Scotland Excel

To: **Executive Sub-Committee**

On: **22 November 2019**

**Report
by
Director Scotland Excel**

Risk Register Update

1.   Introduction

This report provides an update on the Risk Register which is maintained to assess threats/risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify controls and actions that are being taken to mitigate these risks.

2.   Background

The attached Risk Register was created in June 2018 when Scotland Excel carried out a full review of the organisation's Risk Register to reflect the new 5-year operating plan. It was agreed that the risk management plan would be reported to the Executive Sub Committee twice a year and the Joint Committee on an annual basis to give elected members visibility of the risks, and actions taken by the organisation to manage and mitigate these risks.

In response to a request made following the Exec Sub Committee in June 2019, Scotland Excel met with Laura Heggie (Head of Compliance) with Glasgow City Council to review risk management practice and committee reporting across both organisations.

Following this meeting, the risk register template used by Scotland Excel was adjusted to better reflect that used by Glasgow City Council. The revised template which is now in use can be seen at Appendix 2 of this document.

In addition to a revised risk register template, discussion also took place in relation to organisational reporting of risk to committees during which elements of best practice were shared resulting in the additional information provided within this report at Appendix 1.

3.   Risk Management update

The risk register is maintained and continues to be a focus for the organisation; a process for regular review is in place including Senior Management Team meetings held quarterly to review, revise and update the register.

Currently there are 9 risks identified ranging in assessed residual risk score from 6 to 20. A summary of key statistics in relation to each identified risk is shown in appendix 1 to this report.

Brexit uncertainty has been a continuing theme throughout the year in relation to risk management. This uncertainty is reflected in the upwards trend showing against risk SXL001 - Organisational Sustainability; risk SXL002 - Managing Growth and Diversity; risk SXL003, which relates directly to Political Change and risk SXL005 concerning Supplier Failure.

Other factors taken into consideration when reviewing the risk register over the year included recruitment challenges within the procurement sector, continuing financial uncertainty across local government, the growing importance of Corporate Social Responsibility across our partners and suppliers and a similar growth in Environmental Awareness not only in relation to our partners and suppliers but also across society as a whole.

Another key factor taken into consideration when reviewing the risk register is the continuing growth of Scotland Excel as an organisation and the potential for increased risk in relation to this growth. Examples include monitoring an increasing number of suppliers engaged in a growing portfolio of frameworks; wider product ranges across which to manage organisational reputation, and the increasing number and scope of projects being delivered by Scotland Excel.

Following quarterly review of these and other factors, the Scotland Excel Risk Register as at 31st October 2019 is shown in appendix 2.

4.   **Recommendation**

Members are invited to provide any feedback on the risk register and the actions identified to manage risks.

Appendix 1

Table 1 summarises risks identified within the Scotland Excel Risk Register and details the allocated residual risk score as at 31st October 2019.

The residual risk score represents the assessed risk score taking into consideration all risk controls and mitigations in place in relation to that specific risk.

Table 1

Risk Ref.	Risk Title	Risk Score 31/10/19
SXL001-19/20	Organisational Sustainability	12
SXL002-19/20	Managing Growth and Diversity	12
SXL003-19/20	Political Change	16
SXL004-19/20	Reputational Risk	8
SXL005-19/20	Supplier Failure	20
SXL006-19/20	Staff Recruitment and Retention	9
SXL007-19/20	Corporate Social Responsibility	6
SXL008-19/20	Risk of Not Performing/Delivering	8
SXL009-19/20	Environmental Impact	6

Table 2 charts risk score movement over the past year in relation to each risk identified within the Scotland Excel Risk Register. Where there has been movement in the risk score, a brief explanation has been provided.

