

Scotland Excel

To: Executive Sub-Committee

On: 31 May 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 actions that have been 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 those risks.

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 the Senior Management Team meeting quarterly to review, revise and update the register.

The current risk register is attached as an appendix to this report for review by members.

4. Recommendation

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

Appendix 1:

Risk Register

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 1 Organisational Sustainability Context: <ul style="list-style-type: none"> Potential for local government / organisations withdrawing support Need 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	<ul style="list-style-type: none"> The organisation has developed a number of projects to offer new services which will greatly increase the benefits to stakeholders. Identifying new opportunities to provide additional chargeable services based on customer demand Ongoing robust market testing of all new shared service propositions Ensure ongoing robust business model is in place for all new services (cost to serve, funding/uptake forecasts) Continuing to focus on adding value for all member councils There is regular engagement with Chief Execs, Finance Directors and Elected Members to demonstrate the value added by Scotland Excel 	2	5	10	8	↔
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		5/2/19 – New risk control measure added around engagement Evaluation and residual impact remain static (Likelihood 2/ Impact 4 for residual risk) 7/5/19 – No changes						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 2 Managing growth and diversity 1. Failure to identify and manage emerging opportunities 2. 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	<ul style="list-style-type: none"> Regular horizon scanning meetings help to identify market development opportunities and give the organisation the time to plan for capability and capacity. OD strategy and workforce planning tools are used to ensure that Scotland Excel has the right calibre of staff to deliver and grow a quality service offering Innovation management process being developed. Review of market competitors to be refreshed New project opportunities have been won across a number of councils and other public sector bodies. Recruitment underway for a Business Development Officer to seek new income opportunities 	3	4	12	12	↑

Action Ref	Linked Actions	Latest Notes	Assigned to	Due Date	Status		
		5/2/19 3 new risk control measures added (last 3 bullet points) Evaluation and residual impact remain static (Likelihood 2/ Impact 4 for residual risk) Residual risk reduced from 12 to 8 7/5/19 – residual risk increased to 12 as a result of challenges around recruiting and retaining business development resource					

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 3 Political Change Context: 1. Legislative changes impact upon the organisation and how it has to operate. 2. 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	<ul style="list-style-type: none"> An effective and properly resourced public affairs strategy is in place. Through effective research, engagement, partnership working and briefings – for example Brexit white paper - it 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". 	3	4	12	12	↔
Action Ref	Linked Actions	Latest Notes	Assigned to	Due Date	Status			
		5/2/19 Residual risk increased to 12 due to Brexit uncertainty 7/5/19 – no change						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 4 Title: Reputational Risk	Scotland Excel is faced with negative publicity or a media	JW						

Context: 1. Negative publicity or media coverage affects the organisation and impacts stakeholders 2. Negative media reports relating to a framework or service provider.	crisis through a service issue or failure that compromises the organisation's stakeholders		<ul style="list-style-type: none"> Colleagues advise communications colleagues 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 Recent PR issues around food and HES (Healthcare Environmental Services) well managed Media training refresher to be arranged for SMT 	3	4	12	8	
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		5/2/19 1 new risk control measure added around media training. Evaluation and residual impact remain static (Likelihood 2/ Impact 4 for residual risk) 7/5/19 – no change						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 5 Supplier Failure	The failure of a service provider could have significant implications for service provision within member council areas.	HC	<ul style="list-style-type: none"> Effective risk management is in place at 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 Specific measures 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. To ensure robust financial evaluation and support for teams external advice for review of financials for suppliers is to be sourced. A new tailored approach to financial risk for high risk contracts has been implemented 	4	5	20	20	
Context: 1. Financial (and other) factors impacting on resilience of suppliers 2. Negative reputational results across the portfolio from potential breach of contract and / or supplier failure 3. Focus required in areas which have a direct impact on delivery as a result of business failure.								

			<ul style="list-style-type: none"> • Review of 'step-in rights' terms and conditions is underway • Revisit conversations with key stakeholders about monitoring financial risk in the care home sector 					
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		5/2/19 2 new risk control measures added to source additional support for forensic accounting, and review 'step-in right' terms within relevant contracts. Evaluation and residual impact remain static (Likelihood 3/ Impact 5 for residual risk) 7/5/19 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 in light of Four Seasons position						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 6 Staff Recruitment and Retention Context: 1. Demand in the market for staff makes recruiting and retaining staff problematic. 2. Build credibility beyond procurement professionals to cover other areas including the Academy.	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to deliver the operating plan	SB	<ul style="list-style-type: none"> • Recruitment processes reviewed and updated • PRD process reviewed in consultation with the Scotland Excel staff to implement a new model. • Successful recruitment campaigns including events to be replicated. • Measures implemented to support retention including secondment opportunities and projects to enrich roles. • Exit interview process to be reviewed and issues escalated • Staff turnover figures to be collated and monitored • Enhanced organisational reputation through events, partnerships and marketing. • Review of job specs and person profiles to be completed • Work from Investors in People report to be carried out. Aspire to move from Silver to Gold accreditation 	3	3	9	9	↔
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		5/2/19 2 new risk control measures 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. 7/5/19						

		Two new risk control measures added – a review of job specs and person profiles. Work underway to implement actions from Investors in People process						
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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 7 Corporate Social responsibility	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 stakeholders.	HC	<ul style="list-style-type: none"> • Management and reporting of Community Benefits has been developed and embedded. • Community benefit requirements are issued to suppliers at tender stage and a register of the community benefits subsequently delivered will be used to assist in future tender scoring. • Marketing actively promote the community benefits in our contracts. • Scotland Excel has secured accreditation as a Living Wage Employer and this will be used to raise awareness with suppliers and stakeholders. • Workforce matters and living wage considerations are built in at strategy stage • Ethical sourcing strategies are provided by suppliers as part of the tender process as a control measure where appropriate. • The Sustainable procurement strategy is being implemented which will reflect areas of work already in use or in development. • MCR Pathways presented to the Scotland Excel team and a number of staff have agreed to become mentors for children in various schools • Scotland Excel have joined with Founders 4 Schools who encourage local employers to empower young people with career development such as taking part in CV writing, mock interviews or work experience placements. 	2	4	8	6	
Context: 1 Ensure that where possible community benefits can be delivered as part of the contract portfolio. 2 Ethical sourcing of products and supplies in the whole supply chain.								
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		Residual risk remains static at 6 (Likelihood 2/ Impact 3) 7/5/19 Two new control measures added – work with MCR pathways and Founders for Schools					
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REF: Risk 8 Risk of not performing/ delivering	Scotland Excel fails to perform in line with customer expectations.	SB	<ul style="list-style-type: none"> 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 is able to operate effectively remotely Scotland Excel are providing new and improved services to member councils on an ongoing basis. Review of member infographic underway 	3	4	12	8	↔
Context: 1. Failure to deliver in line with member council expectation 2. System failures impact on the ability of the organisation to deliver services 3. Increasing member expectations as financial challenges increase								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		5/2/19 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) 7/5/19 New risk control measure added – review of SXL infographic						

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