

Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 11 January 2022
Paper Title	Internal Audit Report Strategic Planning
Agenda Item	7
Paper Number	AAC2-C
Responsible Officer	Henderson Loggie
Status	Disclosable
Action	For Noting and Comment

1. Executive Summary

- 1.1.** The Internal Audit report on strategic planning has been prepared by Henderson Loggie and is provided to the Audit and Assurance Committee for consideration.

2. Recommendations

- 2.1.** The Committee is invited to **consider** the Internal Audit report on strategic planning and **comment** as appropriate.

3. Report

3.1. The Internal Auditor has provided a review of strategic planning using the scope of works approved by this Committee at its previous meeting. The attached report shows the key findings and recommendations.

4. Risk and Compliance Analysis

4.1. The work of the Internal Auditor is informed by an assessment of risk. The approach to audit planning reflects an overall assessment of the relevant risks that apply to GCRB. This ensures that the audit focuses on the areas of highest risk.

4.2. There are no legal implications as a result of this report.

5. Financial and Resource Analysis

5.1. The internal audit programme is based upon an average requirement of 15 days per annum. This report was scheduled to utilise 5 days of the 2020-21 allocation. The cost per day is based upon the price previously tendered by Henderson Loggie.

6. Equalities Implications

6.1. There are no equalities implications as a direct result of this report.

7. Learner Implications

7.1. Through the conditions of grant associated with the Regional Outcome Agreement, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which includes independent scrutiny and audit.