Table 2
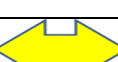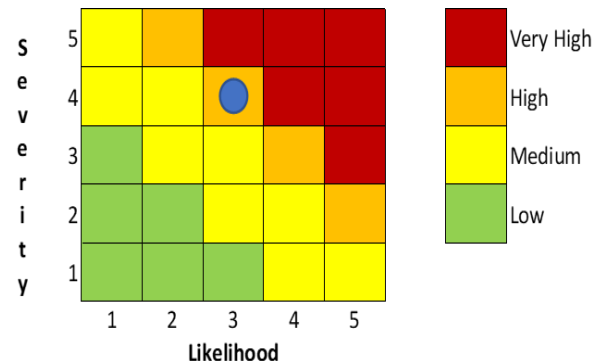
Risk Ref.	Q1	Q2	Q3	Q4	Trend
SXL001-19/20	8	8	12	12	
			Growth in framework portfolio and value		
SXL002-19/20	8	12	12	12	
			Challenges in relation to Business Development resource		
SXL003-19/20	12	12	12	16	
		Residual risk maintained and increased due to Brexit uncertainty			
SXL004-19/20	8	8	8	8	
		No change in risk score over the period			
SXL005-19/20	16	20	20	20	
		Risk increase due to Care Home financial collapse			
SXL006-19/20	9	9	9	9	
		Recruitment and Retention challenges across the sector			
SXL007-19/20	8	8	8	8	
		No change in risk score over the period			
SXL008-19/20	12	12	12	12	
		No change in risk score over the period			
SXL009-19/20	n/a	n/a	n/a	6	
			New Risk Added Oct '19		

Diagram 1 below shows the Scotland Excel Risk Matrix detailing all identified risk and their relative position on the matrix.

Diagram 1

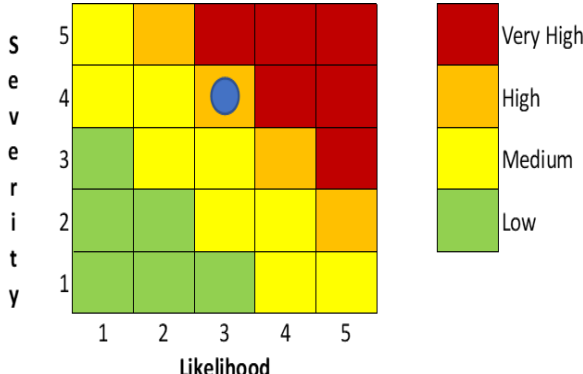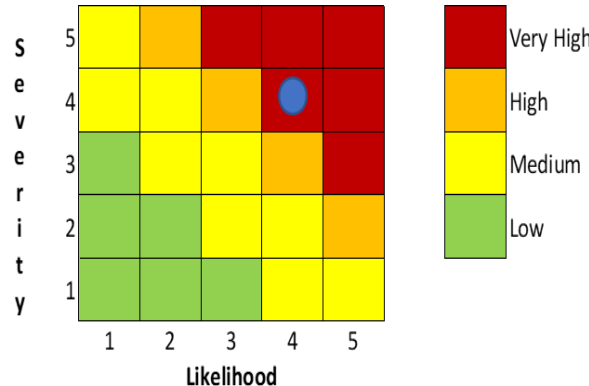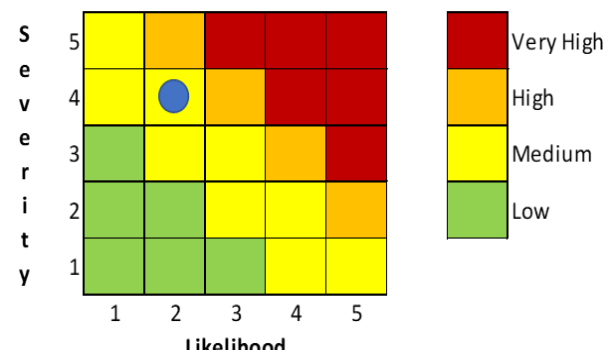| Severity		Likelihood				
5				SXL005	
4		SXL004 SXL008	SXL001 SXL002	SXL003	
3		SXL007 SXL009	SXL006		
2					
1					
	1	2	3	4	5

