

SCOTTISH POLICE  
AUTHORITY

Meeting	SPA Audit & Risk Committee
Date and Time	30 June 2015, 10.00 – 14.00
Location	Stirling Management Centre
Title of Paper	Risk – Public
Item Number	5.1
Presented By	Graham Stickle
For Approval / For Information –	FOR APPROVAL
Appendix Attached: Yes or No	Yes

**PURPOSE**

1. To invite the Audit and Risk Committee (ARC) to note the Contents of SPA's Corporate Risk Register.

**BACKGROUND**

2. Risk is reported to the ARC quarterly.
3. In accordance with Schedule 1 section 11 of the Police and Fire Reform (Scotland) Act 2012, risks have been excluded from Appendix A if public knowledge of weaknesses identified could be detrimental to the operation of the organisation. Risks excluded will be reviewed in the private session of the meeting.
4. The risk register has been reviewed and approved by the SPA Senior Management Group.
5. The risks presented, including those to be reported in the private session, reflect the "top 10" risk to the organisation selected based on score and those with the most significant potential corporate impact on SPA.

**RECOMMENDATIONS**

6. The ARC is invited to note the risks shown at Appendix A.

**NOT PROTECTIVELY MARKED**

Level of Impact	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
<b>Objectives / Performance</b>	Failure to meet a Local Objective by a minor margin.  A service level drop for a short period	Decrease in service delivery at local level.	Failure to meet an individual Objective by a minor margin.  Failure to meet local / Divisional Objective(s)/ Target(s) by a significant margin.  A decrease in service delivery at a regional level.	Failure to meet one or two objectives by a significant margin.  A decrease in service delivery at a national level.	Failure to meet a significant number of objectives/ targets by a significant margin.  A rapid significant decrease in service delivery at national level.
<b>Reputational</b>	Negative media coverage at a local level no longer term impact.	Negative media coverage at a national level no longer term reputational impact anticipated.	Loss of confidence in the Director at a local level to deliver services.  Short term reputational damage at a national level.  Short term reputational damage at a national level.	A significant loss of confidence in SPA leadership which will require significant engagement / remedial action to repair.	Loss of confidence in SPA leadership.  Likely requirement for Director or CEO to resign.
<b>Financial / Cost</b>	Financial loss / cost recovery < 100K	Financial loss / cost recovery between 100K – 500K	Financial loss / cost recovery between 500K and 1 Million	Financial loss / cost recovery between £1 Million and £5 Million.	Financial loss to the PSoS forecasted >£5 Million.
<b>Capability / Service Delivery</b>	Loss / unavailability of capability / service which could have Short term detrimental impact on local service delivery	Loss / unavailability of a capabilities / services which could have a detrimental impact at a local level.	Loss / unavailability of capabilities / services which could have a detrimental impact at regional / specialist level.	Loss / unavailability of a critical national capability/ service (outside stated SLAs) which has a detrimental impact at a national level.	Loss / unavailability of multiple critical national capabilities / services (outside stated SLAs) periods which prevents the force executing its critical policing roles.
<b>Programme/ Project</b>	Failure to deliver benefits and/or additional costs <£100k  Failure to deliver Programme/Project objectives that have a very minor impact on SPA/PSoS deliverables  Delays in delivery of Programme/Project deliverables outwith tolerance by <10%	Failure to deliver benefits and/or additional costs between £100k and £500k  Delays in delivery of Programme/Project deliverables outwith tolerance by between 10% and 30%  Failure to deliver Programme/Project objectives that have a minor impact on SPA/PSoS deliverables	Failure to deliver benefits and/or additional costs between £500k and £1 Million  Delays in delivery of Programme/Project deliverables outwith tolerance by between 30% and 50%  Failure to deliver Programme/Project objectives that have a significant impact on SPA/PSoS deliverables	Failure to deliver benefits and/or additional costs between £1 Million and £5 Million  Delays in delivery of Programme/Project deliverables outwith tolerance by between 50% and 70%  Failure to deliver Programme/Project objectives that have a very significant impact on SPA/PSoS deliverables	Failure to deliver benefits and/or additional costs >£5 Million  Delays in delivery of Programme/Project deliverables outwith tolerance by between 70% and 100%  Failure to deliver Programme/Project objectives that have a major impact on SPA/PSoS deliverables


