

## Board of Management Audit & Assurance Committee

<b>Date of Meeting</b>	<b>Thursday 14 March 2024</b>
<b>Paper No.</b>	<b>AAC3-H</b>
<b>Agenda Item</b>	<b>5.3.3</b>
<b>Subject of Paper</b>	<b>Internal Audit Report – Business Engagement including Skills Academies</b>
<b>FOISA Status</b>	<b>Disclosable</b>
<b>Primary Contact</b>	<b>Henderson Loggie</b>
<b>Date of production</b>	<b>26 February 2024</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### 1. Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

## 2. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

## 3. Key Insights

This internal audit of Business Engagement including Skills Academies provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

## 4. Impact and implications

Refer to internal audit report.

**Appendix – Internal Audit Report – Business Engagement including Skills Academies**

LEVEL OF ASSURANCE

Good

# City of Glasgow College

Business Engagement Incl. Skills Academies

Internal Audit report No: 2024/05

Draft issued: 23 February 2024

Final issued: 26 February 2024



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## Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

<b>Good</b>	System meets control objectives.
<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
<b>Requires improvement</b>	System has weaknesses that could prevent it achieving control objectives.
<b>Unacceptable</b>	System cannot meet control objectives.

## Action Grades

<b>Priority 1</b>	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
<b>Priority 2</b>	Issue subjecting the organisation to significant risk and which should be addressed by management.
<b>Priority 3</b>	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



## Management Summary

### Overall Level of Assurance

<b>Good</b>	System meets control objectives.
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### Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College ('the College') Strategic Risk Register (as at December 2023):

- SR7 - Failure to achieve improved business development with stakeholders (Risk score 9, Amber); and
- SR20 - Failure to maximise income via diversification (Risk score 20, Red)

### Background

As part of the Internal Audit programme at the College for 2023/24, we carried out a review of Business Engagement. The Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College holds partnership working as one of its six values and has set a priority to innovate partnership working and be a valued partner in the Glasgow city region, supporting the national economy, and the international learning economy. The College collaborates with a wide number of industrial partners to better match the skills of students with needs of employers, offering re-training opportunities, up-skilling and real work experience. This in turn supports the commercial income to the College. The following were noted as key workstreams:

- **Skills Academies** – The College has been in a process of evaluating the formalities of the 'Industry Academy Model' and the terminology has become 'Skills Academies' however the formal 'Model' is no longer in place following recent restructuring. The work under this term remains the same and is designed to integrate the College curriculum with the industry experience of staff to meet the needs of both learners and employers. Significant work is ongoing to address the skills gaps that industry face, through working collaboratively with employers to upskill existing employees and retrain staff.
- **Flexible Workforce Development Fund (FWDF)** – The FWDF was launched by the Scottish Government in 2017 and the program is funded by the UK Apprenticeship Levy. In 2022/23, the fund provided over £10m of training to employers in Scotland, the majority of which was delivered through colleges. The FWDF is open to UK Apprenticeship Levy paying employers and Small and Medium Enterprises (SMEs) in Scotland. Apprenticeship Levy payers can access between £5,000 and £15,000 of training from the College. Non-levy paying SMEs can apply for up to £5,000. The Scottish Government announced in December 2023 that no funding would be available in academic years 2023/24 or 2024/25.
- **Young Person's Guarantee (YPG)** - The YPG was launched by the Scottish Government in 2020 and is a commitment to connect every 16 to 24 year old in Scotland to an opportunity. The aim is to ensure that all young people in Scotland have the chance to succeed, despite the economic impacts of coronavirus, our exit from the European Union (EU) and supporting the 'Just Transition to Net Zero', with a guaranteed opportunity of work, education or training. It remains unclear whether this funding will be provided for academic year 2023/24.



## Scope, Objectives and Overall Findings

The scope of this audit was to review the College activity in relation to business engagement covering Skills Academies, and the wider engagement with industries by the Business Development Team, FWDF and YPG.

The primary objective of this audit was to establish whether business engagement activities are achieving their objectives in terms of both the student experience and commercial income generation.