Likelihood
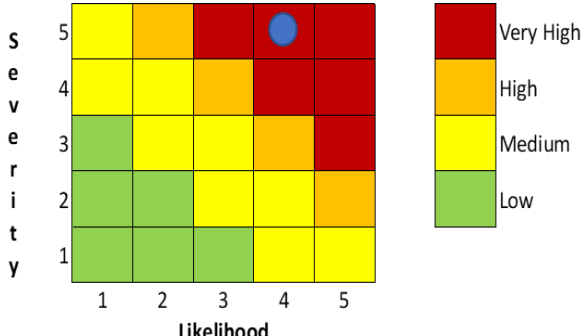
Appendix 2: - Scotland Excel Risk Register (October 2019)
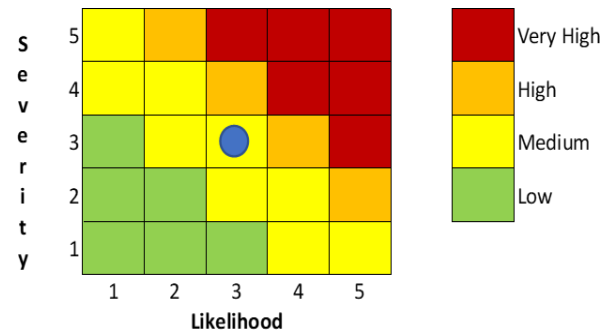
Reference:	SXL001-19/20			Organisational Sustainability						
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**		**Risk Score**				
						Likelihood	Impact	Evaluation	Trend	Residual
Potential for local government organisations withdrawing support. Requirement to attract additional resources. Council budget cuts impacting upon use of services provided.		Membership of Scotland Excel is optional for all stakeholders and Scotland Excel must be alert to this and the impact of Councils or Associate Members resigning their membership.	JW	Continuing focus on added Core Value delivered for all member councils. On-going development of projects offering new services and increasing benefits to stakeholders. Identification of new opportunities to provide additional chargeable services based on customer demand. Ongoing robust market testing of all new shared service propositions. Ongoing robust business model is in place for all new services (cost to serve, funding/uptake forecasts). Regular engagement with Chief Execs, Finance Directors, Corporate Procurement Leads and Elected Members demonstrating the value added by Scotland Excel		3	4	12	⬆	12

Risk Register Review Updates			
Date	05/02/19	New risk control measure added around engagement. Evaluation and residual impact remain static (Likelihood 2/ Impact 4 for residual risk)	
	07/05/19	No changes	
	06/08/19	Linked Action added - New Stakeholder Mapping Exercise to be carried out; Risk score revised to 3 likelihood, 4 Severity	
	28/10/19	New linked action added re engagement exercise; Risk scores to be maintained at current levels	

Linked Actions				
Description	**Assigned To:**	**Due Date**	**Status**	**Notes**
Stakeholder Mapping Exercise to be carried out	MR	31/12/19	On-going	Complete pending review by SMT
Continuing Customer Engagement exercise with key partners	JW	31/12/19	On-going	Engagement plan in development

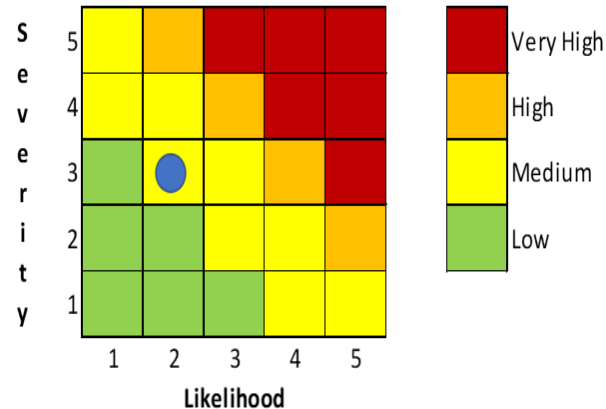| Reference:	SXL002-19/20			Managing Growth and Diversity					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Failure to identify and manage emerging opportunities Inability to evolve service offering in a changing landscape		There is a risk to the long-term future of the organisation if it fails to grow the portfolio of services offered to members	SB	Regular Horizon Scanning meetings help to identify market development opportunities and give the organisation time to plan for capability and capacity. OD strategy and workforce planning tools used to ensure that Scotland Excel has the right caliber of staff to deliver and grow a quality service offering. New project opportunities have been won across a number of councils and other public sector bodies. Employment of additional temporary marketing resource to ensure key projects/initiatives are adequately promoted.	3	4	12		12