Glasgow College's Regional Board

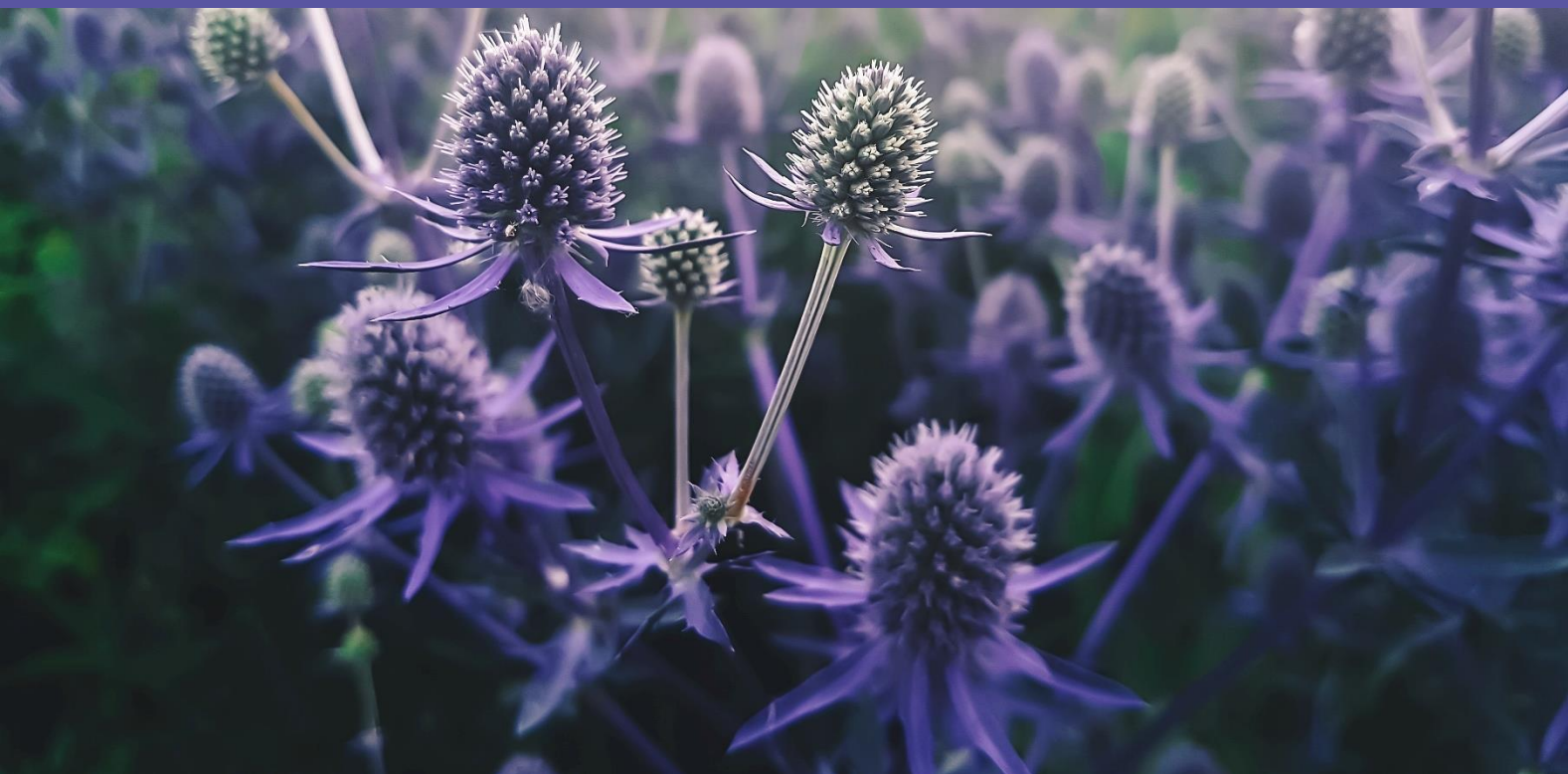
Strategic Planning

Internal Audit report No: 2021/04

Draft issued: 06 January 2022

2nd Draft issued: 07 January 2022

Final issued: 07 January 2022



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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:

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.

Action Grades

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



Management Summary

Overall Level of Assurance

Satisfactory	System meets control objectives with some weaknesses present.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Glasgow Colleges Regional Board ('the GCRB') Strategic Risk Register:

- Poor environment scanning, and scenario planning, results in a failure to respond proactively to macro-level changes.
- Effective working relationships are not developed/maintained with key partners due to a focus on short-term internal priorities.
- Opportunities are missed/not resourced appropriately and the potential to add value via the strategic plan is overlooked.
- A failure to effectively plan/monitor our educational delivery results in the curriculum not meeting regional economic and social needs.
- Failure to achieve the targets set out in the Regional Outcome Agreement lessens our ability to meet regional needs.
- Working relationships within the Glasgow College Region (e.g. students, staff, board members) are ineffective and reduces our collective impact.

Background

As part of the Internal Audit programme at the GCRB for 2020/21 we carried out a review of the controls in place around the development of the new Regional Strategy. This is an area where risk can arise and where Internal Audit can assist in providing assurances to the Executive Director and the Audit and Assurance Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The Glasgow Region Strategic Plan for College Education 2017-2022 is the current overarching strategic document which directs the work of GCRB and the three regional colleges in Glasgow. This document continues to inform the development of the Outcome Agreement for the Glasgow college region.

It is important to recognise that the impending end of the current regional strategy and development work towards the creation of a new strategy coincided with two significant issues.

The impact of the Covid-19 pandemic and associated 'emergency years' period has had an impact on engagement activity.

In addition, the continuing regional review work in Glasgow has continued into 2022, and due consideration will require to be given to how regional strategy is developed in a coherent manner alongside emerging decisions for the region.

Work commenced in 2021 on the development of a new longer-term Regional Strategy which is scheduled for launch in "the middle part of 2022". This new strategy is designed to cover the period from 2023 to 2040.



Scope, Objectives and Overall Findings

The scope of this audit was to consider whether GCRB's strategic planning process is working effectively, particularly in relation to the development of the new regional strategy which will be launched in 2022.