The table below notes each secondary objective for this review and records the results:

Objective	Findings				
		1	2	3	Actions in Progress
<b>The objective of our audit was to obtain reasonable assurance that:</b>		<b>No. of Agreed Actions</b>			
1. An effective strategic and operational planning process has been established for business engagement, linking into other key strategies of the College	<b>Good</b>	-	-	-	
2. An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities	<b>Good</b>	-	-	-	✓
3. Key risks are identified and mitigated	<b>Good</b>	-	-	-	
4. Management information, including financial information and student related key performance indicators against targets, is adequate and easily accessible to all relevant staff	<b>Good</b>	-	-	-	✓
5. There is regular review of activities by the Board of Management and its committees.	<b>Good</b>	-	-	-	
<b>Overall Level of Assurance</b>	<b>Good</b>	-	-	-	
		<b>System meets control objectives.</b>			



### Audit Approach

From discussion with the Vice Principal Corporate Development & Innovation, Director of Business Partnerships, Head of Business Development & International, a sample of Associate Deans, Curriculum Heads and other relevant managers and staff, and review of relevant documents, we established the key processes and controls in place within the above areas and considered their adequacy.

### Summary of Main Findings

#### **Strengths**

- The College is committed to partnership working and supporting the Glasgow Region, its economy and delivering courses that meet the needs of Glasgow communities, including schools as well as adult learners, employers and residents;
- A Corporate Development Strategy 2021-2030 is established which aligns with the College's overall Strategic Plan (2017 – 2025) and outlines the main aims and objectives for developing and enhancing partnership working across the College;
- The Business and International Operational Plan includes key annual deliverables and targets which align with the aims of the Corporate Development Strategy as well as other relevant strategies across the College;
- There is a robust management and staffing structure within the City Enterprises Business Development (BD) Team for supporting faculties and clients and enhancing partnership working throughout the College;
- Our discussions with Faculty management noted that support from the BD Team is excellent and there has been considerable time spent with BD staff to increase understanding of the work that goes on in faculties which is maintained by regular attendance by BD staff at Faculty meetings;
- It was noted during the review that despite challenging funding environments, structural change at the College and localised industrial action in recent years, the BD Team has continued to deliver on its objectives and targets;
- Faculties have undertaken a range of activity to strengthen strategic partnerships and create opportunities for students on industry led projects and for work experience 'on and off campus', despite the College facing significant ongoing financial challenges;
- Despite the disappointment for the College and FWDF clients of FWDF funding being withdrawn for 2023/24 and 2024/25, the BD Team has been innovative and proactive in addressing ways to maintain the relationships they have built with businesses through the fund;
- The Business and International Risk Register summarises the key risks to achieving the objectives set out in the Business and International Operational Plan as well as mitigating actions and assurance work underway by management. This is discussed at All-Manager and Directorate team meetings and is reported to the Development Committee three times per academic year;
- A set of impact measures are established with the College's Performance Team and performance is measured against these annually with reporting to the Executive Leadership Team (ELT), the Directorate, and the Development Committee on progress; and
- There is regular review of activities by the Development Committee of the Board of Management which has responsibilities to review the College's commercial and international activities ensuring alignment with the College's Strategic Plan.



## **Summary of Main Findings (Continued)**

### ***Opportunities for Improvement***

- The CRM system 'HubSpot' is used and well established for tracking and managing all domestic commercial partnerships in place. The BD Team hopes to extend use of this to include all international partnerships and further partnerships maintained independently by faculties. Work is already underway to discuss this as part of an IT working group therefore no specific recommendation has been raised in this report.

## **Acknowledgments**

We would like to take this opportunity to thank the staff at the College who helped us during our audit.





## Main Findings

### **Objective 1 - An effective strategic and operational planning process has been established for business engagement, linking into other key strategies of the College**

In May 2021, the Development Committee approved the Corporate Development Strategy 2021-2030. At the core of the strategy is a set of Employer Engagement Principles aiming to address the challenges faced by companies to find workers with the appropriate skills to help grow their businesses and the role of education in addressing these gaps. The Corporate Development Strategy links to the College's overall Strategic Plan (2017 – 2025) and has seven aims as follows:

1. Enhance and expand the College brand promoting it as a Civic Anchor to all partners locally, nationally and internationally. Positioning City as the No1 institution for professional and technical education and skills for students, staff and stakeholders,
2. Further develop our Global Partnership across a range of identified countries, regions and territories ensuring that City is recognised as Excellent, Inspirational and Innovative,
3. Implement a programme of innovation and applied research activity across the College that identifies and exploits opportunities for staff, students and income generating activity,
4. Promote an innovative, inclusive, and agile approach for partnership working, ensuring that City is a trusted Civic Anchor institution providing professional and relevant training and qualifications for local, regional and national labour markets,
5. Assist Faculty developments to enhance the Award-Winning Industry Academy Model, further developing a range of fit-for-purpose academies that underpin student activity and promote and encourage enterprise and entrepreneurship creating a pipeline of work-ready students,
6. Ensure that City is positioned as a credible, innovative, and trusted partner which is open to co-investment, co-funding and co-location infrastructure and partnership opportunities, ensuring that activity aligns with the Government's Green ambition, and
7. Create a College-owned subsidiary that complements the City of Glasgow College commercial activity, offering a diversification of products and services to the Marine sector and associated industries.

These aims are supported by 46 operational objectives around developing and enhancing partnership working across the College. Progress against these is measured and discussed at Development Committee meetings and documented as an outturn report. The Business and International Operational Plan 2023/24 outlines an additional set of key annual deliverables for Business and International Partnerships / Corporate Development, in order of priority. It is managed by the Director of Business Partnerships and owned by the Vice Principal Corporate Development & Innovation. The key deliverables are linked to aims within relevant College strategies, which include the Student Academic Experience Strategy (2021-2030) and People and College Strategy (2021-2030) as well as the Corporate Development Strategy. Review noted a number of actions needed to achieve each key deliverable are outlined within the Operational Plan including annual targets. Progress is measured against these actions and deliverables on a regular basis at the All-Managers Team meetings and the plan is annotated to show whether these are on track or behind. Where there are dependencies on who or what is required to complete the objective, these are also noted in the plan.

The Operational Plan is reviewed and updated on an annual basis and progress updates are formally given to the Development Committee three times per academic year. Operational Plans are also in place for each of the four faculties at the College and income generating and business partnership objectives are built into these plans, which link to the Business and International Operational Plan where relevant.



### **Objective 2 – An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities**

The Business Development (BD) Team is led by the Director of Business Partnerships with oversight from the Vice Principal Corporate Development & Innovation. The team has grown significantly in recent years, and this has meant that the College is better placed to seek and act upon new opportunities. This has been increasingly important given the need to source sustainable and reputable opportunities for additional non-government income in recent years due to the significant financial pressures faced by the College. The BD Team continues to work closely with faculties to achieve this.

The Director of Business Partnerships is supported by the Head of Business Development & International who is responsible for a range of commercial and employer related activity which supports employers locally, nationally and internationally in reskilling and upskilling their workforce as well as overseeing the work of the four Managers within the department:

- Business Development Manager (leads on domestic business development);
- Global Skills Manager (previously lead on the Flexible Workforce Development Fund (FWDF) activity and will focus on international development going forward);
- International Compliance Manager; and
- SVQ Manager.

There are 37.98 full time equivalent staff sitting below these Managers including five Business Development Officers (BDOs). Each of the four College faculties is assigned one BDO as its main point of contact for support and collaboration. There is close working with the BDOs and their assigned Faculty including time spent physically working in faculties to maintain a productive and close working relationship. Our discussions with Faculty management noted that support from the BD Team is excellent and there has been considerable time spent with BD staff to increase understanding of the work that goes on in faculties, which is maintained by regular attendance by BD staff at Faculty meetings. A dedicated BDO is also assigned to all key commercial partners as client liaison officers to review the progress of commercial opportunities and ensure the needs of the client are met.

The BD Team works directly with Deans and Associate Deans to prepare proposals and tenders for commercial opportunities on Public Contracts Scotland. An Activity Report on the commercial work is developed by a designated BDO. Once a week, the BDOs meet with the Business Development Manager to review the progress of the activity and there is a CRM system, HubSpot, established for commercial partnerships that details work that is pending, active and secured. A report is also provided to the All-Managers Team meeting.



