

<b>Meeting</b>	<b>Authority Meeting</b>
<b>Date</b>	<b>19 February 2020</b>
<b>Location</b>	<b>The Barracks, Stirling</b>
<b>Title of Paper</b>	<b>SPA Risk Framework</b>
<b>Submitted By</b>	<b>Lynn Brown, SPA Interim Chief Executive</b>
<b>Presented By</b>	<b>Barry Sillers, Director of Strategy, Performance and Assurance</b>
<b>Recommendation to Members</b>	<b>For Approval</b>
<b>Appendix Attached</b>	<b>SPA Risk Framework</b>

**PURPOSE**

The purpose of this paper is to seek SPA Board approval, following recommendation by the Audit Committee, of the SPA Risk Framework.

## **1. BACKGROUND**

- 1.1 The SPA Risk Management Policy and Process were approved by the Board in 2015. They were due for review in 2017, having then been in place for two years. At that point it was decided that the planned review was postponed until after a strategic risk register had been developed to enable the updated policy/process to reflect the anticipated change in risk register hierarchy.
- 1.2 The requirement to update the SPA risk management policy and process was identified by Scott-Moncrieff as part of their review of Risk Management in October 2018.
- 1.3 Police Scotland's approach to strategic and operational risk has continued to develop and the current mechanism has been in place since October 2018.
- 1.4 Following guidance from the SPA Board through the Chair of the Audit Committee it was decided that an overarching risk framework for the policing system should be developed within which Police Scotland, Forensic Services and SPA Board and Corporate Risk would be coordinated. This Risk Framework, detailed at Appendix A, has been developed to include the elements required of a risk policy statement and process.
- 1.5 The SPA Risk Framework presented to the Board for approval today was reviewed and endorsed for approval by the Board by the Audit Committee on 11 July 2019. The framework outlines the methodology, structures and processes that SPA is implementing to support robust management of risk.

## **2. RISK FRAMEWORK DEVELOPMENT**

- 2.1 Development of the framework included liaising internally with Police Scotland and externally with Revenue Scotland, who have recently developed and implemented a risk framework, to learn from their experiences and share good practice. The Audit Scotland Risk Framework was also reviewed to help inform the content and structure of the SPA Risk Framework.
- 2.2 The SPA Risk Framework covers the roles and responsibilities of the SPA across the policing system, including Forensic Services and Police Scotland Risk Management approaches.

2.3 This Risk Framework, detailed at Appendix One (page 5), has been developed to include the elements required of a risk policy statement and process.

### **3. FINANCIAL IMPLICATIONS**

3.1 There are no financial implications associated with this paper.  
There are financial implications associated with the risks included in the relevant registers.

### **4. PERSONNEL IMPLICATIONS**

4.1 There are no personnel implications associated with this paper.  
There are personnel implications associated with the risks included in the relevant registers.

### **5. LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this paper.

### **6. REPUTATIONAL IMPLICATIONS**

6.1 There are no reputational implications associated with this paper.  
There are reputational implications associated with the risks included in the relevant registers.

### **7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.  
There are social implications associated with the risks included in the relevant registers.

### **8. COMMUNITY IMPACT**

8.1 There are no community impact implications associated with this paper.  
There are community impact implications associated with the risks included in the relevant registers.

### **9. EQUALITIES IMPLICATIONS**

9.1 There are no equality implications associated with this paper.

### **10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environmental implications associated with this paper.

## **RECOMMENDATION**

Members are requested to approve :

The SPA Risk Framework shown at Appendix One as the Organisational Approach to Risk Management across the Policing System.