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

Objective	Findings			
	1	2	3	
The objective of our audit was to obtain reasonable assurance that	No. of Agreed Actions			
1. The process for developing the new strategic priorities has involved effective dialogue and input from key stakeholders at key milestones.	Satisfactory	-	-	1
2. A process has been established to ensure alignment of regional strategic priorities with supporting strategies around revenue funding allocation; estates; curriculum planning and delivery and investment in digital infrastructure.	Good	-	-	-
3. A timeline is in place which will ensure sufficient time for effective governance within GCRB, and the three College Boards, as the Strategic Plan develops.	Satisfactory	-	-	1
4. Previous regional priorities which have not been completed and will not be reflected in the new Strategic Plan are formally closed off.	Satisfactory	-	-	1
5. The process for finalising the new Strategic Plan will ensure that realistic output and outcome measures are defined to allow effective ongoing monitoring of progress by GCRB and by stakeholders.	Satisfactory	-	-	1
Overall Level of Assurance	Satisfactory	-	-	4
		System meets control objectives with some weaknesses present.		

Audit Approach

Through attendance at the GCRB Board Strategic Planning Day in September 2021, review of documentation and discussion with the GCRB Executive Director, the GCRB Director of Finance and Resources and the three Glasgow Region College Principals, we examined the extent to which the above objectives have been fulfilled.



Summary of Main Findings

Strengths

- Our attendance at the GCRB Board Strategic Planning Day in September 2021 demonstrated a high degree of engagement from attendees and the event was generally viewed by the College Principals as a positive opportunity to engage directly with the GCRB Board;
- From a GCRB management perspective the GCRB Board Strategic Planning Day delivered the anticipated results by articulating the regional priorities and making connections to the regional priorities set out by the Scottish Government and the Scottish Funding Council (SFC) and the emerging direction of travel arising from a range of relevant and recently published reports;
- A Glasgow College Region Strategy Development Update was provided to the GCRB Board on 29 November 2021, which set out the activity already completed to date;
- As part of a new national programme, supported by CDN, a session was held to enhance the understanding of the role of GCRB, as a regional strategic body, in supporting sustainable and inclusive regional economic renewal. This work will inform the Regional Outcome agreement for 2022/23 and also the new Regional Strategy;
- The Glasgow College Region Strategy Development Update also set out a range of themes, measures, principles and drivers which were brought together from a variety of sources;
- The final Regional Outcome Agreement for 2021/22 was presented to the GCRB Board on 29 November 2021, together with an evaluation of delivery against the 2020/21 Regional Outcome Agreement;
- Further development and engagement sessions around strategy development, will be conducted from January 2022 to April 2022, including focused workshops on resources and funding and operational outcomes;
- The new Regional Strategy is scheduled for completion by June 2022 and from July 2022 the onwards the focus will shift to the development of a Regional Curriculum Plan and to a specific review of Estates and Resources;
- Collaborative working around digital resources is an important element of future planning and we were advised that digital requirements will be considered as part of the process for setting the strategic priorities moving forward;
- Work is already planned in early 2022 to review the elements of the existing Regional Strategy which can be 'closed off' as completed and to identify those elements of the strategy which require to be rolled forward, in some shape or form, into the new Regional Strategy;
- Key performance indicators (KPIs) will be developed for the period to 2026, with reporting on delivery against strategic priorities at both GCRB and College level;
- The inclusion of manifesto commitments in the new regional strategy will act as a useful focus for the development of the KPIs which will be utilised to monitor and report on progress; and
- Although work has been conducted with the GCRB Board to agree on ten key themes, further work is required to define outcomes.

Areas for further development

- The importance of maintaining effective engagement with the Glasgow region Colleges and other stakeholders throughout the strategic planning process is recognised by senior management of GCRB as a key success factor in supporting the development of the Regional Strategy. However, the input expected from stakeholders at key milestones has not yet been formally defined;
- At the time of our interviews a definitive timeline was still being developed pending the completion of work to develop a clearer regional picture;
- It is important that an evaluation of the existing strategy is conducted to ensure that there is clarity on the elements of the existing strategy which will not be reflected in the new Regional Strategy are clearly flagged to stakeholders and that linkages to any issues carried forward into the new Regional Strategy are clear; and
- The role of stakeholders in developing and agreeing the suite of performance metrics and targets, which will be used to monitor delivery of the Regional Strategy, should be defined in a way which clearly articulates the elements which are set nationally and the process for developing the elements which can be set locally.



