k
Faculties	38,333	15,392	15,908	516	37,915	41,377	3,462
Support Directorates	15,838	7,170	6,745	(425)	18,349	18,233	(116)
3rd-party staff costs / contractor	251	211	124	(87)	517	517	-
Apprenticeship Levy	188	63	61	(2)	190	200	10
Other adjustments & provisions	394	-	-	-	(430)	(430)	-
<b>Total Staff Costs</b>	<b>55,004</b>	<b>22,836</b>	<b>22,838</b>	<b>2</b>	<b>56,541</b>	<b>59,897</b>	<b>3,356</b>
Property costs - NPD	22,297	9,307	9,309	2	22,374	22,374	-
Property costs - non-NPD	2,587	1,396	1,410	14	2,960	2,731	(229)
Other operating expenses	8,183	3,818	3,761	(57)	10,096	11,503	1,407
Depreciation (inc Impairment)	1,116	349	349	-	837	837	-
Other exceptional items (VS etc)	-	-	-	-	-	-	-
<b>Total Other Expenditure</b>	<b>34,183</b>	<b>14,870</b>	<b>14,829</b>	<b>(41)</b>	<b>36,267</b>	<b>37,445</b>	<b>1,178</b>
<b>Total Expenditure</b>	<b>89,187</b>	<b>37,706</b>	<b>37,667</b>	<b>(39)</b>	<b>92,808</b>	<b>97,342</b>	<b>4,534</b>
<b>Total Surplus/(Deficit)</b>	<b>72</b>	<b>(3,086)</b>	<b>(3,046)</b>	<b>40</b>	<b>(740)</b>	<b>(2,040)</b>	<b>(1,300)</b>

### City of Glasgow College Income Analysis

