Registers of Scotland

RoS Board

09 September 2024

KRR by Exception
Risk Landscape Around Open Casework

Purpose

1.   The paper provides an update on the KRR 2022-27 Year 3 following EMT and Audit & Risk Committee (ARC) reviews, and ongoing Key Risk Owner (KRO) review.

2.   The extended paper includes a mid-year focus on key risks most associated with open casework.

3.   It supports the board in its role of providing strategic advice to the Keeper and in its focus on setting a framework of prudent and effective controls that enables risk to be assessed and managed.

Recommendation

4.   RoS Board is requested to review the content of the paper and the KRR summaries at Annexes 1 to 6 and advise the Keeper and EMT on the update.

5.   The Keeper and EMT are particularly interested in the Board's view and critical assessment of the open casework risk landscape.

Background

6.   The KRR contains (i) key risk scenarios that may affect corporate plan objectives and (ii) risk response strategies for these scenarios. It is a 'live' document reviewed and updated at least monthly by KROs and submitted to EMT for approval as part of the monthly corporate governance process. It is submitted to RoS Board and ARC meetings for noting and/or advice as a summary report or as the RoS Assurance Framework.

7.   Discussion at June Board highlighted the "KRR by exception paper" is primarily a 'look back' at risk management over the previous period. Successfully managing risks associated with open casework is a priority. September Board is an opportunity, at the near 6-quarter mark of a 12-quarter plan, to look in more detail at these risks, the plans to mitigate them and to look ahead to the second half of the plan.

Key Risk Register (KRR)

8.   The paper adopts a 'reporting by exception' approach comprising 3 elements:

Reporting element	Frequency of reporting	Board input / 'ask of the Board'

1. Key Risk Profile	Every Board meeting	Advice on strategic risk exposure
2. New / escalating risks	As relevant	Advice on risk scenario assessments and/or risk responses (i.e. controls)
3. Risk response delays / controls not delivering anticipated risk response	As relevant	Advice on risk scenario assessments and/or risk responses (i.e. controls)

KRR reporting element 1 - Key Risk Profile

9.   KROs have reviewed key risks and where appropriate updated risk descriptions, appetites, proximity, scoring, controls and assurance opinions. A KRR summary as at the date of this paper is at Annex 1. A matrix showing current (when risk not at target) and target scores for all key risks is included as an additional visual to support interpretation and understanding of the KRR. The 'live' KRR will be available to RoS Board at the September meeting.

10.   KR8 Information Security - scenario description changed from:

a. There is a threat that our information security is compromised, significantly impacting the confidentiality, integrity and availability of the registers and services provided by Registers of Scotland, to:

b. There is a threat that (i) our info. security capabilities* and (ii) visibility of info. security risks are insufficient, potentially impacting the confidentiality, integrity and availability of the registers and services provided by Registers of Scotland (*in terms of our information security management system, risk management and assurance).

11.   This better reflects the causes of this risk and the nature of the risk response - building a new capability and extending coverage (noted in paper for visibility only).

KRR reporting element 2 - New risks / existing risks escalating

12.   No exceptions.

KRR reporting element 3 - Risk response delays / controls not delivering anticipated risk response (x2)

13.   KR3 Operational Capacity* **(related to open casework**)

- route to target updated – 1-quarter delay to expected 'mid-route' risk reduction (from Q1 to Q2 24/25)
- cause: unexpected complexity in automation process including signature verification
- consequence – risk related to operational capacity and delivery of strategic objective 1 will be higher for 1 quarter more than expected, overall route to target by Q4 2024/25 remains unchanged

14.   KR4 People & Change 2023-26* **(related to open casework**)

- route to target updated - 1-quarter delay to expected 'mid-route' risk reduction (from Q2 to Q3 24/25)
- cause: dependency on operational capacity improving to enable the 'people' controls to have full impact (i.e. the revised assessment of Key Risk 3 noted above)
- consequence - risk related to people, productivity and delivery of strategic objectives 1 and 4 will be higher for 1 quarter more than expected, overall route to target by Q1 2025/26 remains unchanged