Acknowledgment

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



Main Findings and Action Plan

Objective 1 - The process for developing the new strategic priorities has involved effective dialogue and input from key stakeholders at key milestones.

In June 2021 the SFC published its recommendations for the future of Scotland's college and university system - Phase 3 Report: Coherence and Sustainability: A Review of Tertiary Education and Research ('The Phase 3 Report'). There is collective recognition from GCRB executive and non-executives, and all three College Principals, that this review will heavily shape the strategic priorities for the Glasgow region moving forward. The ongoing input provided by the GCRB Board to date has allowed themes to be developed which will form the bedrock of the final Regional Strategy.

Our attendance at the GCRB Board Strategic Planning Day in September 2021 demonstrated a high degree of engagement from attendees, with free flowing discussion around presentations provided by keynote speakers. We were advised that a great deal of thought had been given to the format of the sessions and the balance of the keynote speakers, to provide a wider regional perspective for the GCRB Board and to focus the discussion around key improvement areas. We were also advised that dialogue with the College Principals before the Strategic Planning Day had provided an opportunity for the Principals to provide input. The event was generally viewed by the College Principals as a positive opportunity to engage directly with the GCRB Board. However, it was highlighted during our discussions with the College Principals that although there had been a consensus achieved around the open remit for the individual presentations, there was a perceived lack of clarity going into the Strategic Planning Day regarding the way in which the outcomes from the session would shape the way forward.

From a GCRB management perspective the GCRB Board Strategic Planning Day delivered the anticipated results by articulating the regional priorities and making connections to the regional priorities set out by the Scottish Government and the Scottish Funding Council (SFC) and the emerging direction of travel arising from the SFC Phase 3 Report; the key recommendations contained in The Scottish College of the Future report; and the Cumberland-Little report 'One Tertiary System: Agile, Collaborative, Inclusive'.

A Glasgow College Region Strategy Development Update was provided to the GCRB Board on 29 November 2021, which set out the activity already completed to date. This included:

- Economic and industry regional engagement session
- College of the Future engagement session
- Development of new board priorities/thematic outcomes as part of regional review activity;
- Development session with GCRB Board to consider priorities and to develop initial direction for future development, including input from Glasgow college Principals;
- Initial collation of key documents and policies to inform future development work, taking account of key areas including national and governmental policies, stakeholder and partner developments, and wider context, including economic development, local authority work, environment and sustainability development, and other drivers of strategy.



Strategic Planning

Objective 1 - The process for developing the new strategic priorities has involved effective dialogue and input from key stakeholders at key milestones. (Continued)

The way in which GCRB engages with key strategic partners, such as Skills Development Scotland, is explored in more detail in our separate internal audit review of Stakeholder mapping / engagement (Internal Audit report 2021/05).

As part of a new national programme, supported by CDN, a session was held with Willie Mackie (Chair, Ayrshire College), Ross Martin (Chair, Forth Valley College) and Paul Smart (ex Scottish Government, Deputy Director College Policy) to enhance the understanding of the role of GCRB, as a regional strategic body, in supporting sustainable and inclusive regional economic renewal. This work links in the parallel work to develop the next annual iteration of the Regional Outcome Agreement but will also inform the development of the new Regional Strategy. The Glasgow College Region Strategy Development Update also set out a range of themes, measures, principles and drivers which were brought together from a variety of sources, including previous GCRB Board discussions around themes; the key recommendations arising from the SFC review of regional strategic bodies; and the guiding measures and principles asset out by the SFC in other relevant publications.

The topic of timelines, and the communication of timelines, is explored in more detail under Objective 3 below. However, the issue of the communication of these milestones, and the associated expected input from stakeholders as the development of the Regional Strategy progresses, is further explored below.



