



Executive Advisory Body

Date of Meeting	Tuesday 9 March 2021
Subject	Risk Management Update
Agenda No.	4
Paper No.	21.3
Prepared By	Risk Management Function
Purpose	Discuss

1. Background

- 1.1. To provide Executive Advisory Board with a six monthly update on Risk Management.

2. Key points

- 2.1. Update of risk management function activity including :
- A general update on the Strategic Risk Register and the significant updates since the last Executive Advisory Update in September 2020.
 - Update from the work of the Risk Review Group.
 - Overview of commissioned work with Ernst and Young.

3. Conclusions

- 3.1. The Executive Advisory Body are asked to note the contents of this paper and specifically we would welcome comments on the following area of our work:
- Publication of risk appetite statements in support of Business Plan and Corporate Plan



4. GOVERNANCE CHECKLIST

Strategic Objective	Contribution
Dignity, fairness and respect Delivering a service with dignity, fairness and respect at its core.	n/a
Equality and tackling poverty Promoting equality and tackling poverty.	n/a
Efficiency and alignment Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.	The work undertaken by the risk management function increases risk awareness and risk based decision making to improve the work undertaken to the benefit of the people we serve.
Economy, society and environment Contributing to our economy, society and protection of our environment.	Early sight of potential threats to objectives a more concise response may save resource, or focus resource more efficiently and save time and money.

Strategic consideration	Impact
Environment	n/a
Governance	Providing regular contact with and updates from risk action owners, agreed by risk owners to provide assurance that risk is being managed.
Data	n/a
Finance	n/a
Staff	n/a
Equalities	n/a
Estates	n/a
Communications and Presentation	n/a



Impact Assessment

n/a



Risk Management Function Update

1. General update

Since November 2020 there have been four new risks approved by the Risk Review Group and one risk closed. The profile of these new risks are set in the context of the increase in exposure across operational readiness in light of Scottish Child Payment going live in February 2021, with focus turning towards Disability and Carer's benefits going live later in 2021.

Work is progressing between Social Security Scotland and Social Security Programme to link and share these risks to provide full visibility and gather mitigating controls across both organisations.

The risk closed is a result of recruitment coming under more control within Social Security Scotland's Shared Services team. A full analysis of all related risk in this area (culture, resourcing and estate readiness) is to proceed on 12th March 2021 with a view to consolidating these and where appropriate de-escalation of some to Divisional Risk Registers.

New risks added: AS-R075, R076, R077 and R078

Risk Removed: AS-R037a

2 Strategic Risk Register

We have been reviewing our approach to the Strategic Risk Register taking account of recent comments from the Audit and Assurance Committee and also in preparation of the outcome of the Ernst and Young review. This has included reviewing all risks against our strategic objectives (as published in the Corporate Plan), and looking forward towards a further review of risk appetite; to note the Ernst and Young review provide some recommendation on risk appetite and tolerance.

As such we hope to include the development and publication of risk appetite statements, using the business and strategic objectives, to state where we are unwilling to accept risk and areas where we may have to be more tolerant of risk. In doing so we hope to give clarity to those engaged with decision making within the organisation to enable them to do so with a clear view of risk appetite and tolerance. The intent being that this will support the embedding of more informed risk based decision making across the organisation. Some examples from external organisations are provided at [Annex 1](#).



We expect the Strategic Risk Register to reduce and through a re-drafting of risks we will reconsider what information we can proactively publish. This is a process of maturing that we have anticipated for some time, and is one of the reasons behind commissioning Ernst and Young. The current process in place has reflected the needs of the organisation up to this point, but moving forward we will look to address the landscape of threat at strategic level in a more direct way, with controls provided from the high level, operational risk register. We expect further de-escalation of risks over the next few months as a result of further analysis and challenge with Risk and Action Owners.

To aid this the risk function has created a method for analysing the status of strategic risks, which creates an easily readable narrative on the risk status. This method quickly aids the reader in the identification of risks that may require reassessment, or support selection of candidates for deep dives. Moving forward a full re-baselining of the register will be undertaken with engagement with all stakeholders and support from the Risk Review Group.

Question : What recommendations would the Board make regarding publication and structure of risk appetite statements in support of Business Plan and Corporate Plan?

Ernst and Young Risk Management Engagement

The Executive Advisory Body will be aware that we have commissioned Ernst and Young to undertake a short piece of work looking at our Risk Management approach, and help us shape what our future risk management framework must do to support the organisations future and growing needs.

The project started in December and they have undertaken an extensive desktop exercise reviewing key documentation, held a number of interviews with key stakeholders and undertaken two surveys.

We now have a copy of the draft report and are currently reviewing this ahead of socialising this further with key stakeholders. The report outlined a number of key recommendations, and the intention is we will prioritise these and they will be used by the Risk Management Function to undertake extensive planning and map out key tasks and activities over the next 12-18 months. We have also recently recruited a Risk Manager and this additional capacity will help drive forward our approach.



Risk Review Group

The Risk Review Group continues to meet monthly and apply critical response to risk across Social Security Scotland. It has recommended the capture of three risks to be mirrored with Social Security Programme to enable joint action planning and mitigation on those risks. High level risks from the Project Management Office are now being captured on the Strategic Risk Register for better visibility and recommendation.

Once the Ernst and Young work has been completed the Risk Review Group will begin to analyse the recommendations and implement where appropriate and in agreement with the Executive Team.

Membership of the group will also be reviewed to ensure decisions being made are done with the right input from across Social Security Scotland.

Deep Dive Session

Executive Advisory Body was consulted on which risk should be brought for deep dive with the Audit and Assurance Committee in May 2021. Following this discussion risk AS-R034a was selected.

Annex 1

Example Risk Appetite Statements from External Organisations.

NHS Borders (example)- Clinical Risk- Inequalities- NHS Borders has an innovative risk appetite to ensure that all patients receive the same quality with correct care, at the correct time, in the correct manner. Patient Safety/ Clinical Risk/ Clinical Activity. We are cautious to risks that could result in poor quality care or unacceptable clinical risk, noncompliance with standards or poor clinical or professional practice. We are open to risks which allow us the opportunity to receive a better patient outcome in terms of clinical care.

Scottish Funding Council (example)- “The Scottish Funding Council (SFC) recognises that it must take risks if it is to achieve fully its Strategic Plan aims and deliver these effectively. However, it will always approach risk in a controlled manner, reducing its exposure in a way deemed acceptable to the Board, the Scottish Government, and external regulators such as Audit Scotland. SFC’s appetite for risk will vary depending on the functions of the organisation, the context, and the anticipated benefits. In relation to its core funding of colleges and universities, and its regulatory role, it will seek to minimise the risks to SFC and to



institutions, particularly where these may pose a threat to the financial sustainability of colleges and universities, or where they may create significant instability or uncertainty in the sectors. In its negotiation of Outcome Agreements, its use of strategic funding, and its work with other partners and stakeholders, the organisation is willing to accept a higher level of risk where it identifies opportunities to achieve highly successful outcomes for SFC and the Scottish Government. In its internal management and functions, SFC will avoid any activity that poses a threat to its budgeting, the health, safety and well-being of staff, or its ability to meet all legislative and regulatory requirements. While always striving to protect its reputation, SFC will nevertheless accept a moderate level of risk if it allows it to communicate its role, objectives, and achievements more successfully.”

Argyll and Bute Council (example)- Fraud and Corruption: The Council has no appetite for any fraud or corruption perpetrated by its staff. The Council takes all allegations of suspected fraud or corruption very seriously and has a robust anti-fraud policy and public interest disclosure policy. A code of conduct is also in place for both members and staff.