*See Annex 2 for updated key risk routes to target

Risk Landscape Around Open Casework - context

15.   Key Risks 3 and 4 are most directly associated with open casework. They are closely related so that for practical purposes each assessment separates causes, controls and impacts into those that are:

     a. technical in nature (e.g. automation); enterprise-level focus (e.g. overall resourcing levels); structural (e.g. registration structure) = KR3
     b. people-related (attitudes, skills, behaviours) = KR4

16.   Strategic Workforce Planning is the key control common to and connecting the risks. It relates the work of SAT 2.0 Technology & Product group (KR3) to the People & Policy group (KR4) – or technical enhancements enabling non-technical changes.

17.   Annex 3 provides details of:

     a. risk causes and relationships to controls
     b. risk impacts

18.   Annex 4 shows how KR3 risk reduction enables KR4 risk reduction. The cumulative effect of various stages of automation frees colleagues to work on more complex casework. A domino effect frees other colleagues to work on casework of the greatest complexity – the 'open casework'. Annex 5 includes more information on the strategic and tactical elements of automation and the latest view on progress.

19.   Beneath key risks the enterprise risk management approach supports delivery of the 'three rocks' initiatives (automation, HEO capacity building and ETS). Each has an individual risk profile. ETS is referenced in KR3 but is not a key control. This matches the approach taken with ETS and open casework modelling (i.e. it is not included). Automation and HEO capacity building are key risk controls. Risk reporting by exception to the new Strategic Change Authority provides governance group oversight of risks to delivery of these key controls.

20.   In addition to the 'three rocks' the key risks rely on other existing and developing controls to achieve target risk scores.

Risk Landscape Around Open Casework – analysis and look ahead

21.   Delivery delays for automation and HEO capacity building have been reported over the last 12 months (including in this paper) while headline progress in reducing open casework is ahead of target (actual total stock of 115,334 vs. forecast of 120,252

at end of Q1, difference of 4,918). An analysis of the causes and impacts of KRs 3 & 4 suggests automation and HEO capacity building remain the right responses and the strategy is sound. Two important caveats remain:

a. Potential 'headwind' - automating simpler casework has involved overcoming unforeseen technical challenges. As the complexity of cases to be automated increases any additional slippage in delivery will reduce or delay the number of colleagues who can be released to work on open casework. This would decrease the likelihood of achieving open casework reduction.

b. Potential 'tailwind' - ETS retains the potential to have a significant impact on reducing open casework. It has neither been included in casework modelling or counted as a key risk control. Establishing ETS as a viable means of more efficiently completing cases will increase the likelihood of achieving open casework reduction.

22.   Automation, ETS and HEO capacity building bring benefits beyond clearing open casework. They help decouple RoS from volatility in the housing market and position us to pursue the 2030 Vision. This longer-term strategic view is important to remember in any analysis of tactical progress in responding to the temporal issue of open casework.

23.   Annex 6 contains more analysis of the risk landscape around open casework based on the above context.

Conclusion

24.   RoS Board to review the KRR update and consider the background, topic matter and recommendations in this paper for advice to the Keeper and EMT.

25.   RoS Board to critically assess the open casework risk landscape analysis.

Head of Enterprise Risk Management
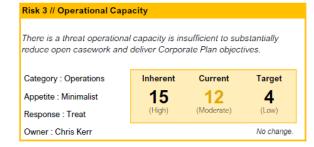**Policy & Corporate Services**
23 August 2024

Annex 1

Key Risk Register Summary
August 2024

Risk 1 // Financial Health (Annual Performance)

There is a threat that RoS is unable to break-even* on an annual basis. (*excludes ringfenced budgets)

	Inherent	Current	Target
Category : Financial	**15**	**6**	**6**
Appetite : Cautious	(High)	(Moderate)	(Moderate)
Response : Treat			
Owner : Chris Kerr			*-2 vs Last Quarter*

Risk 2 // Financial Sustainability (Longer Term)

There is a threat that RoS is unable to achieve financial sustainability over the medium (3 years) to longer term (5 years).