**APPENDIX ONE**

**SCOTTISH POLICE**  
**AUTHORITY**

**SPA Risk Management Framework**

Version 1.0  
11 July 2020

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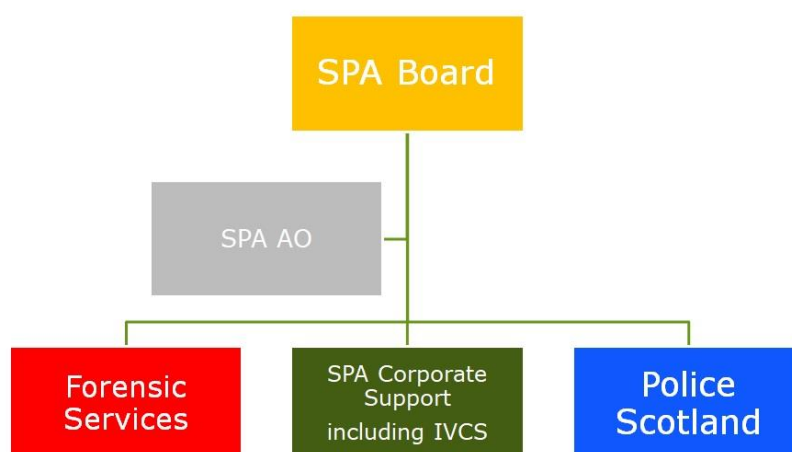
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## 1. Introduction

The SPA is a public corporate body established by the Police and Fire Reform (Scotland) Act 2012 (the Act), accountable to the Scottish Ministers and the Scottish Parliament.

The Policing System in Scotland is overseen by the SPA Board who govern over the delivery of policing and the provision of forensics services. The SPA Board are supported in their scrutiny role by corporate support staff. The SPA Chief Executive is the Accountable Officer for the budget allocated across the system as detailed below.

# Scottish Policing System



The SPA came into operation on 1 April 2013, along with the Police Service of Scotland, with both organisations' core functions defined by the Act and contained in the policing principles laid out within the Act.

This framework sets out the Scottish Police Authority overarching approach to risk management and describes the key objectives, processes and responsibilities for the management of risk across the Scottish Policing System. This framework applies across all the functions, roles and responsibilities of SPA and should be applied consistently across the organisation.

This framework provides a single integrated approach to the identification, assessment, control, monitoring and reporting of the strategic, operational and business area risks facing Scottish Policing and supports the SPA board in discharging the duties and responsibilities laid down in the Act.

The Police and Fire Reform (Scotland) Act 2012<sup>1</sup> created the Scottish Police Authority (SPA) and set out its five main functions:

- to maintain the Police Service;
- to promote the policing principles set out in the 2012 Act;
- to promote and support continuous improvement in the policing of Scotland;
- to keep under review the policing of Scotland; and
- to hold the Chief Constable to account for the policing of Scotland

These main functions represent a balance between challenge and support and the need to have mechanisms and processes which allow risk to be taken in the achievement of strategic and operational objectives whilst managing these risks within the set risk tolerances in line with the organisational risk appetite.

This Risk Management Framework sets out the principles and approaches to risk management which are to be adhered to throughout the policing system. Its core aim of the framework is to promote understanding of risk and risk management in order to establish and sustain a risk intelligent organisation which proactively manages risk to enhance the achievement of strategic and operational outcome and objectives through a consistent and effective application of risk management across the organisation. This risk intelligence will be embedded into all core processes, forming part of the routine management and decision making processes across the organisation. Risk management, when executed effectively, should add value by supporting policing business activities rather than being seen as a separate, standalone process. This framework seeks to achieve this.

### What is a risk?

One definition of risk is 'the effect of uncertainty on objectives'<sup>2</sup>.

In its widest sense the uncertainty may lead to an occurrence which has a positive or a negative impact on the achievement of outcomes and objectives.

Traditionally risk management has focussed on the reduction in the probability of negative occurrences and on reducing the negative impact if the occurrence happens.

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<sup>1</sup> <http://www.legislation.gov.uk/asp/2017/4/contents/enacted>

<sup>2</sup> ISO 31000

In these terms risk is best described as a possible event or circumstances that might arise resulting in the negative impact on the delivery of an outcome or objective.

### What is Risk Appetite?

Organisational risk appetite is the level of risk that an organisation is willing to seek or accept in the pursuit of its long term strategic or operational outcomes and objectives. The appetite will be different depending on the risk.

### What is Risk Tolerance?

Organisational risk tolerance are the boundaries of risk outside of which the organisation is not prepared to operate in the pursuit of its long term strategic or operational outcomes and objectives. The tolerance will generally be higher than the appetite and should be seen as a trigger for definitive action.

### What is Risk Management?

Risk management is a systematic way of dealing with uncertainty which involves the identification, analysis, control, management and monitoring of risk. Risk management activities are designed to achieve the best possible outcomes and put in place actions that reduce the uncertainty of outcomes.

