

## Board of Management

<b>Date of Meeting</b>	<b>Wednesday 15 June 2022</b>
<b>Paper No.</b>	<b>BoM4-C</b>
<b>Agenda Item</b>	<b>3.3</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; Chief Operating Officer</b>
<b>Date of production</b>	<b>7 June 2022</b>
<b>Action</b>	<b>For Approval</b>

### 1. Recommendations

- 1.1 To review and approve the College Risk Register.
- 1.2 To note the ongoing review of strategic risks.

### 2. Purpose

- 2.1 The purpose of this report is to enable a review of the College Risk Register, and provide the Board with an update on significant changes and trends.

### 3. Consultations

- 3.1 All Risk Owners were consulted in the course of this review.

## 4. Context

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, Board Committees, and the Board of Management. The risks listed on the Risk Register have been identified by SMT and Board Committees, as the current strategic risks faced by the College. The risks are aligned within the same framework of four strategic themes as the College Strategic Plan, and those included in the Risk Register and Matrix have potential impacts on one or more of the College's strategic priorities.

4.2 The College's strategic risks are reviewed in detail by the Board Committees, with each Committee focusing upon those risks most closely aligned with their Terms of Reference, most recently to March 2022. This involves senior Risk "owners" updating the Risk Management Action Plans (MAPs) for each Risk.

4.3 The Risk Register is attached. In particular, the Board is asked to note the following Risk MAPs:

- Risk 11 – Failure of Corporate Governance – this risk includes the 'governance procedures and processes' and the assurances provided by internal and external audit. The Committee has implemented a more structured approach to assurance monitoring via an Assurance Framework. The Risk Map has been updated to take account of the College Secretary, who was CIPFA trained, having retired. The search for a new Secretary is underway. However, it is not proposed that the level of risk should be changed. Current Risk Score:  $1 \times 5 = 5$  (GREEN). Unchanged.
- Risk 14 – Negative impact of Industrial Action  
The activity from the identified risk 'negative impact of industrial actions' rests outwith the direct control of the College due to National Bargaining, although the College has an equal voice in the Employers' Association to influence policy and strategic decision making.

In February 2022, EIS-FELA held a consultative ballot on the pay offer. This resulted in a narrow majority vote in favour of industrial action (Strikes) and Action Short of Strikes (ASOS). The EIS indicated an escalation of strikes days, from one day a week to three. ASOS is already taking place with a 'work to rule' and a 'resulting boycott'.

However, support for the strike has been significantly weaker than in previous years, with the percentage of EIS members striking noticeably down in the low 40s; and as of 7 June EIS-FELA is recommending its members to accept the

most recent offer of £1,000 consolidated.

Unison Ballot balloted its members on strike action but failed to reach the 50% threshold required. It is also recommending its members to accept the most recent offer.

The College continues to respond to ASOS.

Current Risk Score:  $3 \times 4 = 12$  (AMBER). Unchanged.

- Risks 15, 16, 20, 22, 23  
The current financial outlook and pressures on both income and expenditure have resulted in a budgeted deficit. As a consequence, the Audit and Assurance Committee agreed an increased Risk score for Risk 15 from 12 to 20 RED (2 March 2022). Risk 16 remains RED (Score 20).
- Note: Risk 22 relating to Brexit impacts; score reduced from 12 to 9 - AMBER.
- Risk 12 relating to Business Continuity Planning; Score 12 - AMBER
- Risk 25 relating to IT security; Score 10 - AMBER
- Risk 27 relating to acute threats relating to coronavirus emergency; Score 12 AMBER.
- Two new risks have been added (AAC March 2022) as Level 1 Risks in the College's Risk Register. Risk 28 is linked to the new College Company development (CGI) Risk Register/College Group, and Risk 29 relates to emerging duties under Environmental Social and Governance duties. Owners for these risks will be agreed at SMT, and Risk MAPs developed and kept under review.
- Risk 30 – Failure to Secure Sufficient Capital Investment  
This is a new Risk MAP, addressing the risk that the College may be unable to secure sufficient capital investment to allow for the replacement of all equipment as it comes to the end of its useful life.

The main financial constraints and considerations for the College's current and future capital planning are:

The anticipated asset replacement requirement is c£3m-£4m per annum.

The College's annual SFC Maintenance and Capital Grant (c£1.3m) has previously been fully utilised as income to partially fund the College's Unitary Charge element of the NPD contract and so no funding remains for asset replacement. This has been realigned to capex (rather than revex) for the

2022/23 Budget, however in doing so creates additional pressure on bottom-line deficit.

The Indicative SFC Funding Announcement for 2022/23 has not changed the methodology for the allocation capital funds across colleges, which prioritises capital backlog maintenance and disadvantages City of Glasgow College. And so there remains no funding for asset replacement at this stage in the budgeting process for 2022/23.



There is a recurring and growing challenge to fund the current and future capital demands.

Current Risk Score:  $4 \times 3 = 12$  (AMBER).

4.4 From June to December 2021, there has been a reduction in the number of RED-rated risks, and in the average risk score, reflecting an improved financial and wider operational outlook. However, since then the financial outlook has deteriorated significantly, in the context of increasing economic challenges more generally.

#### 4.5 Highest Risk Scores/ Score Changes

The following highest-scoring risks are rated RED:

- Risk 7 -  - Failure to achieve improved business development performance with stakeholders (Score 20/25)
- Risk 16 -  - Failure to maximise income via diversification. (Score 20/25)

The following risk score has been reduced:

- Risk 22 -  - Negative Impact of Brexit. This score has been **reduced** from 12 to 9 (AAC March 22).

## 5. Impact and implications

5.1 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, including their well-being, as well as the College's wider reputation. All strategic risks have potential strategic impact upon the College. The College Risk Register includes matters relating to legal compliance.

5.2 Several strategic risks are financial in nature, and potentially constitute a threat to the College's stated strategic priority to "Maintain our long-term financial stability".

5.3 Performance management and improving performance are identified as areas of strategic risk, due to the potential impact on reputation, the student experience, and funding.

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 dated 7 June 2022**

### Risk Register: 7 June 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/DPr	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	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	2	2	4	20	3		<a href="#">Risk 9 MAP.docx</a>	May'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>	May'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>	May'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>	May'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>	Dec'21
Processes and Performance	Negative impact of Industrial Action	14	1	EDHR	3	4	12	25	4		<a href="#">Risk 14 MAP.docx</a>	May'22
Processes and Performance	Failure of IT system security	25	1	VPCS	2	5	10	25	5		<a href="#">Risk 25 MAP.docx</a>	May'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>	May'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>	May'22
Finance	Failure to obtain funds from College Foundation	20	1	VPCS	1	4	4	20	4		<a href="#">Risk 20 MAP.docx</a>	May'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>	May'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>	May'22
Finance	Failure to secure sufficient capital investment	30	1	VPCS	4	3	12	20	3		<a href="#">Risk 30 MAP.docx</a>	May'22
ALL	Failure to manage acute threats relating to coronavirus outbreak	27	1	Pr/DPr	3	4	12	25	4	Score incr.. 8 to 12: PNC 1/22		May'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
	1	2	3	4	5	6
Risk Management Level of Tolerance (Able to Accept)	Low		Medium		High	