Ref: SPA Audit & Risk Committee  
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Likelihood	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Description	Rare < 5%	Unlikely 5-10%	Possible 10-20%	Likely 20-50%	Very Likely > 50%
	Above a 1:20 Chance	1:20 – 1:10 Chance	1:10 – 1:5 Chance	1:5 – 1:2 Chance	1:2 – 1:1 Chance
	Only likely to occur once in over 20 Years	Likely to occurs once in every 10 to 20 Years	Likely to occurs once in every 5 to 10 Years	Likely to occur once in 2 to 5 Years	Likely to occurs at least once in every 2 years

NOT PROTECTIVELY MARKED

<b>PROBABILITY</b>	5	Medium	High	High	Very High	Very High
	4	Medium	Medium	High	High	Very High
	3	Low	Medium	Medium	High	High
	2	Low	Medium	Medium	Medium	Medium
	1	Low	Low	Low	Medium	Medium
	1	2	3	4	5	
	<b>IMPACT</b>					

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Risk ID	External Meeting	Risk Description	Mitigation Plan	Risk Owner Assessment	Scoring				Risk Trend Score	Risk Owner
					Probability	Impact	Risk Score			
Fin 013	Finance & Investment Committee  Audit & Risk Committee  Board	<p><b>Risk Title: Target financial savings for 2015/16 will not be achieved</b></p> <p><b>Description</b> The budget management of the approximate £1bn of revenue funding within the financial year 2015/16 is a significant task for the Police Scotland finance team. The finance team has worked closely with all areas within the organisation over the last 2 financial years since the formation of the SPA and Police Scotland and has a proven ability to deliver a budget which balances to the original Grant in Aid Funding provided by Scottish Government. There is a risk within the 2015/16 financial year that the savings which are planned and forecast to occur are more difficult to achieve within the required timeline and that the revenue expenditure exceeds the stated budget levels afforded by Scottish Government. The overall budget will be closely monitored on a monthly basis and the actions which are being taken to deliver budget savings observed within this already agreed process and framework.</p> <p><b>Potential Impact:</b> 1. Requirement to implement savings that are not in line with strategy and/or objectives 2. Requirement to seek additional funding from Scottish Government to bridge funding gap 3. Drop in service levels</p>	<p><b>Method by which risk is assessed</b> This risk has been assessed based on the 2015/16 budget as presented. Going forward the risk will be assessed taking cognisance of the actual v planned expenditure and progress of the actions being taken to manage the budgetary expenditure in working towards achieving a balanced budget.</p> <p><b>Risk Management Plan</b> The agreed budget for 2015/16 will be closely monitored throughout the year. There will be a series of actions taken to ensure strong financial planning and control is exercised and management and timing of expenditure is understood. Financial management and overview will include:  Reporting on the SPA Budget Action Plan monthly Overview of financial management of all sources of funding Deferral of 2015/16 expenditure where appropriate Constant budget review with Scottish Government sponsor team throughout the year Chief executive overview and monitoring Standing agenda item on the joint SPA SMG Police Scotland SMT meetings  In addition, the SPA Director of Financial Accountability will work closely with the PS Director of Financial Services to track and manage savings programmes which will be important to ensure the realisation of efficiencies within the organisation.</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> The current score reflects the significant challenge ahead to manage the significant budget deficit</p> <p><b>(3) Target Score -</b> The target score reflects the requirement to deliver a balanced budget at financial year end</p> <p><b>(4) Target Date -</b> Target date is financial year end</p> <p><b>(5) Ongoing Work -</b> The SPA will ensure appropriate levels of monitoring via the SPA Budget Action Plan and the SPA Corp, Forensics and PS expenditure through the monthly management accounts process. This process will involve tracking all the key activities during the financial year which relate to the budget monitoring process being; review of monthly expenditure against budget, review of savings plans v delivery to date, ensuring appropriate actions are taken where overspends occur and there is an understanding of why an underspend may have arisen. Reporting through the management account process will ensure accountability to the wider stakeholder group.</p>	Probability	Impact	Risk Score	<p>↔</p> <p>Previous 25 Very High</p> <p>Current 25 Very High</p>	Chief Executive Officer	
					Untreated	5	5			25
					Target	1	1			1
					Target Date	Mar-16				
					Previous	5	5			25
Current	5	5	25							
Fin-014	Finance & Investment Committee  Audit & Risk Committee	<p><b>Risk Title: Insufficient investment funds and further financial pressures result in a failure to deliver a balanced budget in 2016/17.</b></p> <p><b>Description:</b> The creation of a National Policing Force on 1 April 2013 was the single biggest change to Scottish policing in a lifetime. Considerable resource was expended to make this merger a success without any reduction in service to the people of Scotland during this time of significant change. The first phases of any merger are widely recognised as being that of consolidation of activities and realisation of efficiencies through this consolidation particularly through a streamlining of management structures. The second more transformational phase comes from implementing new processes which are largely underpinned by a technological solution reducing the manual nature of tasks. This transformation allows staff to take on more value-adding roles, improving efficiency and delivery outcomes. Overall a smarter service creates a better service delivery model to underpin policing activities.  