

Scotland Excel

To: Joint Committee

On: 16 June 2023

**Report by:
Chief Executive of Scotland Excel**

Strategic Risk Register Update

1. Introduction

- 1.1 This report provides the Joint Committee with an update on the Strategic Risk Register which is maintained to assess threats/risks that could impact on the delivery of Scotland Excel's 5 Year Strategy and to identify controls that are in place to mitigate these risks.

2. Background

- 2.1 The Strategic Risk Register has been developed using the revised methodology, set out in the Strategic Risk Strategy, approved by Joint Committee in December 2022. The Strategic Risk Register identifies risks that may impact upon operations and the delivery of Scotland Excel's 5-year strategy. Specific and separate operational risk management will continue to be undertaken as part of day-to-day activities such as framework management and project management.

3. Risk Management update

- 3.1 The Strategic Risk Register is maintained and reviewed regularly by the Senior Management Team (SMT) and key officers with particular expertise in certain risk areas. The register continues to be a focus for the organisation with actions being undertaken in mitigation of the risks on-going throughout the year.
- 3.2 Currently there are 12 strategic risks identified within the Strategic Risk Register ranging in assessed risk score from 9 to 20. A summary of key statistics in relation to each identified risk is shown in Appendix 1 to this report.
- 3.3 The Strategic Risk Register follows on from the previous register which related to the previous 5-year strategy of the organisation. Several the risks identified within the previous register remain. A number have been renamed to better reflect the current nature of the risk and one additional risk has been added.
- 3.4 The on-going impact of the COVID-19 pandemic, the emerging impact of Brexit on markets and suppliers, the impact of the war in Ukraine, the increasing financial pressures on local government bodies, continuing recruitment difficulties, demographic challenges within Scotland and Europe and the on-

going uncertainty in relation to public sector service redesign are the key influences on the Strategic Risk Register.

- 3.5 The new risk added to the Strategic Risk Register relates to ICT and Cyber Security. There are increasing incidences of ICT breaches across sectors resulting in catastrophic repercussions for each organisation concerned. While Scotland Excel has a range of defences already in place, along with an on-going staff training programme, these will continue to be developed and improved to further mitigate the risk of a breach. Work will also continue to develop and implement a disaster recovery plan which will be aimed at getting the organisation up and running in as short a time as possible, should a breach occur.
- 3.6 In line with the approved Strategic Risk Strategy, an organisational action plan will run alongside the risk register. On completion of each action, the resultant mitigation will be added to the Current Risk Controls area of each risk template and will be taken into consideration at the next review meeting when assessing the Residual Risk Score.
- 3.7 The Strategic Risk with the highest residual risk score (20) relates to Supply Chain Resilience (SXL005-22/23). The risk in relation to Supply Chain Resilience has been assessed at 20 at the past 4 review meetings due to the continuing uncertainty and market volatility post Brexit, post pandemic, in light of growing demographic challenges in Scotland and Europe and, in light of the continuing war in Ukraine.
- 3.8 The Redesign of Scottish Public Services (SXL011-22/23) risk replaces the previous risk which related specifically to the proposed creation of a National Care Service (NCS). The risk has been assessed at 16 to reflect the on-going delay in plans for the NCS. While creation of the NCS remains a key element being assessed for this risk; the risk has been broadened to include any other changes to public sector delivery occurring over the next 5 years.
- 3.9 While most identified risks have maintained the current residual score, two have been assessed downwards; Redesign of Scottish Public Services (SXL011-22/23) and National Emergency including Pandemic (SXL010-22/23).
- 3.10 A further two identified risks have had their residual risk score assessed upwards: Meeting Member and Stakeholder Expectations (SXL008-22/23) and Corporate Social Responsibility (SXL007-22/23).
- 3.11 Meeting Member and Stakeholder Expectations has been assessed higher considering the on-going challenges presented by meeting all stakeholder expectations within the current difficult financial environment.
- 3.12 Corporate Social Responsibility has been assessed higher in light of the on-going challenges being placed on the organisation and its framework suppliers as a result of the financial environment.
- 3.13 In relation to those risks remaining unchanged following the recent review, it was decided that external factors affecting each risk had not changed and that existing controls were sufficient to maintain residual risk at current levels.
- 3.14 Following review of external factors, the Scotland Excel Risk Register as of 16th June 2023 is shown in appendix 1.

4. Recommendation

Members are invited to note the Strategic Risk Register and provide any feedback in relation to any of the risk identified.