

## Board of Management Development Committee

<b>Date of Meeting</b>	<b>8 May 2024</b>
<b>Paper No.</b>	<b>DC3-H</b>
<b>Agenda Item</b>	<b>4.7</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 Associate Director of Governance and Risk</b>
<b>Date of production</b>	<b>1 May 2024</b>
<b>Action</b>	<b>For Discussion and Decision</b>

### **1. Recommendations**

- 1.1. To discuss and approve the Strategic Risk Register for risks reported to the Committee, recommending any changes to the Board of Management for final approval.
- 1.2. To note the Risk Management Action Plans for risks reported to the Committee.

## **2. Purpose**

- 2.1. To provide the Development Committee with an update on the most recent quarterly review of the College's strategic risks for those reported to the Committee. The Strategic Risk Register and the Management Action Plans (MAPs) are enclosed.

## **3. Consultation**

- 3.1. All strategic risk owners were consulted during the latest quarterly 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, the Executive Leadership Team (ELT) and the Senior Management Team (SMT). Final approval of the Strategic Risk register is reserved to the Board and the Audit & Assurance Committee has oversight over the College's risk management approach.
- 4.2. ELT and SMT members are invited to review the risks they own on a quarterly basis. This is to ensure that the College, our Board and its committees, remain aware of any changes in the risk environment and that our risk management plans remain up-to-date and effective. Committees review the risks that are within their remit and recommend any changes to the Board for final approval.
- 4.3. The Strategic Risk Register and the MAPs are enclosed for the Committee's consideration and approval of members. 4 strategic risks are reported to the Committee. No changes to risk scores are proposed in this review.

## **5. Impact and Implications**

- 5.1. The effective management, control and mitigation of risks are essential to the College's institutional and financial sustainability, compliance, reputation and future growth.

### **Appendices:**

**Appendix 1:** Strategic Risk Register

**Appendix 2:** Risk Management Action Plans

## Strategic Risk Register

The Risk			Assessment			Changes		Board
ID	Risk Title	Owner	Impact	Prob.	Net Score	Trend	Updated	Committee
SR1	Failure to support successful student outcomes and progression	VPSE	5	4	20	↔	Jan '24	Learning
SR2	Failure to establish an optimal pedagogical model	VPSE	5	1	5	↔	Aug '23	Learning
SR4	Failure of the College's duty of care to students	VPSE	5	2	10	↔	Sept '23	Learning
SR5	Failure to realise planned benefits of Regionalisation	Pr DPr	3	3	9	↔	April '24	Conveners'
SR6	Negative impact upon the College's reputation	VPCDI	3	3	9	↔	Oct '23	Development
SR7	Failure to achieve improved business development with stakeholders	VPCDI	3	3	9	↔	Jan '24	Development
SR8	Failure to manage strategic risks associated with CGI Ltd	VPCDI	5	2	10	↔	Oct '23	Development
SR9	Failure to manage performance and achieve improved performance	DE	5	3	15	↗	April '24	Audit
SR10	Failure to attract, engage, and retain suitable staff	VPPCS	4	4	16	↔	Jan '24	People
SR11	Failure to achieve taught degree awarding powers	DPr	4	4	16	↔	Aug '23	Learning
SR12	Negative impact of statutory compliance failure	DPr ADGR	5	2	10	↔	Jan '24	Audit
SR13	Failure of compliance with Environmental Social and Governance (ESG) duties	DPr ADGR	5	1	5	↔	Aug '23	Audit
SR14	Failure of compliance with the General Data Protection Regulations (GDPR)	DPr	4	2	8	↔	Jan '24	Audit
SR15	Failure of corporate governance	Pr ADGR	5	1	5	↔	Jan '24	Audit
SR16	Failure of business continuity	ADGR	4	3	12	↔	April '24	Audit
SR17	Negative impact of industrial action	VPPCS	5	4	20	↔	Jan '24	People
SR18	Failure of IT system security	DIT	5	2	10	↔	Oct '23	People
SR19	Failure to achieve operating surplus	CFO	5	5	25	↔	Jan '24	Finance
SR20	Failure to maximise income via diversification	CFO VPCDI	5	4	20	↔	Oct '23	Development
SR21	Failure to obtain funds from the City of Glasgow College Foundation	CFO	4	3	12	↔	Jan '24	Finance
SR23	Failure to secure a sustainable model/level of funding	CFO	4	4	16	↔	Jan '24	Finance
SR24	Failure to secure sufficient capital investment	CFO	4	4	16	↔	Jan '24	Finance
SR26	Failure to prepare and respond to emerging public health incidents and crises	DPr	5	2	10	↔	Jan '24	Conveners'