The Police Reform Budget provided to the SPA by the Scottish Government has been extremely valuable in facilitating the first phase of building a National police force. Currently there is a risk that further development and the ability to realise efficiencies from more fundamental change will not be possible with the relative limited budget afforded to the SPA for this activity.  Further financial pressures associated with inflation and potential budget reduction will make the 2016/17 a challenging one.</p>	<p><b>Method by which risk is assessed</b> The risk has been assessed on the basis that the current Police Reform funding runs to the 31 March 2016 and the forthcoming Comprehensive Spending Review from 1 April 2016 onwards</p> <p><b>Risk Management Plan</b> Engagement is required with SG to demonstrate the projects which are planned now and into the future deliver a more sustainable and efficient policing model, part of Strategic Policing Priority 3. SPA will illustrate this investment is necessary to ensuring efficient service delivery and representing better value for money for the Scottish purse. The SPA will develop a financial strategy which will show the outline of further organisational change pulling from the strategic outcomes of the Workforce, Estates, Transportation, ICT and procurement. This strategy gives a cohesive picture of the future plans of the organisation that will require such funding and the efficiencies which will be developed from this illustrating clearly the case for investment in 2016/17 and future years.</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> Current and untreated scores reflect that work is required to mitigate the risk</p> <p><b>(3) Target Score -</b> Target risk reflects the scale of the impact (above £5m) with the desire to reduce the probability to the lowest level</p> <p><b>(4) Target Date -</b> The target date for this risk is based on year end date of the financial year 2016/17.</p> <p><b>(5) Ongoing Work -</b> Development of a long term financial plan</p>	Probability	Impact	Risk Score	<p>↔</p> <p>Previous 25 Very High</p> <p>Current 25 Very High</p>	Chief Executive Officer	
					Untreated	5	5			25
					Target	1	5			5
					Target Date	Mar-17				
					Previous	5	5			25
Current	5	5	25							
HR 013	HR & Remuneration Committee  Audit & Risk Committee  Board	<p><b>Risk Title: Ability to realise target savings will be limited by national policy positions on workforce numbers</b></p> <p><b>Description:</b> Scottish policing have achieved target savings in the first two years and are committed to deliver savings for year three of the new policing structure. The continued challenge of delivering target savings, within the boundaries of national positions on workforce numbers, will be at the core of planning on how savings can be delivered.</p> <p><b>Potential Impact:</b> 1. Inability to realise savings 2. Requirement to support and manage supernumerary staff in parallel with new organisational structures 3. Challenges due to geographical location of roles not matching location of staff 4. Challenging employee relationship management resulting in reduction in good-will with unions and reduced staff morale</p>	<p><b>Method by which risk is assessed</b> The risk is assessed based on the ongoing planning of how savings are to be delivered and the impact of the position on national workforce numbers.</p> <p><b>Risk Management Plan</b> As the root cause of this risk is outwith the control of SPA the risk management plan is based on a foundation of working with the national workforce numbers while delivering the savings and maintaining service integral to the programmes of work to deliver savings while maintaining service delivery. Employee relation management across all projects and programmes that have any potential impact on staff is key to the successful management of this risk. The risk has been managed to date however, with the financial targets ahead anticipated to be a greater challenge, good employee relations is essential.  Complete 1. Supernumerary policy in place 2. Supernumerary staff have preferential treatment when applying for posts 3. Clear position communicated to all staff regarding the non-reengagement of leavers' policy. 4. VR/ER proposal for 2015/16 approved by SG 5. Audit of those who have indicated an interest in VR/ER to clarify their current position  Ongoing 1. Ongoing management of individuals impacted 2. Clear communication to staff 3. Pro-active management of vr/er applications to achieve required staff targets 4. Scrutiny plan to identify potential alternative solutions to the risk. 5. Outcome of the scrutiny review of organisational change SOPs (including supernumerary) - scheduled April 15 6. Delivery of Corporate Strategy 7. Consideration and influencing of national workforce policy aligned to development of long term strategy for Scottish policing</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> The current score remains consistent reflecting that there has been not been any fundamental changes to the risk</p> <p><b>(3) Target Score -</b> The target score reflects the significant potential financial impact (£5m or above) and the desire to reduce the probability of the risk to the lowest possible levels</p> <p><b>(4) Target Date -</b> A target date is aligned to the implementation of the next Strategic Police Plan</p> <p><b>(5) Ongoing Work -</b> Continuing implementation of the risk management plan.  The optimum operating model for Scottish policing will be considered and inform the development of the workforce strategy. This work will enhance understanding and, if appropriate, be the foundations for engagement with key stakeholders.</p>	Probability	Impact	Risk Score	<p>↔</p> <p>Previous 20 Very High</p> <p>Current 20 Very High</p>	Chief Executive Officer	
					Untreated	5	5			25
					Target	1	5			5
					Target Date	Mar-16				
					Previous	4	5			20
Current	4	5	20							