The SPA adopts a stratified approach to risk management with a tiered structure reflecting the respective roles and responsibilities across the policing system under the oversight of the SPA Board.

This tiered framework describes strategic risks held at a Board, subordinate strategic and operational risks held at component level that is within the SPA Corporate Function, Forensic Services and Police Scotland and supporting business area risks held at the level below

### The benefits of effective Risk Management?

An effective system of risk management will:-

- Ensure that decision making is risk informed and risk aware;
- Support organisational resilience and maximise the achievement of outcomes and objectives;
- Provide early warning of required actions to maximise success and avoid failure
- Ensure compliance with legislation, regulations and other mandatory obligations; and



- Provide assurance to internal and external governance groups that risks are being effectively controlled.

Risk management allows potential threats to the achievement of objectives to be identified, assessed, monitored and managed. Utilising an effective scoring and escalation route for risks supports decision making related to prioritisation within a resource finite organisation.

## 2. Risk Management Structure

Diagram 1: The SPA Stratified Approach to Risk Management



The stratified approach to risk management adopted by the SPA promotes supports and requires effective and efficient risk management across Scottish policing recognising that risks are prevalent changing and have to be managed, at all levels of the Scottish policing system. Section 6 outlines the risks registers utilised at each level of the stratified approach.

The Overarching and SPA Board Strategic Risks are owned by the SPA Chair and Board.

The Overarching and SPA Board Strategic Risk Registers will be reported and reviewed by the SPA Board.

Component Risk Registers will be reviewed by the SPA Audit Committee (Police Scotland and SPA Corporate risks) and SPA Forensic Committee (F/S Risks).

Business area risks will be reviewed and monitored by management relevant to the scope and severity of the risks.

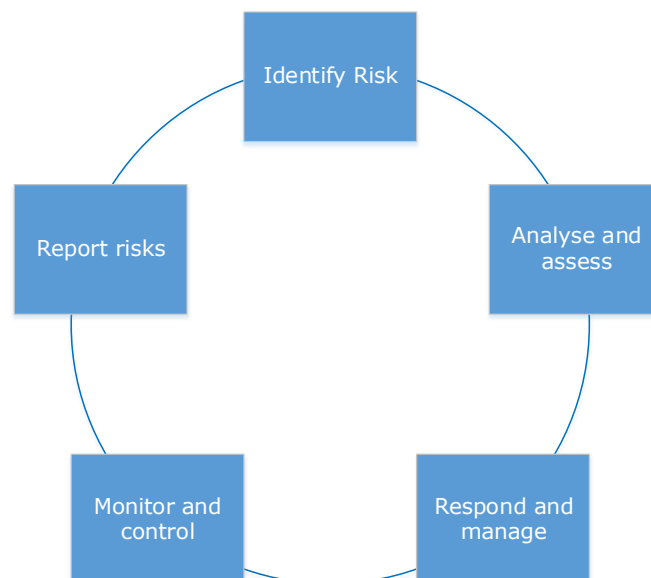
The structure supports a bottom up approach to the escalation of risk (refer to Risk Escalation section on page X). It also supports the fundamental principle that the risks at the two highest levels reflect the cumulative risks at the component level. Mitigation and management will align up and down the stratified approach.

### 3. Overview of the Risk Management Process

The SPA uses the risk management framework to systematically identify and record, analyse and assess, manage monitor and control and report the status of risks to enable the organisation to maximise the delivery of its objectives by planning and implementing actions to mitigate those risks.

There are six key elements of the SPA risk management process as illustrated in Diagram 2 below.

Diagram 2: SPA's Risk Management Process



### 4. Policy Statement

The SPA is committed to ensuring that the management of risk underpins all business activities of the organisation and that thorough risk management procedures are in place throughout the organisation.

The application of this framework will enable SPA to identify and record, analyse and assess, manage monitor and control and report the status of risks and respond to a changing risk profile across Scottish policing.

SPA has a responsibility to manage risks (both positive and negative) and to support a systematic approach to risk management including the promotion of a risk aware and risk intelligent culture. This requires all current and emerging risks to be managed with the risk framework.

The application of risk management practices will not and cannot eliminate all risk exposure. However through the application of the risk management approach identified in this framework the organisation can achieve a better understanding of the risks faced by Scottish policing and their implications for the business which will promote early proactive and well informed risk aware decision making.