Risk Register Review Updates

Date	05/02/19	Linked actions added - Evaluation and residual impact remain static (Likelihood 2/ Impact 4 for residual risk) Residual risk reduced from 12 to 8
	07/05/19	Residual risk increased to 12 as a result of challenges around recruiting and retaining Business Development Resource (likelihood to 3)
	06/08/19	Acknowledgement that time is moving quickly; addition of mitigating action – recruitment of additional temp marketing resource
	28/10/19	New linked actions added relating to Business Development and General Procurement Services – No change to Risk scores

Linked Actions

Description	**Assigned To:**	**Due Date**	**Status**	**Notes**
Innovation management process being developed.	IMN	31/03/21	On-going	Being led by SXL Academy
Review of market competitors to be refreshed.	HC	31/03/20	On-going	
Review of Business Development Strategy	SB	31/03/20	On-going	Considering recruitment challenges
Provision of General Procurement Services for Key Partner	HC	31/03/20	On-going	Emerging service delivery option being trialed
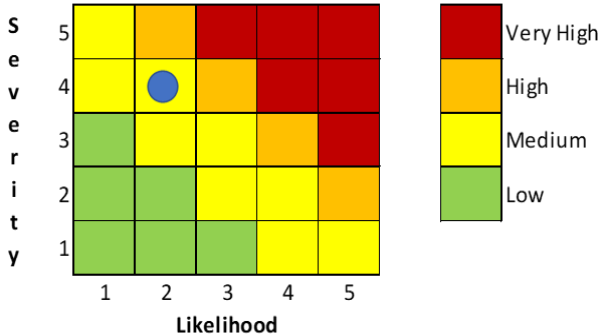
Reference:	SXL003-19/20			Political Change					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Legislative changes impact upon the organisation and how it must operate. Political uncertainty created by, for example, Brexit create unknown challenges		Political change at local, national, UK and international levels which Scotland Excel must be aware of in order to respond to, and maintain services to stakeholders	JW	An effective and properly resourced public affairs strategy is in place. Through effective research, engagement, partnership working and briefings – for example Brexit white paper - this ensures that the organisation is aware of and able to respond to challenges and opportunities in the external environment. Active participation by the organisation in various groups and boards influencing policy and "direction of travel".	4	4	16	⬆	16

Risk Register Review Updates

Date	05/02/19	Residual risk increased to 12 due to Brexit uncertainty
	07/05/19	No Change
	06/08/19	Continuing uncertainty on "No Deal Brexit"; linked action added to revisit SXL White Paper on Brexit Impact; score change to 4 x 4
	28/10/19	Due to continuing uncertainty around Brexit and the possibility of an election causing governance challenges, linked action added, score maintained

Linked Actions

Description	Assigned To:	Due Date	Status	Notes
Carry out review of SXL White Paper on Brexit	HC	31/12/19	On-going	
Proposed General Election – Review Governance Challenges	JW	31/12/19	Complete	Governance committees unaffected by election

Reference:	SXL004-19/20			Reputational Risk					
Context			**Risk Statement**	**Risk Owner**	**Current Risk Controls**		**Risk Score**		
						Likelihood	Impact	Evaluation	Trend	Residual

Context	**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Likelihood**	**Impact**	**Evaluation**	**Trend**	**Residual**
Negative publicity or media coverage affects the organisation and impacts stakeholders. Negative media reports relating to a framework or service provider.	Scotland Excel is faced with negative publicity or a media crisis through a service issue or failure that compromises the organisation's stakeholders	JW	Colleagues advise communications team of any potential issues to enable effective planning for "negative" media interest. Pro-active monitoring of press coverage carried out by marketing team and wider organisation. Pro-active and robust engagement with press organisations to ensure positive relationships and coverage.	3	4	12	⬅➡	8

Risk matrix — Severity (vertical, 1–5) vs Likelihood (horizontal, 1–5). Blue dot plotted at Likelihood 2, Severity 4. Legend: Very High (red), High (orange), Medium (yellow), Low (green).