Risk ID	External Meeting	Risk Description	Mitigation Plan	Risk Owner Assessment	Scoring				Risk Trend Score	Risk Owner
					Probability	Impact	Risk Score			
Oth 013	HR & Remuneration Committee Audit & Risk Committee Board	<p><b>Risk Title: Change across SPA and Police Scotland will not be managed to a standard that supports the achievement of outcomes/objectives of reform and delivering of the Strategic Police Plan.</b></p> <p><b>Description:</b> Scottish policing is on a journey of massive change. The first stage of the journey was to move the legacy force/agency structure into one single organisation. This has been completed while realising savings and maintaining/improving service. The next phase of the journey is transformation. Effective leadership and staff management through this journey are key to ensure successful delivery while maintaining/improving service.</p> <p><b>Impact</b> 1. Poor workforce morale/increased attrition and absence 2. Drop in productivity 3. Lack of staff buy-in 4. Potential for increased staff grievances/tribunal claims 5. Inability to achieve reform objectives 6. Potential drop in service delivery</p>	<p><b>Method by which risk is assessed</b> The nature of this risks makes the evaluation very subjective. The planned staff survey will give a better baseline understanding and set a benchmark for future comparisons.</p> <p><b>Risk Management Plan</b> Change management has to be integral to all elements that are undergoing change. SPA will continue to monitor and review this risk via engagement with Police Scotland colleagues, reporting to the Human Resource &amp; Remuneration Committee and engagement with staff/officer representative bodies.</p> <p>Complete 1. SPA HR &amp; Remuneration Committee meeting regularly to review key organisational change proposals prior to being submitted to the JNCC 2. Business Change Working Group set up to identify reform projects and associated savings 3. Formally agreed organisational change process in place to support change programme 4. Regular communication via intranet 5. Enhanced engagement between SPA Board and HR &amp; Remuneration committee with unions and staff associations 6. Management of staff/officers reflecting their individual circumstances as part of consultation process 7. Programme of scrutiny approved by HR &amp; Remuneration Committee April 14 8. New Employee Assistance Programme contract awarded from April 2015. 9. Reporting of performance agreed strategic priorities to SPA Board on rolling basis. 10. Review of legal caseload to monitor trends in tribunal claims</p> <p>Ongoing 1. 6 monthly pilot of reporting KPIs for SPA. Intention to move to broader implementation across Police Scotland. 2. Continued implementation of control measures 3. Planned Employee Opinion Survey will give regular temperature checks in relation to the areas outlined in the stated risk, which will allow relevant actions to be identified and implemented. 4. Joint review of organisational change SOPs by PSOS and SPA.</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> As stated the evaluation of this risk is subjective. However, the score is believed to be a realistic assessment at this stage pending results from the staff survey</p> <p><b>(3) Target Score -</b> The target score reflects the desire and requirement to manage this risk to a low level</p> <p><b>(4) Target Date -</b> A target date for this risk has not been set as greater understanding of the current position and therefore the improvements required will give clarity on what mitigating action is required</p> <p><b>(5) Ongoing Work -</b> Refer to risk management plan</p>	Untreated	5	5	25	<p>↔</p> <p>Previous 16 High</p> <p>Current 16 High</p>	Chief Executive Officer
					Target	2	2	4		
					Target Date	Ongoing				
					Previous	4	4	16		
					Current	4	4	16		