### **Objective 2 – An appropriate management and support structure has been put in place to identify and promote opportunities for further growth in business engagement activities (Continued)**

As mentioned previously, the College's 'Industry Academy Model' has been in a period of rebranding and re-evaluation following the significant restructuring and challenging financial environment leading to competing priorities at the College in recent years. Work is still ongoing to enable innovative collaborations with industry and employers and develop a fit for purpose curriculum to meet their skills demands. The terminology used more recently has been 'Skills Academies' and there are plans to re-evaluate the Model further which may involve rebranding of the BD Team, currently known as 'City Enterprises' to align with the skills academy wording and better explain what the team does to those within and out with the College. Multiple skills academies within faculties are also being considered. Considerable work goes on within faculties to provide students with the necessary skills demanded by industry and lead to sustainable employment opportunities, including industry forums, taster days and short programmes with industry partners.

The withdrawal of the FWDF for 2023/24 and 2024/25 will have a devastating impact on both industry and the partnerships that the College has built over the last six years. It is further disappointing for businesses as HMRC continues to gather funding through the Apprenticeship Levy and this has been acknowledged by the College as it continues working with and supporting existing partners and intends to remain their first choice as a training provider. Work is currently still ongoing at the College with FWDF clients to finish delivering the activity driven by funding from previous years, but it is estimated that this will be completely wrapped up part way through 2024.

The College has been proactive in considering how it can maintain the relationships it has built with businesses through the FWDF and it was noted that a 'Business Breakfast' was held on 1 February 2024, to which over 400 business contacts were invited. This aimed to update contacts on the funding environment as well as provide networking opportunities and a chance to discuss how the College can continue to best support the training and development for these companies. Where staff resources are no longer dealing with FWDF work, this may provide opportunity to further expand commercial and international activity.

Young Person's Guarantee (YPG) funding was initially largely distributed as additional Credits in 2020/21 and 2021/22 however for academic year 2022/23 was funded on a grant award basis as a response to feedback that this would provide greater flexibility and enable colleges to better develop needs-based, innovative ways to deliver to and support key priority groups. The Scottish Funding Council (SFC) has not yet announced whether funding will be allocated in 2023/24 however the feeling is that this funding will also stop. All faculties are engaged in the process of planning YPG delivery and the SFC requires monthly reporting of how the funding has been used. This funding has had a huge impact through providing widening access opportunities through difficult economic circumstances, to those who may otherwise face barriers.

The BD Team also works closely with the Marketing and Events Department to further opportunities and promote content on the College's social media. A software system, 'Mailchimp' is used by the team to create its own visuals and marketing material which it can distribute to its contacts independently to increase the opportunity for this type of communication. Mailchimp also allows analytics on the material that has been distributed to evaluate the reach and can link to the CRM system, HubSpot.



### **Objective 3 – Key risks are identified and mitigated**

A Business and International Risk Register is maintained to assess risk relating to activity within the Business and International Operational Plan and the aims and objectives within the Corporate Development Strategy 2021-2030. The Risk Register summarises the key risks, their impact, mitigating controls, additional actions, and assurance work underway by management. Each risk is assigned a responsible owner and prioritised based on risk score. The Risk Register feeds into the College's wider risk management process, where risks above risk appetite are escalated in line with the operational risk management framework.

The Vice Principal Corporate Development & Innovation and Director of Business Partnerships report to the Development Committee three times per academic year and risk is a standing item on the agenda. The Development Committee also reviews the strategic risks on the College's Strategic Risk Register which are relevant to the Committee's remit, as and when a review of strategic risks is undertaken. The Business and International Risk Register is also discussed by the Directorate and at monthly All-Managers Team Meetings.

Due diligence is undertaken for every client and country that the College works with.



### **Objective 4 – Management information, including financial information and student related key performance indicators against targets, is adequate and easily accessible to all relevant staff**

Data relating to International Partnerships is tracked on the 'International Memorandum of Understanding (MOU) / Agreement Register' which is an Excel spreadsheet. Domestic commercial partnerships are tracked through the CRM system 'HubSpot', as mentioned above. A separate FWDF tracker is maintained. There have been dashboards developed for FWDF reporting which align with reporting requirements to Glasgow Colleges' Regional Board which are then passed on to SFC. These dashboards are also used by team members when meeting with clients to give up-to-date information on status and progress of training being delivered and quick reporting.