Risk Register Review Updates		
Date	05/02/19	1 new Linked Action added around media training.
	07/05/19	No Change
	06/08/19	Discussed heightened risk due to increasing portfolio size. To be reviewed at October meeting.
	28/10/19	Linked action added relating to Brexit uncertainty – risk scores are maintained

Linked Actions				
Description	**Assigned To:**	**Due Date**	**Status**	**Notes**
Media Training Refresher to be arranged for SMT	MR	31/12/19	Complete	Delivered to SMT 20/11/19
Carry out review of SXL White Paper on Brexit	HC	31/12/19	On-going	

Reference:	SXL005-19/20			Supplier Failure					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Financial (and other) factors impacting on resilience of suppliers. Negative reputational results across the portfolio from potential breach of contract and / or supplier failure. Focus required in areas which have a direct impact on delivery as a result of business failure.		The failure of a service provider could have significant implications for service provision within member council areas.	HC	Effective risk management is in place during development and management of contracts. Robust processes for monitoring the financial stability of suppliers is carried out prior to award and throughout the life of a contract, utilising external advice as required. Specific measures are in place to meet the management of Social Care contracts and these key areas of risk. Scotland Excel has a range of measures for monitoring supplier resilience in addition to the external financial monitoring tools used. A new tailored approach to financial risk for high risk contracts has been implemented "Step-in Right" within relevant and appropriate contracts maintained	4	5	20	⬆	20

Risk Register Review Updates

Date		
	05/02/19	2 new linked actions added to source additional support for forensic accounting, and review 'Step-in Right' terms within relevant contracts.
	07/05/19	1 new risk control measure added around monitoring financial risks in care. Residual risk increased to 20 as a result of care home financial sustainability risks considering Four Seasons position
	06/08/19	No Change
	28/10/19	Linked action added in relation to Market Analysis – risk scored maintained

Linked Actions

Description	Assigned To:	Due Date	Status	Notes
Review "Step-in Right" within relevant and appropriate projects	HC	30/06/19	Complete	Added to Current Controls.
Develop robust Market Analysis Strategy across procurement categories	HC	31/03/2020	On-going	

Reference:	SXL006-19/20			Staff Recruitment and Retention					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Demand in the market for staff makes recruiting and retaining staff problematic.		Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to deliver the operating plan	SB	Recruitment processes reviewed and updated. PRD process reviewed and updated in consultation with the Scotland Excel staff. Successful recruitment campaigns including events to be replicated. Retention measures improved including secondment opportunities and projects to enrich roles. Enhanced organisational reputation through events, partnerships and marketing. Retain Investors in People accreditation	3	3	9	⬌	9

Risk Register Review Updates			
Date	05/02/19	2 new linked actions added – a review of the exit interview process, and a need to better monitor staff turnover figures. Residual risk increases from 6 to 9 in light of retention challenges throughout the sector.	
	07/05/19	New risk linked action added – a review of job specs and person profiles. Work underway to implement actions from Investors in People process	
	06/08/19	No Change	
	28/10/19	Linked actions added in relation to Investors in People and Organisational credibility beyond procurement – No change to risk score	

Linked Actions				
Description	**Assigned To:**	**Due Date**	**Status**	**Notes**
Exit interview process to be reviewed and issues escalated	LC	31/03/2020	On-going	Collection and reporting process development
Staff turnover figures to be collated and monitored	LC	31/03/2020	On-going	Will be presented to SMT by March 2020
Review of job specs and person profiles to be completed	LC	31/03/2020	On-going	Reviewed in conjunction with PRD process
Increase Investors in People grade from Silver to Gold	JW	31/03/2021	On-going	Work is continuing with Staff Engagement Group
Build credibility beyond procurement professionals to cover other areas including the Academy.	IMN	31/03/2020	On-going	Being led by SXL Academy