FS 057	Audit & Risk Committee Board	<p><b>Risk Title: Memo of Understanding- Demand vs Capacity Years 2 &amp; 3</b></p> <p><b>Description:</b> The development of the Memo of Understanding (MOU) between Police Scotland, COPFS and SPA Forensic Services outlines the requirements of each partner organisation to ensure appropriate provision of forensic services and to outline the responsibilities of each partner in ensuring effective utilisation of these services within the criminal justice process in Scotland. SPA Forensic Services highlights risk in the potential of not being in a position to respond fully to partners priorities in future years due to capacity. Forensic Services recognises the National Forensic Gateway (NFG) can also play a major role in management of demand.</p> <p><b>Potential Impact</b> Detrimental impact on SPA Forensic Services reputation and its ability to be responsive to partners strategic priorities due to demand requirements vs capacity.</p>	<p><b>Method by which risk is assessed</b> SPA Forensic Services appraise baseline service delivery responsiveness performance against the year 3 delivery as set out within the MOU KPI's.</p> <p><b>Risk Management Plan</b> Governance reporting to SPA Board and Audit and Risk Committee. Management Meetings and governance reporting in place across strategic and tactical Forensic Partnership Forums. Objectives of the Forensic Partnership Forums underpinned by Risk Register with mitigating actions in place. FS SMT appraising baseline performance against aspirations of Year 3 KPI's to understand requirements to achieve year 3 delivery. Partners developing prioritisation framework. FS also providing partners with capacity information</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> The current score highlights the importance of SPA Forensic Services ability to perform effectively against the MOU and aspirations for year 3 delivery. The probability and impact scorings reflect 'as is' status that Forensic Services may potentially be unable to perform effectively to timeliness objectives within the MOU in responding to the strategic priorities of partners, however the implementation of recommendations / proposals set out within the FS MOU Resource Paper (Year 3 delivery), the probability and impact scores will decrease. In regard to the NFG functionality, a prioritisation framework is being developed collaboratively to support the management of demand in achieving KPI's, this is underpinned by partners strategic priorities.</p> <p><b>(3) Target Score -</b> This has been identified to reflect the development of FS MOU Resource Paper (in preparation of Year 3 delivery) to be presented to the SPA Members outlining Forensic Services requirements to achieve the KPI's, opportunities, benefits, considerations and risks. Furthermore the ongoing collaboration with partners via the functionality of the NFG underpinned by a prioritisation framework as well as the Forensic Partnership Forums.</p> <p><b>(4) Target Date -</b> The target date will be informed by the re- appraisal of scorings following conclusions of the 'ongoing work' outcomes, specifically the FS MOU Resource Paper and the NFG prioritisation framework and aligned to the start of year 2 in the MOU.</p> <p><b>(5) Ongoing Work -</b> 1. Development of FS MOU Resource Paper to be presented to SPA Members outlining Forensic Services aspirations for year 3 delivery. 2. Work of Forensic Partnership Forums to collaborate on developments to achieve year 3 delivery. 3. Development of a prioritisation framework to support the management of forensic services demand to meet partners strategic priorities. 4. Forensic Services developing capacity information to present to partners to inform discussions/solutions to capacity vs demand. 5. Work ongoing to better understand capacity within Forensic Services and further work ongoing to understand the demand. 6. Presentation to the National Forensics Gateway to raise awareness re identifying materials that provide poor yield of forensic potential.</p>	Untreated	4	4	16	<p>↔</p> <p>Previous 16 High</p> <p>Current 16 High</p>	Director of Forensic Services
					Target	2	2	4		
					Target Date	Start yr 2				