Strategic Planning

Objective 1 – The process for developing the new strategic priorities has involved effective dialogue and input from key stakeholders at key milestones. (Continued)

Observation	Risk	Recommendation	Management Response	
<p>The importance of maintaining effective engagement with the Glasgow region Colleges and other stakeholders throughout the strategic planning process is recognised by senior management of GCRB as a key success factor in supporting the development of the Regional Strategy. However, the input expected from stakeholders at key milestones has not yet been formally defined and communicated.</p>	<p>There is a risk that there is a lack of clarity around the role of stakeholders in providing input at key milestones in the development of the Regional Strategy.</p>	<p>R1 – A Project Plan should be developed, in collaboration with key stakeholders, which sets out clearly the expected input from each of these stakeholders at key milestones in the development of the new Regional Strategy.</p>	<p>It is agreed that a Project Plan be developed, and that this will map collaboration with key stakeholders, setting out clearly input and milestones in the development of the new Regional Strategy.</p> <p>To be actioned by: Executive Director No later than: 1 May 2022</p>	
			<p>Grade</p>	<p>3</p>



Strategic Planning

Objective 2 - A process has been established to ensure alignment of regional strategic priorities with supporting strategies around revenue funding allocation; estates; curriculum planning and delivery and investment in digital infrastructure.

The final Regional Outcome Agreement for 2021/22 was presented to the GCRB Board on 29 November 2021, together with an evaluation of delivery against the 2020/21 Regional Outcome Agreement.

The Glasgow College Region Strategy Development Update, which was provided to the GCRB Board on 29 November 2021 advised that further development and engagement sessions around strategy development, will be conducted from January 2022 to April 2022, including focused workshops on resources and funding and operational outcomes. These workshops will coincide with the completion of the Regional Outcome Agreement for 2022/23.

The new Regional Strategy is scheduled for completion by June 2022 and from July 2022 the onwards the focus will shift to the development of a Regional Curriculum Plan and to a specific review of Estates and Resources. There is a recognition amongst GCRB senior management that the reduced requirements for the Regional Outcome Agreement present both risks and opportunities for the Glasgow region because previously there was a much more prescribed messaging from the Scottish Funding Council. There is also an understanding that further work is required in order to reach a position where there are levers in place to change the allocation of resources. As well as funding, estates, curriculum planning and ICT infrastructure there will also be an increased focus around people and the development of staff to develop and deliver new curricular offerings. The move towards a longer term Regional Strategy, spanning the period 2023 to 2040, reflects the need for a long term vision for the Glasgow Region which allows stakeholders to consider the fundamental building blocks around People; Estates; Curriculum and ICT. By developing this longer term view it is hoped that this will act as an enabler for structural decisions which allow the Glasgow region to transition effectively from the Covid-19 pandemic by considering fundamental questions such as 'What does the college of the future look like?' and 'What is the College lecturer of the future?'

Collaborative working around digital resources is an important element of future planning and we were advised that digital requirements will be considered as part of the process for setting the strategic priorities moving forward



Strategic Planning

Objective 3 – A timeline is in place which will ensure sufficient time for effective governance within GCRB, and the three College Boards, as the Strategic Plan develops.

Observation	Risk	Recommendation	Management Response	
<p>The Glasgow College Region Strategy Development Update, which was provided to the GCRB Board on 29 November 2021, did contain a timetable of activity, which was intended to provide an indicative initial framework for on-going development. However, at the time of our interviews a definitive timeline was still being developed pending the completion of work to develop a clearer regional picture.</p>	<p>Without a clear timeline for input from key stakeholders, such as College Boards, there is an increased risk that there will be insufficient time for effective scrutiny and input by College Boards, with a corresponding reduction in buy-in.</p>	<p>R2 – The production of a detailed timeline, which sets out the points at which information will be shared with College Boards and the timeline for responding, in order to meet agreed milestones, should be prioritised.</p>	<p>Existing timeline has been shared with board and colleges, and will be developed and expanded for further clarity and to ensure collaborative process through stages of development.</p> <p>To be actioned by: Executive Director</p> <p>No later than: 1 May 2022</p>	
			<p>Grade</p>	<p>3</p>



Strategic Planning

Objective 4 – Previous regional priorities which have not been completed and will not be reflected in the new Strategic Plan are formally closed off.