SPA recognises that understanding risk and the management of risk presents opportunities for developing innovative ways of working.

The identification and management of risks can be a major contributory factor in the ability of the SPA to achieve its priority outcomes and will be a factor in developing strategies and plans across the various levels of Scottish policing.

The risk framework and consistent use of risk intelligence enables management teams to take action to avoid or, where appropriate, mitigate the effects of those risks that are considered to exceed risk appetite.

Where a risk is deemed to exceed risk tolerance and cannot be managed with available resources these risks will be reported up through the stratified structure for further assessment for cumulative or direct impact on higher level risks.

The ongoing sponsorship of the risk management approach by the SPA Board through the work of the Audit Committee, Forensic Services Committee and Senior Leaders across the policing system is essential to success.

Management teams should ensure that effective mechanisms are in place and are subject to review, to identify and record, analyse and assess, manage monitor and control and report the status of risks.

A culture which supports the understanding of the nature of risk and its management across Scottish policing is embedded and promoted across the organisation.

## **5. Risk Management Approach**

### Risk management aim

The SPA must ensure the maintenance of public confidence which underpins the ability of Police Scotland to police by consent.

Effective identification, management and reporting of risk plays a part in building and maintaining public trust in the policing of Scotland.

Effective risk management is a core component of these arrangements.

As part of the role to hold the Chief Constable to account the SPA will seek to obtain assurance that the controls relied on to mitigate the key risks are effective.

Risk Management should also support effective decision making associated with the wider responsibilities of the SPA including setting the strategic direction, maintaining and improving of Scottish policing and holding the Chief Constable to account.

### Risk management objectives

The SPA Risk Management Framework has the following objectives:

- To promote awareness of business risk and embed the approach to its management throughout the organisation.
- To identify and respond, analyse and assess, manage monitor and control and report the status of risks that may have a detrimental effect on the delivery of outcomes and objectives at a strategic and operational level.
- To ensure the functions of the SPA, as outlined in the Act, are supported by a robust risk management approach and a mechanism to hold the Chief Constable to account for operational risk.
- To create a risk intelligent culture.

### Risk management culture

The SPA recognises the value of an effective risk management culture and that the success of risk management systems and processes is dependent on the people involved. Success is also dependent on reflecting the environment within which the risks exist.

The SPA approach to risk management recognises these aspects through a commitment to:

- review the risk framework on an annual basis
- implement and monitor risk management arrangements across the organisation
- review each risk register and carry out risk interrogations and take corrective actions on all out of tolerance risks on a monthly basis
- integrate risk management with planning at strategic and operational levels
- welcome independent review of arrangements, including internal and external audit
- devolve responsibility for risk ownership and management to suitably experienced and empowered staff as appropriate
- ensure that designated individuals receive the necessary training, ongoing support and advice about risk management
- ensure that all staff understand our approach to, and their role in, risk management.

## **6. Risk Registers**

Risk registers are the key management tool within the risk management framework. A risk register supports the identification, assessment and monitoring of risk. Risk registers also provide information on risk trends, action planning and offer a means of sharing of lessons and good practice across the organisation.

Each risk is assigned a risk card and the risk card should be used when new risks are being identified and reviewed/updated. Information recorded on the card will also be recorded in the relevant risk register

The SPA stratified approach to risk management is shown at Diagram 1 on page 9. This approach stratifies risks across the system and describes the cumulative and interconnected nature of the various levels of risk.

The various levels of risk are described below.

### Overarching

This is a single global risk for the Scottish policing owned by the SPA Board. Mitigation of this risk will be spread across and throughout the risk landscape of Scottish policing.

### SPA Board Strategic Risk

Risks identified by the SPA Board will be relatively small in number focusing on the major strategic risks which exist across the policing system. Mitigation of the Board Strategic Risks will primarily be captured,

monitored and reported via the component strategic risk registers. Risks in the SPA Board Strategic Risk will have clear alignment with one or more risks captured in the component strategic risk registers.

#### Component Risk Registers

Strategic Risk Registers for SPA Corporate, SPA Forensic Service and Police Scotland. Risks captured here will be aligned to and potentially impact on the delivery of the strategic outcomes of each organisation and as such would be owned by senior leaders.

