

## Performance & Nominations Committee

<b>Date of Meeting</b>	<b>Monday 23 January 2023</b>
<b>Paper No.</b>	<b>PNC3-K</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>Drew McGowan College Secretary</b>
<b>Date of production</b>	<b>16 January 2023</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### 1. Recommendations

- 1.1 To approve the Strategic Risk Register as at 16 January 2023.
- 1.2 To review and approve the new MAP for Risk 29.

## 2. Purpose

2.1 To provide the Committee with an update on the most recent review of the College's strategic risks. The Strategic Risk Register and the Management Action Plans (MAPs) for high-scoring or revised risks are enclosed.

## 3. Consultations

3.1 All strategic risk owners were consulted during this latest review.

## 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 Board of Management and the Senior Management Team. This responsibility is highlighted in the College's strategic plan at priority 6, 'to be efficient, effective, innovating, and vigilant'.

4.2 The SMT and the Board of Management have identified the primary strategic risks the College faces, and these are recorded in the Strategic Risk Register. The risks are aligned with the same framework of themes as the College's strategic plan.

4.3 The College's strategic risks are reviewed in detail by the Board's committees, with each committee focusing on those risks most closely aligned with their Terms of Reference. This involves senior risk 'owners' updating the MAP for each risk.

4.4 The Strategic Risk Register is enclosed and the Committee is asked to approve the current edition. Members are asked to note the highest current risk scores for risks that are reported to the Committee:

- **Risk 7 (20/25 ●)**: Failure to achieve improved business development performance with stakeholders.
- **Risk 15 (25/25 ●)**: Failure to achieve operating surplus via control of costs and achievement of income targets.
- **Risk 16 (20/25 ●)**: Failure to maximise income via diversification.

4.5 The Audit and Assurance Committee requested that a new risk be added to the Strategic Risk Register to give greater visibility to the duties and responsibilities of the College in regards to Environmental Social and Governance (ESG). The new Risk MAP is tabled for the Committee's consideration and approval.

- **Risk 29 (5/25 ●)**: Failure to Comply with Environmental, Social and Governance (ESG) Responsibilities

## 5. Impact and implications

5.1 The effective management, control and mitigation of risks is essential to the on-going stability and future growth of the College. The identified risks have clear implications in terms

of potential impact upon College students and staff, as well as the College's wider reputation and financial sustainability.

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'. The College risk register includes matters relating to legal compliance and specific duties.

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

5.5 Regional and sectoral considerations are included in the process of risk management, and are reflected in the risk documentation.

### **Appendices:**

**Appendix 1:** Risk Register: 16 January 2023.

**Appendix 2:** Risk MAP 29.

**Risk Register: 16 January 2023**

RISK DETAIL						CURRENT EVALUATION			AIM and PROGRESS			RISK TREATMENT	
Strategic Theme	Risk Name	Board Committee	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	AAC, LTC, PNC, SSEC	1	1	VPSE	1	5	5	25	5	Score decr. 10 to 5: PNC 8/22	Risk 1 MAP	Aug'22
Students	Failure to establish optimal pedagogical model	LTC	2	1	VPSE	1	5	5	20	5		Risk 2 MAP	Jan'22
Students	Failure to achieve good student outcome/progression levels	LTC	3	1	VPSE	2	5	10	15	5		Risk 3 MAP	Feb'22
Students	Failure of the College's Duty of Care to Students	LTC, SSEC	21	1	VPSE	2	5	10	20	4		Risk 21 MAP	Jan'22
Growth and Development	Failure to realise planned benefits of Regionalisation	PNC	4	1	Pr/DPr	3	3	9	20	3		Risk 4 MAP	Feb'22
Growth and Development	Negative impact upon College reputation	DC, PNC	6	1	VPCDI	3	4	12	25	5		Risk 6 MAP	May'22
Growth and Development	Failure to achieve improved business development performance with stakeholders	AAC, DC, PNC	7	1	VPCDI	4	5	20	25	5		Risk 7 MAP	May'22
Growth and Development	Failure to manage strategic risks associated with City of Glasgow International Ltd	DC	28	1	VPCDI	2	5	10	25	5	Score set to 10: DC 10/22	Risk 28 MAP	Oct'22
Growth and Development	Failure to achieve improved performance	PNC	8	1	VPSE/ DiE	2	5	10	20	5		Risk 8 MAP	Feb'21
Growth and Development	Failure to attract, engage, and retain suitable staff	SSEC	9	1	EDHR	2	2	4	20	3		Risk 9 MAP	Aug'22
Growth and Development	Failure to achieve taught degree awarding powers	LTC	26	1	DPr	4	4	16	20	3	Score incr. 12 to 16 Board 12/22	Risk 26 MAP	Dec'22
Processes and Performance	Negative impact of statutory compliance failure	AAC, PNC	10	1	CS	2	5	10	20	5		Risk 10 MAP	Feb'22
Processes and Performance	Failure of Compliance with Environmental Social and Governance (ESG) Duties	PNC	29	1	DPr/CS			TBC			New Risk added AAC 3/22		Jun'22
Processes and Performance	Failure of Compliance with the General Data Protection Regulations (GDPR)	AAC	24	1	DPr	2	4	8	25	5		Risk 24 MAP	May'22
Processes and Performance	Failure of Corporate Governance	AAC, PNC	11	1	Pr/CS	1	5	5	20	5		Risk 11 MAP	Jun'22
Processes and Performance	Failure of Business Continuity	AAC, FPRC, PNC	12	1	VPCS/ CS	3	4	12	25	4		Risk 12 MAP	May'22
Processes and Performance	Failure to manage performance	PNC	13	1	VPSE/ DiE	3	4	12	20	4		Risk 13 MAP	Dec'22
Processes and Performance	Negative impact of Industrial Action	SSEC	14	1	EDHR	3	4	12	25	4		Risk 14 MAP	Aug'22
Processes and Performance	Failure of IT system security	FPRC, PNC	25	1	VPCS	2	5	10	25	5		Risk 25 MAP	Aug'22
Finance	Failure to achieve operating surplus via control of costs and achievement of income targets.	AAC, FPRC, PNC	15	1	VPCS	5	5	25	25	4	Score incr. 20 to 25 AAC 09/22	Risk 15 MAP	Jun'22
Finance	Failure to maximise income via diversification	AAC, DC, FPRC, PNC	16	1	VPCS/ VPCDI	4	5	20	25	5		Risk 16 MAP	May'22
Finance	Failure to obtain funds from College Foundation	FPRC	20	1	VPCS	1	4	4	20	4		Risk 20 MAP	Aug'22
Finance	Negative impact of Brexit	FPRC	22	1	VPCS/ DCS	3	3	9	15	5	Score decr. from 12 to 9 AAC 3/22	Risk 22 MAP	Aug'22
Finance	Failure to agree a sustainable model and level of grant funding within Glasgow Region	FPRC	23	1	VPCS	3	4	12	25	5		Risk 23 MAP	Aug'22
Finance	Failure to secure sufficient capital investment	FPRC	30	1	VPCS	4	3	12	20	3		Risk 30 MAP	Aug'22
ALL	Failure to manage acute threats relating to coronavirus outbreak	AAC, FPRC, PNC	27	1	Pr/DPr	2	4	8	25	4	Score decr. 12 to 8: PNC 8/22	Risk 27 MAP	Aug'22