	Inherent	Current	Target
Category : Financial	**20**	**12**	**8**
Appetite : Cautious	(Very High)	(Moderate)	(Moderate)
Response : Treat			
Owner : Chris Kerr			*No change.*

Risk 3 // Operational Capacity

There is a threat operational capacity is insufficient to substantially reduce open casework and deliver Corporate Plan objectives.

	Inherent	Current	Target
Category : Operations	**15**	**12**	**4**
Appetite : Minimalist	(High)	(Moderate)	(Low)
Response : Treat			
Owner : Chris Kerr			*No change.*

Risk 4 // People & Change (2023-26)

There is a threat that our people* are not ready to deliver the step change in productivity required to substantially reduce open casework. (*including attitudes, skills, behaviours)

	Inherent	Current	Target
Category : People	**15**	**12**	**6**
Appetite : Cautious	(High)	(Moderate)	(Moderate)
Response : Treat			
Owner : Jennifer Henderson (temp.)			*No change.*

Risk 5 // Public Trust in the Registers

There is a threat of loss of public trust in the keeping of the registers.

	Inherent	Current	Target
Category : Reputational	**10**	**4**	**4**
Appetite : Minimalist	(Moderate)	(Low)	(Low)
Response : Tolerate			
Owner : Jennifer Henderson			*No change.*

Risk 6 // Future business model beyond 2024

There is a threat that insufficient strategic thinking and prioritisation of strategic objective 1 will inhibit our ability to realise our long-term vision and respond strategically beyond 2024.

	Inherent	Current	Target
Category : Strategy	**16**	**9**	**6**
Appetite : Cautious	(High)	(Moderate)	(Moderate)
Response : Treat			
Owner : Jennifer Henderson			*No change.*

Risk 7 // Post-2026 Transition

There is a threat that RoS is unable to make the transition from delivering Corporate Plan 2022-27 to pursuing the 2030 Vision

	Inherent	Current	Target
Category : Strategy	**16**	**12**	**6**
Appetite : Cautious	(High)	(Moderate)	(Moderate)
Response : Treat			
Owner : Jennifer Henderson			*No change.*

Risk 8 // Information Security

There is a threat that (i) our info. security capabilities* and (ii) visibility of info. security risks are insufficient, potentially impacting the confidentiality, integrity and availability of the registers and services provided by Registers of Scotland. *(in terms of IS management system, risk management and assurance)

	Inherent	Current	Target
Category : Security	**25**	**16**	**9**
Appetite : Cautious	(Very High)	(High)	(Moderate)
Response : Treat			
Owner : Martin Burns			*No change.*

Risk 10 // Customer Satisfaction

There is a threat to customer satisfaction from initiatives to reduce open casework

	Inherent	Current	Target
Category : Reputational	**15**	**12**	**9**
Appetite : Cautious	(High)	(Moderate)	(Moderate)
Response : Treat			
Owner : David Blair			*-3 vs Last Quarter*

Risk 11 // Public Service Reform (PSR)

There is a threat that RoS fails to effectively engage with and influence PSR resulting in unintended consequences for our customers.

	Inherent	Current	Target
Category : Strategy	**9**	**9**	**4**
Appetite : Cautious	(Moderate)	(Moderate)	(Low)
Response : Treat			
Owner : Jennifer Henderson			*No change.*

Key Risk Matrix

Closed / Delegated Risks **9** **14**

Current Score

Target Score

Impact (vertical axis): Transform., Exceptional, Major, Minor, Negligible

Likelihood (horizontal axis): Very Low, Low, Moderate, High, Very High