Operational Risk Registers for SPA Corporate, SPA Forensic Service and Police Scotland. Risks captured here will be aligned to and potentially impact on the delivery of the operational outcomes and objectives of each organisation and owned by the operational management.

#### Business Area Risk Registers

These will comprise one or more “tiers” of risk registers including programme/project risk registers. Risk owners will reflect the severity of the risk and which tier the risk register sits. Again, in line with best practice risks should be aligned to objectives.

### **Risk Management Process**

#### Risk identification

Risk identification is an ongoing activity, with individual risks and the impact and/or likelihood of risks changing regularly. Risk identification is the process of determining what risks might prevent SPA from delivering outcomes or objectives, whether these are strategic or operational.

Risks can be generated from a number of sources including:

- changes to the operating environment/ periodic horizon scanning
- planning (at strategic, business group and operational levels)
- changes in performance
- existing forums (board, committees, management team, stakeholder engagement, etc)
- risks identified by internal/ external audit.

It is important, therefore, that risk features as a standing agenda item on management team meetings across the SPA. Any risks identified should be reported for inclusion in the relevant risk register.

#### Risk analysis and assessment

Once a risk is identified the risk is assessed. Under this framework risks are assessed and scored consistently across the SPA. The scoring process considers both the probability of the risk occurring, and if that risk was to

occur, what the severity of impact would be in terms of delivery of outcomes and objectives.

Probability is categorised on a scale of 1 to 5 with 1 being very unlikely (0-20%) and 5 being very likely (80-100%). Impact will also be assessed on a scale of 1 to 5 across six different categories as shown at Appendix C. Probability and impact are multiplied together to obtain a total a gross risk score as illustrated in diagram 3 below.

### Risk Scoring

Diagram 3: The SPA Risk Scoring Matrix

<b>Probability</b>	<b>5</b>	<b>Low 5</b>	<b>Medium 10</b>	<b>High 15</b>	<b>Very High 20</b>	<b>Very High 25</b>
	<b>4</b>	<b>Low 4</b>	<b>Medium 8</b>	<b>High 12</b>	<b>High 16</b>	<b>Very High 20</b>
	<b>3</b>	<b>Low 3</b>	<b>Low 6</b>	<b>Medium 9</b>	<b>High 12</b>	<b>High 15</b>
	<b>2</b>	<b>Low 2</b>	<b>Low 4</b>	<b>Low 6</b>	<b>Medium 8</b>	<b>Medium 10</b>
	<b>1</b>	<b>Low 1</b>	<b>Low 2</b>	<b>Low 3</b>	<b>Low 4</b>	<b>Low 5</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		<b>Impact</b>				

Tables setting out impact and probability descriptions are shown at Appendix C

The probability and impact scoring criteria are consistent across the Police Scotland, Forensic Services and SPA Corporate organisations which sit under the SPA Board to ensure a consistent approach to cumulative assessment.

The risk register format requires risk owners to consider risk appetite and tolerance when creating or updating a risk entry. Consideration is given to the individual appetite and tolerance recognising the thematic levels set by the organisation and the risk score before and after existing mitigating action is taken into account.

The risk appetite and tolerance structure utilised across the risk framework is shown at Appendix D.

Owing to the differing roles and responsibilities across the organisations within the policing system it is reasonable that the three component elements and the Board set their own appetite and tolerance levels. The differing levels have discussed and agreed via the respective senior management team approval processes.

SPA Board strategic risks are assessed and reported as an amalgamation of component risk and are reported without appetite or tolerance.

### Component Risk Appetite and Tolerance Statements

The appetite and tolerance levels across SPA Corporate, SPA Forensic Services and Police Scotland are reviewed by the SPA Board as part of the oversight of the policing system and with a view to assessing cumulative risk. They are set at a thematic level with each individual risk on the register being assigned a specific appetite and tolerance aligned to the relevant category.

### Risk response

Based on risk scores in relation to the appetite and tolerance there are four response options:

- Terminate - in this situation the risk is terminated by deciding not to proceed with an activity. For example, if a particular project is very high risk and the risk cannot be mitigated it might be decided to cancel the project. Alternatively, the decision may be made to carry out the activity in a different way.
- Transfer - in this scenario, another party bears or shares all or part of the risk. For example, this could include transferring out an area of work or by using insurance.
- Treat - this involves identifying mitigating actions or controls to reduce risk. These controls should be monitored on a regular basis to ensure that they are effective.
- Tolerate - in this case, it may not always be necessary (or appropriate) to take action to treat risks, for example, where the cost of treating the risk is considered to outweigh the potential benefits. If the risk is shown as 'green' after mitigating actions then it can probably be tolerated.