Observation	Risk	Recommendation	Management Response
<p>Work is already planned in early 2022 to review the elements of the existing Regional Strategy which can be ‘closed off’ as completed and to identify those elements of the strategy which require to be rolled forward, in some shape or form, into the new Regional Strategy. This process is relatively straightforward where the strategic priorities were more specific in nature but some of the broader statements contained in the existing regional strategy will require more thoughtful consideration and will focus on providing a narrative around the general direction of travel.</p> <p>It is therefore important that an evaluation of the existing strategy is conducted to ensure that there is clarity on the elements of the existing strategy which will not be reflected in the new Regional Strategy are clearly flagged to stakeholders and that linkages to any issues carried forward into the new Regional Strategy are clear for all parties.</p>	<p>Given the nature of the broader statements contained in the existing Regional Strategy there is an increased risk that elements of the existing strategy which have not been achieved are lost in the transition to the new strategy.</p>	<p>R3 – An evaluation of the existing Regional Strategy should be undertaken to identify:</p> <p>a) the elements of the existing strategy which will not be reflected in the new Regional Strategy;</p> <p>b) the elements of the existing strategy which will transition into the new Regional Strategy. Clear linkages should be made in the new Regional Strategy to make sure that stakeholders are clear on where these issues will be picked up in the new strategic priorities.</p>	<p>Evaluative activity relating to existing strategy will be undertaken through the process of development and closure, and will bring in elements of activity relating to Outcome Agreement and regional review where they provide further clarity and context.</p> <p>To be actioned by: Executive Director</p> <p>No later than: 1 July 2022</p>
			<p>Grade</p> <p>3</p>



Strategic Planning

Objective 5 – The process for finalising the new Strategic Plan will ensure that realistic output and outcome measures are defined to allow effective ongoing monitoring of progress by GCRB and by stakeholders.

We were advised that key performance indicators (KPIs) will be developed for the period to 2026, with reporting on delivery against strategic priorities at both GCRB and College level. The inclusion of manifesto commitments in the new regional strategy will act as a useful focus for the development of the KPIs which will be utilised to monitor and report on progress. Although work has been conducted with the GCRB Board to agree on ten key themes, further work is required to define outcomes. We were advised that these KPIs will be aligned with the SFC recommendations arising from the review of regional strategic bodies and will reflect the expectations now placed on GCRB. This reflects the fact that a significant proportion of the KPIs will be set nationally and therefore only a proportion of the performance measures and targets will be defined and set locally. The development of the KPIs will also be aligned with the language used by the SFC terms of national, regional, employee and student perspectives.



Strategic Planning

Objective 5 – The process for finalising the new Strategic Plan will ensure that realistic output and outcome measures are defined to allow effective ongoing monitoring of progress by GCRB and by stakeholders. (Continued)

Observation	Risk	Recommendation	Management Response	
<p>GCRB senior management have demonstrated a clear commitment to co-creation of the performance metrics and associated targets which will be used to monitor delivery of the new Regional Strategy. The suite of indicators will not be static and will develop over time. A significant proportion will be set nationally, but there will be scope for the development of local performance indicators and targets to cover other regional priorities, which are included in the Regional Strategy but are not covered by the national performance management arrangements. The work to develop the performance measures will require detailed consideration and scrutiny by the GCRB Board and also consideration by stakeholders (including College Boards and College senior management). As highlighted under Objectives 1 and 3, above, the expected input from stakeholders in the process for developing performance measures and targets has not yet been communicated.</p>	<p>Without clarity on the expected input from stakeholders in the production of the KPIs and targets there is an increased risk that stakeholders will not have sufficient buy-in of either the locally set performance metrics set or the targets which are being monitored against.</p>	<p>R4 – As an integral part of the new Regional Strategy the role of stakeholders in developing and agreeing the suite of performance metrics and targets, which will be used to monitor delivery of the Regional Strategy, should be defined in a way which clearly articulates the elements which are set nationally and the process for developing the elements which can be set locally.</p>	<p>Agreed, and will be used as a guiding principle in the development of this work, in conjunction with emerging Impact Assessment guidance nationally.</p> <p>To be actioned by: Executive Director</p> <p>No later than: 1 June 2022</p>	
			<p>Grade</p>	<p>3</p>



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