There is currently no central database for all partnerships which covers domestic commercial, international and partnerships that may be managed and tracked independently within faculties. The College has identified that this would be useful, and work is underway as part of the Policies and Procedures review group to migrate data centrally to SharePoint. A further project would involve all records being held on HubSpot, which has considerably more functionality than current spreadsheets in place. Having one database would also open up opportunities for collaboration and increase efficiencies throughout the College for partnership working. An IT working group is in place which has action underway for widening access to the HubSpot system throughout faculties and staff working with international partnerships.

The HubSpot system goes beyond tracking data of partnerships and allows live dashboard reporting of the status of existing and potential partnerships. A log of all communication and the status of all work with each partner is available and potential income figures can be weighted based on the likelihood of winning the work. The dashboard reporting of information within the system allows BDOs to work through the process for each contract systematically.

Activity on the International MOU / Agreement Register, FWDF Tracker and HubSpot are reviewed by the BD Team leads through the All-Managers Meetings.

As noted under Objective 1, the Business and International Operational Plan sets annual targets for the department over the medium term and that feeds into the annual performance review cycle. A set of Impact Measures are also set for the department which are collated and managed by the College's Performance Team. These include around 10 measures which are marked by a baseline and compared against a sector benchmark and also a main competitor where relevant. Targets for the next three years are set for each of the Impact Measures which cover the various Business Development income streams and student satisfaction rates. Each measure is prioritised and listed in order of importance. An Annual Performance Summary report is collated which provides commentary on the status of each of the impact measures and compares targets against actuals, with additional commentary provided where progress is rated amber (behind) or red (far behind). Commentary is also provided on progress against each of the key deliverables within the Operational Plan. This is shared with the Performance Team and the Executive Leadership Team (ELT) as well as reviewed during the annual Directorate review.



### **Objective 4 – Management information, including financial information and student related key performance indicators against targets, is adequate and easily accessible to all relevant staff (Continued)**

The Corporate Development Team and faculties undertake ongoing reviews of Commercial and International targets, and progress. Within faculties, opportunities and income are monitored via Faculty management meetings and the Faculty Board, as well as via one-to-one meetings with Faculty Deans and the Principal. There is an annual performance review undertaken for all Faculty Operational Plans and the Principal is updated on progress and key performance indicators (KPIs).

On an operational level, the BD Team reports via the Director of Business Partnerships to the Senior Management Team (SMT) and ELT. Papers are routinely presented to the SMT on areas of interest, such as International student recruitment and commercial and international fee income budget and targets for input prior to being presented to the Board of Management.

All KPIs and progress are published across the College on a dashboard and these are available on TV screens throughout the College. The Corporate Development Strategy, Operational Plan, Impact Measures and Annual Performance Summary is available on Teams and input sought from Managers during creation. Performance and progress is discussed at All-Manager Team meetings. There is also a monthly cross College All Manager Meeting chaired by the Principal with input from ELT.

Financial targets are set by Finance annually as part of the annual curriculum planning and budget planning process. This is based on details on the Student Recruitment Plan (SRP) that was reviewed by us through the review on Curriculum Planning (See Report Number 2021/09, issued November 2021). The SRP details student numbers for all commercial and funded courses.



### **Objective 5 – There is regular review of activities by the Board of Management and its committees.**

The main reporting to the Board of Management is via the Development Committee which is a sub committee to the Board. This sub committee specifically looks at corporate development activity and meets three times per academic year. The remit for the Committee states that at least three Board members will be represented on the Committee. The remaining members may include the Principal and staff and / or student Board members. Performance against targets for commercial and international activity is a standing item on Development Committee meeting agendas as well as an update on the FWDF. The Operational Plan and Business and International Risk Register is reported to the Development Committee as well as any other matters which are relevant. The Vice Principal Corporate Development & Innovation is regularly asked to present on specific areas of corporate development activity to the Board of Management.



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**Aberdeen** 45 Queen's Road AB15 4ZN

**Dundee** The Vision Building, 20 Greenmarket DD1 4QB

**Edinburgh** Ground Floor, 11-15 Thistle Street EH2 1DF

**Glasgow** 100 West George Street, G2 1PP

**T:** 01224 322 100

**T:** 01382 200 055

**T:** 0131 226 0200

**T:** 0141 471 9870

**F:** 01224 327 911

**F:** 01382 221 240

**F:** 0131 220 3269

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