The actual response to risk may be a combination of these responses.

### Risk Mitigation

Risk controls are measures put in place to effectively manage a risk to within appetite and/or tolerance levels. The controls may aim to reduce the likelihood the risk occurring, or minimise the impact of the risk if it



does occur. The range of actions to mitigate risk will be varied and potentially complex. Factors to be considered when developing the mitigation include:-

- Consideration of what is already in place to manage the cause and/or impact of the risk? E.g. policies, procedures, projects, training courses, business continuity plans etc;
- What resources are available and whether the use of these resources to mitigate the risk align to the wider priorities/objectives of the business area/organisation;
- For risks fully or partially out with the control of the organisation/business area what liaison/partnership working is required to support the mitigation of the risk.

The risk that remains after taking account of mitigation in place is referred to as the current risk.

### Monitoring and Controlling Risks

Risk management is an ongoing process that needs to be embedded in everyday activity. The process must be reviewed on a regular basis to remain effective.

As part of this process each risk has a nominated owner. It is the responsibility of each risk owner to review risks on a regular basis and identify whether any revisions are required. The review should involve a reconsideration of the assessment of impact and likelihood or planned mitigating actions.

It is important that risk is included as a standing item on the agenda for management teams at all levels within the organisation so that new risks can be identified and captured.

As a minimum, all risks will be reviewed and updated on a quarterly basis. Where relevant, the risk owner may elect to review and update risks on a more frequent basis taking cognisance of the proximity of the risk, the significance of the risk or the pace of change in the external environmental.

### Proximity/Early Indicators

An essential element of monitoring and controlling risks is consideration of the timescale anticipated that the risk will be live. This proximity or effective date will support the decision making as to when resources required to mitigate the risk should be deployed. The estimated proximity should be recorded on the relevant risk register.

Depending on the nature of the risk, early indicators may be prevalent that will highlight a change in the likelihood of a risk materialising. For example, ongoing budget monitoring may provide an early indicator of what the year-end position could be. Early indicators should be used to inform the mitigation and if appropriate the risk escalation through an increase in score above appetite and tolerance.

### Risk Escalation

This is a process which ensures that appropriate risks are escalated for impact assessment on the risks held at the higher levels. This process is necessary to ensure timely decisions and/or actions are implemented to mitigate the risk and to ensure that management, board and committees are informed of the changing risk levels.

It is the responsibility of individual risk owners to highlight risk scores that they believe require action by or have an impact on risks owned by a higher authority.

Emergent changes in risk scoring should be escalated through the stratified risk structure.

It is vital to the risk escalation process that risk information is made available to the appropriate decision makers in a timely way. There is no restriction on what may be escalated for action, however the key criteria for escalation includes but is not limited to:-

- Intervention required from more senior management to mitigate the risk
- Risk exceeds appetite/tolerance levels by a significant margin
- Risk exceeds appetite/tolerance levels for a significant period of time
- Resources are not available to mitigate the risk
- Risk is outwith the tolerance set by the the risk owner

Risks should be discussed, evaluated and escalated upwards, as appropriate, through the risk stratification hierarchy to ensure that the most significant risks and mitigating actions are reflected in the appropriate risk register.

### Cumulative Impact of Risk

The size and complexity of the Scottish policing system necessitates the requirement for a stratified and tiered approach to risk management as outlined in this framework.

This complexity of interlinked structure however increases the likelihood that there could be numerous risks lower down the structure that individually are relatively minor but collectively are a significant risk to delivery of organisational objectives. Risk management officers from SPA and Police Scotland will maintain a critical overview of their respective organisation's risk register. This process will involve taking a view on the cumulative effect of business risks on operational risks and operational risks on strategic risks, rescoring the related risks appropriately so that the cumulative risk is described effectively at each level. This process supports the comprehensive review of risk management conducted by the audit committee on behalf of the Board.