## Impact and Probability Criteria

Score	Impact	Probability
1	<b>Insignificant:</b> the risk has minimal to no effect on the College's operations, objectives, reputation, stakeholders or financial sustainability.	<b>Highly Unlikely:</b> the likelihood of the risk occurring is minimal. It would be estimated that the risk has a 1-5% chance of happening.
2	<b>Minor:</b> the risk may cause slight disruption or impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	<b>Unlikely:</b> the likelihood of the risk occurring is unlikely but still possible. It would be estimated that the risk has a 6-25% chance of happening.
3	<b>Moderate:</b> the risk has a noticeable impact or disruption, affecting the College's operations, objectives, reputation, stakeholders or financial sustainability.	<b>Possible:</b> the likelihood of the risk occurring is reasonable. It would be estimated that the risk has a 26-50% chance of happening.
4	<b>Major:</b> the risk has a substantial impact on the College's operations, objectives, reputation, stakeholders or financial sustainability.	<b>Likely:</b> the likelihood of the risk occurring is probable. It would be estimated that the risk has a 51-75% chance of happening.
5	<b>Critical:</b> the risk is a severe threat to the College's operations, objectives, reputation, stakeholders or financial sustainability.	<b>Almost Certain:</b> the likelihood of the risk occurring is highly likely. It would be estimated that the risk has more than a 75% chance of happening.

## Key

<b>Pr</b>	Principal & CEO
<b>DPr</b>	Depute Principal & COO
<b>CFO</b>	Chief Financial Officer
<b>VPSE</b>	Vice Principal Student Experience
<b>VPCDI</b>	Vice Principal Corporate Development
<b>VPPCS</b>	Vice Principal People & Corporate Services
<b>ADGR</b>	Associate Director of Governance & Risk
<b>DE</b>	Director of Excellence
<b>DCS</b>	Director of Corporate Support
<b>DSE</b>	Director of Student Experience
<b>DIT</b>	Director of IT

- ↗ New risk or existing risk score has increased since the previous review.
- ↘ Risk score has decreased or risk removed since the previous review.
- ↔ Risk score has not changed since the previous review.

## Risk Matrix

	5	5	10	15	20	25
LIKELIHOOD	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		<b>IMPACT</b>				

- Low (1-5)** Acceptable level of risk subject to periodic review
- Medium (6-12)** Moderate level of risk subject to regular monitoring and mitigating actions and plans being in place
- High (15-20)** Unacceptable level of risk requiring immediate actions and plans to prevent or mitigate
- Critical (25)** Critical level of risk requiring urgent attention and actions to prevent or mitigate