					Previous	4	4	16		
					Current	4	4	16		
FS 033	Audit & Risk Committee Board	<p><b>Risk Title: Evidence Management System (EMS) operability/functionality</b></p> <p><b>Description:</b> The introduction of EMS to Forensic Services (FS) has provided a national ICT solution to support laboratory and operational service delivery. There are ongoing development objectives within the EMS programme to realise further benefits to FS in its service delivery in enhanced IT functionality for achieving effective operability. FS recognises the risk in delay or non-delivery of these benefits in achieving the programmes objectives. In addition there is a risk that the ongoing developments are compromised due to lack of ICT / Technical support thus impeding the realisation of future benefits.</p> <p><b>Potential Impact:</b> Ongoing objectives of the EMS programme are not delivered and planned benefits are not realised.</p>	<p><b>Method by which risk is assessed -</b> EMS is underpinned by a development programme to realise key objectives. FS Senior Management Team, Police Scotland ICT and Abbots Infomatics regularly review the programme objectives, project plan and timeliness required to achieve planned benefits.</p> <p><b>Risk Management Plan -</b> Management meetings and governance arrangements are in place with Director of FS, EMS Programme Manager and ICT to review and monitor progress, risks and issues. In addition the EMS Development Manager and Project Team hold weekly meetings with ICT and Abbots Infomatics on programme delivery. Within the Volume Crime Unit, a temporary change of process has been implemented to mitigate against impact on service delivery. Police Scotland ICT Test resources have been assigned to the FR2014 programme.</p> <p>Note:- Abbots Infomatics are the contractor/provider of EMS</p>	<p><b>(1) Date of assessment June 15</b></p> <p><b>(2) Current Score -</b> The current score highlights the importance of the delivery of the planned benefits to EMS functionality and the technical support required to deliver on the programme. The impact of delay or non-delivery of these benefits would have a significant impact on the overall objectives to develop EMS to support national processes and operability. The reduction in probability scoring reflects the governance, management and planning arrangements of these risks by FS senior management and EMS Development Manager, furthermore the technical support and expertise provided by PS ICT and Abbots Infomatics to the programme reduces risk probability of delays to benefits realisation.</p> <p><b>(3) Target Score -</b> This has been identified to reflect the impact of a delay or non-delivery of the planned benefits to EMS functionality. A deficiency of enhanced EMS functionality would effect FS service delivery in that operational processes would have to be adjusted to address a lack of functionality, impacting on effective operability and an increase in workload. In addition the loss of technical expertise supporting the programme would impact on FS delivering on EMS technical requirements to deliver the planned benefits. The collaborative efforts between FS, Police Scotland ICT and Abbots Infomatics reduces the probability of this risk occurring.</p> <p><b>(4) Target Date -</b> FR2014 rolled out successfully however the target date has been moved to July 2015 as dialogue is ongoing with ICT and Abbots Infomatics regarding EMS Roadmap for further functionality releases, once roadmap agreed risk scoring will be reviewed.</p> <p><b>(5) Ongoing Work -</b> 1. Regular meetings with FS Director, Heads of Functions and EMS Project Team reporting fortnightly highlight report incorporating risk register 2. Detailed functional plans in place to maintain service delivery until full realisation of benefits</p>	Untreated	5	5	25	<p>↔</p> <p>Previous 12 High</p> <p>Current 12 High</p>	Director of Forensic Services
					Target	3	3	9		
					Target Date	Jul-15				
					Previous	3	4	12		
					Current	3	4	12		