- Key:**  
 Pr - Principal  
 DPr - Depute Principal  
 VPSE - Vice Principal Student Experience  
 VPCS - Vice Principal Corporate Services  
 VPCDI - Vice Principal Corporate Development/Innovation  
 CS - College Secretary  
 EDHR - Executive Director of Human Resources  
 DiE - Director of Excellence  
 DCS - Director of Corporate Support  
 AAC - Audit & Assurance Committee  
 FPRC - Finance & Physical Resources Committee  
 LTC - Learning & Teaching Committee  
 SSEC - Students, Staff & Equalities Committee  
 PNC - Performance & Nominations Committee  
 DC - Development 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-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Aug-22	Nov-22
Average Risk Score	9.43	8.95	11.2	11.3	10.7	10.4	10.4	10.6
Number of RED Risks	3	1	4	5	4	2	3	3

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	

## Risk Management Action Plan

**Risk Description: Failure to Comply with Environmental, Social and Governance (ESG) Responsibilities**

**Risk ID: 29**

**Owned by: CS/DPr**

**Review Date: January 2023**

### Update

#### Full Description:

There is no single, overarching piece of Environmental, Social and Governance (ESG) legislation or regulation in the UK; however, several pieces of existing legislation and regulation have ESG implications for the College (see informal summary [here](#)), in addition to the ESG factors acknowledged in the 'Strategic Surveillance' section of College's Strategic Plan 2021-2030 (available [here](#)). Broadly, there is a risk that the College fails to:

- **Environmental:** minimise our carbon footprint and achieve net zero carbon emissions by 2040, such as through energy-efficient buildings and practices, recycling and waste reduction;
- **Social:** promote inclusivity and equal opportunities and safeguard the physical and mental health and well-being of our staff and students, as well as engage and support disadvantaged groups and people from diverse backgrounds across the city and region the College serves;
- **Governance:** be transparent and accountable to the public and our stakeholders and ensure the College's decision-making, operations and activities are conducted in an ethical way.

In the event that the College did not comply with the ESG principles and responsibilities, there is a risk that it would face financial penalties, legal action and loss of trust from key stakeholders; and that it would suffer a detrimental impact on its reputation for failing to protect the interests of our staff, students, region and environment.

#### Treatment:

While ESG is a relatively new concept, many of the associated responsibilities are well-established in law. The College is therefore aware of its responsibilities and mitigating actions are part of 'business as usual' activity across the College. Indeed, there is

notable overlap between this new ESG risk and the following existing risks on the Strategic Risk Register:

- **Risk 10:** Negative impact of statutory compliance failure
- **Risk 11:** Failure of Corporate Governance.

In addition, the College’s commitment to environmental sustainability is set out in our Sustainability Strategy 2021-2030 (available [here](#)) which outlines our aims to:

- develop and implement sound environmental management policies and practices across the College in reaching Scottish Government targets for net zero greenhouse gas emissions;
- reduce emissions from all greenhouse gases by 75% by 2030;
- reduce carbon emissions by 60% against the 1990 baseline by Academic Year 2023/24; and
- minimise waste, ensuring zero waste to landfill.

**Update**

<b>Current Risk Score:</b>	<b>Gross Risk Score (assuming no treatment)</b>
Likelihood 1/5 Impact 5/5 Risk Score 5/25 RAG Rating: <b>GREEN</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: Compliance/Reputation  <u>Low</u> Medium High <b>1</b> 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				