## Risk Management Action Plans

Risk Management Action Plans															
The Risk					Net Score				Gross Score			Changes			
ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR6	Negative impact upon the College's reputation	VPCDI	<p>There is a risk of a negative impact upon the College's reputation due to several factors, including failure to protect and maintain our brand, complaints upheld by the SPSO, significant breaches of College policies and procedures, and instances of gross misconduct by staff members.</p> <p>To treat this risk, the College maintains regular communication with staff, students and stakeholders through internal/external channels and receives monitoring and advise from a public affairs consultancy. The College ensures the availability and communication of the Complaints Procedure to employees, conducts training on policies/legal requirements. Management monitoring is supported through internal/external auditors. The College emphasises values and behaviours, supported by robust policies and procedures.</p>	<p>Oct '23: The College is currently undertaking unprecedented organisational change and is impacted by ongoing industrial action; however, sentiment analysis and stakeholder engagement strongly indicates that the College's reputation is still positive. The College has 81,900 followers on social media and has gained over 8,300 new followers in the past 12 months. The latest Brand sentiment (inbound public comments/mentions or private/direct messages) is as follows:</p> <ul style="list-style-type: none"> <li>- 49.7% Positive</li> <li>- 19.5% Semi Positive</li> <li>- 26.1% Neutral</li> <li>- 3.4% Semi Negative</li> <li>- 1.2% Negative</li> </ul>	Moderate	3	3	9	5	5	5	25	↔	Oct '23	<p>Oct '23: Score reduced from 12 to 9.</p> <p>Aug '23: Edited for transfer to new MAP.</p>
SR7	Failure to achieve improved business development with stakeholders	VPCDI	<p>There is a risk of failure to achieve improved business development with stakeholders, leading to the loss of effective partnerships, reputational risks, and potential negative impacts on staff health and well-being.</p> <p>To address this risk, the College manages employer relationships and business engagement through the Corporate Development team, following the agreed Business Development Process Map. The Corporate Development Strategy focusses on brand, global ambition, innovation/research, workforce planning, industry academies, partnerships/developments and CGI Ltd.</p>	<p>Jan '24: 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. However, it should be noted that the recent announcement in late December, that the removal of FWDF funding for AY23/24 &amp; 24/25 will impact on activity. The estimated income that the College was expecting to receive was approx £700k.</p> <p>Aug 24: AY 23/24. The College has continued to perform well with businesses and international stakeholders and has set a budget of £6.1m from commercial &amp; international activity. However, a target of £7.8m has been agreed given some movement with in-year planning and projections.</p>	Open	3	3	9	5	5	5	25	↔	Jan '24	<p>Oct '23: Score reduced from 20 to 9.</p> <p>Aug '23: Edited for transfer to new MAP.</p> <p>Nov '20: Score decreased from 25 to 20.</p>

ID	Risk Title	Owner	Risk/Treatment Description	Developments/Commentary	Appetite	Impact	Prob.	Score	Target	Impact	Prob.	Score	Trend	Updated	History
SR8	Failure to manage strategic risks associated with CGI Ltd	VPCDI	<p>There is a risk that the College may not effectively manage the strategic risks associated with CGI Ltd, leading to a failure to maximise income opportunities in existing and potential markets and partnerships to the benefit of the College.</p> <p>To treat this risk, the College has developed a Corporate Development Plan aligned with the College Corporate Development Strategy. The plan will be diligently managed and monitored to ensure its successful implementation. The Commercial and International Teams, along with Faculties, will conduct regular reviews of income diversification efforts, progress, and targets. Moreover, growth and development, in relation to these targets, will be consistently reported to the Development Committee.</p>	<p>Oct '23: Over the past year, the College Company faced significant challenges in adapting to the College Financial &amp; Procurement regulations, resulting in missed business opportunities and redirected work to the College itself. Nevertheless, the company has now built a loyal client base actively purchasing items and requesting training orders. Additionally, there is a growing international demand for training services, prompting the company to procure resources for overseas deployments. Despite recurrent FOISA requests regarding costs, operations, and alleged privatisation concerns raised by a trade union, there is a slight reputational risk. However, it's important to note that the College maintains a robust brand presence on its social channels, as outlined in SR6.</p>	Open	5	2	10	5	5	5	25	↔	Oct '23	<p>Aug '23: Edited for transfer to new MAP.</p> <p>Oct '22: New risk added and score set to 10.</p>
SR20	Failure to maximise income via diversification	CFO VPCDI	<p>There is a risk that the College may not effectively maximise income by capitalising on opportunities within current and potential markets and partnerships, hindering the diversification of revenue streams.</p> <p>To treat this risk, the College has developed a Corporate Development Plan aligned with the College Corporate Development Strategy. The plan will be diligently managed and monitored to ensure its successful implementation. The Commercial and International Teams, along with Faculties, will conduct regular reviews of income diversification efforts, progress, and targets. Moreover, growth and development, in relation to these targets, will be consistently reported to the Development Committee.</p>	<p>Oct '23: The College has continued to perform well with businesses. In AY 2022-23, the target income from Commercial &amp; International activity was £5.585m but achieved £6.732m - exceeding the target by 21%.</p> <p>Nov '22: The College is facing an even greater financial challenge in 2023-24 with expected SFC funding reduction, staff pay award expectations, high inflation, rapidly increasing utility costs and income still recovering from the impact of COVID. The senior management team will continue to proactively monitor, review and challenge staff to deliver income growth and diversification to return to at least a break even financial performance in 2024-25.</p>	Cautious	5	4	20	9	5	5	25	↔	Oct '23	<p>Aug '23: Edited for transfer to new MAP.</p> <p>May '21: Score decreased from 25 to 20.</p>