Reference:	SXL007-19/20			Corporate Social Responsibility						
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**		**Risk Score**				
						Likelihood	Impact	Evaluation	Trend	Residual
Ensure that, where possible, community benefits are delivered as part of the contract portfolio. Ethical sourcing of products and supplies in the whole supply chain.		Scotland Excel may not be seen as an industry leader in how it addresses key aspects of corporate social responsibility with an associated negative impact upon our reputation and stakeholder perceptions.	HC	Management and Reporting of Community Benefits has been developed and embedded. Community benefit requirements issued to suppliers at tender stage. Active promotion of community benefits in delivered through our contracts. Living Wage Employer accreditation secured, used to raise awareness with stakeholders. Workforce matters and living wage considerations are built in at strategy stage. Ethical sourcing strategies provided by suppliers as part of the tender process. Co-ordination of Community Benefits Forum for partner local authorities Staff have become mentors for children in schools under MCR Pathways Partnership with Founders 4 Schools supporting CV writing, mock interviews etc.		2	4	8	⬅➡	6

Risk Register Review Updates			
Date	05/02/19	No Change	
	07/05/19	Two new control measures added – work with MCR pathways and Founders 4 Schools	
	06/08/19	No Change	
	28/10/19	Addition of Community Benefits Forum risk control and "Fair Work First" linked action – No change to risk score.	

Linked Actions				
Description	**Assigned To:**	**Due Date**	**Status**	**Notes**
Carry out review of how "Fair Work First" initiative can be incorporated into Scotland Excel frameworks	BM	31/03/2020	On-going	Being led by the Procurement Development Team

Reference:	SXL008-19/20			Risk of Not Performing/Delivering					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Failure to deliver in line with member council expectation. System failures impact on the ability of the organisation to deliver services. Increasing member expectations as financial challenges increase		Scotland Excel fails to perform in line with customer expectations.	SB	Approved 5 years strategy and one-year operating plan in place. A range of KPIs currently exist at contract and organisational level. These are regularly reviewed. Regular operating plan updates to Executive subcommittee to ensure robust governance. Regular financial period review and reporting across core and projects. Business continuity approach ensures that the organisation and its systems can operate effectively remotely Scotland Excel are providing new and improved services to member councils on an ongoing basis.	3	4	12		8

Risk Register Review Updates

Date		
	05/02/19	New risk control measure included to recognise new and improved services offered to member councils. Residual risk remains static at 8 (likelihood 2/ Impact 4)
	07/05/19	New linked action added – review of SXL infographic
	06/08/19	No Changes
	28/10/19	Linked actions added - Cyber Security, Stakeholder Mapping, Customer Engagement – No change to risk score

Linked Actions

Description	Assigned To:	Due Date	Status	Notes
Review of Member Infographic	SB/HC	31/03/20	On-going	Project team in place
Carry Out Cyber Security Review and Training for all staff	SB	31/12/19	On-going	All staff trained by 30 November '19
Stakeholder Mapping Exercise to be carried out	MR	31/12/19	On-going	Complete pending review by SMT
Continuing Customer Engagement exercise with key partners	JW	31/12/19	On-going	Engagement plan in development

Reference:	SXL009-19/20			Environmental Impact					
Context		**Risk Statement**	**Risk Owner**	**Current Risk Controls**	**Risk Score**				
					Likelihood	Impact	Evaluation	Trend	Residual
Impact of organisational activity of Scotland Excel on the Environment. Impact of Scotland Excel frameworks on the Environment Influence of Scotland Excel on environmentally friendly public service delivery		Reputational/legal Risk in relation to the organisation having an adverse impact on the Environment. Reputational/legal Risk in relation to Scotland Excel frameworks having an adverse impact on the Environment Failure to champion Environmentally friendly practices via SXL frameworks	JW	Adoption of environmentally aware office practices within Scotland Excel i.e. recycling, agile working, double sided printing etc. Requirement for Environmental Policy, ISO certificate or equivalent for access to certain frameworks Actions in relation to reducing carbon footprint scored in assessment for certain frameworks Information in relation to environmental practices and plans requested across all frameworks	2	3	6	⬌	6
Risk Register Review Updates									
Date	**05/02/19**	n/a							
	07/05/19	n/a							
	06/08/19	n/a							
	28/10/19	Environmental Change and Policy Impact Risk added to Scotland Excel Risk Register, Initial Risk Score 6 (likelihood 2, Severity 3)							
Linked Actions									
Description				**Assigned To:**	**Due Date**	**Status**	**Notes**		
Review of what further actions can be taken by Scotland Excel to impact organisational, supplier and partner carbon footprint reduction activity				HC	31/03/20	On-going			