### Review

This framework will be reviewed and refreshed on an annual basis, or sooner if deemed to be required. The review will include an assessment of risk maturity using the Audit Scotland Best Value Toolkit for Risk Management. Findings and recommendations will be reported to the Audit Committee.

## **Appendix A Roles and Responsibilities**

### SPA Board

- Own the Overarching and SPA Board Strategic Risks;
- Provide oversight and scrutiny of the mitigation from the component parts of Scottish policing to ensure, as far as possible, the risks owned by the Board are being managed/mitigated in line with the strategic direction and prioritisation of Scottish policing;
- Provide direction on the prioritisation of risk mitigation in line with the strategic direction of Scottish policing.

### SPA Audit Committee

- Seek evidence in order to provide assurance to the Accountable Officer and the Board on the strategic processes for risk;
- Provide oversight and scrutiny of the Strategic Risk Registers for Police Scotland and SPA Corporate;
- Conduct a comprehensive review of risk management at least annually and report findings/outcome to the SPA Board;
- Highlight matters relating to risk, as relevant, to the SPA Board and Committees and consider appropriate responses.

### SPA Forensic Services Committee

- Seek assurance that the F/S has appropriate risk controls in place;
- Provide oversight and scrutiny of the F/S Strategic Risk Register and most severe operational risks;
- Liaise with the SPA Audit Committee to highlight relevant risks.

### SPA Chief Executive

- Ensure appropriate risk management arrangements are in place meeting the requirements of the Scottish Public Finance Manual and supporting the role of accountable officer.

### SPA Corporate Senior Management Team

- Own and manage SPA component risks
- Provide oversight and scrutiny of business area risks

### Forensic Services Senior Management Team

- Own and manage SPA F/S component risks
- Provide oversight and scrutiny of business area risks

Roles and responsibilities within Police Scotland are outlined in the Police Scotland Risk Management Framework

**APPENDIX B Risk Card**

<b>Risk No and Name</b>			
<b>Link to Objective(s)</b>			
<b>Risk Description</b>			
<b>Risk Owner/Manager</b>			
<b>Current Risk Score</b>	<b>Target Risk Assessment Score</b>		
<b>Planned Mitigating Actions</b>	<b>Target change in risk score</b>	<b>Owner</b>	<b>Completed by (date)</b>
<b>Risk Appetite</b>			
<b>Controls Confidence</b>			

**Additional Risk Information**

<b>How would this risk happen?</b>
<b>What would the potential impact/outcome be?</b>
<b>What early warning indicators exist?</b>
<b>What controls are in place?</b>
<b>Escalation/De-escalation – what are the indicators that will determine if the risk requires to be escalated or de-escalated?</b>

## Appendix C Impact and Probability Tables

**Impact – What could happen if the risk occurred?** Assess for each category and use the highest score identified.

The impact scale is from a Scottish policing level perspective. It reflects the key areas that if impacted could prevent achievement of priorities and objectives.

The scale is a guide and cannot cover every type of impact therefore judgement is required.

<b>Category</b>	<b>Very Low Score 1</b>	<b>Low Score 2</b>	<b>Medium Score 3</b>	<b>High Score 4</b>	<b>Very High Score 5</b>
<b>Finance</b>	Cost/non achievement of benefits amounting to less than £250,000.	Cost/non achievement of benefits greater than £250,000 but less than £1m of budget.	Cost/non achievement of benefits amounting to greater than £1m but less than £5m of budget.	Cost/non achievement of benefits across a business area greater than £5m but less than £10m of budget.	Cost/non achievement of benefits across a business area greater than £10m of budget.

<p><b>Health and Safety</b></p>	<p>May result in minor injury/ill health and submission of an accident/near miss report.</p>	<p>May result in minor injury/ill health, requiring first aid treatment and may involve minor property damage.</p>	<p>May result in injury/ill health requiring medical treatment or counselling.</p> <p>May result in property damage.</p>	<p>May result in major injury or multiple major injuries with possible long term incapacity.</p> <p>May result in serious damage to property and enforcement action</p>	<p>May result in death or multiple deaths, serious damage to or loss of property and enforcement action.</p>
<p><b>Wellbeing</b></p>	<p>Negligible impact on officer/staff wellbeing and unlikely to require referral to support services.</p>	<p>May impact officer/staff wellbeing and could require referral to support services.</p>	<p>Likely to impact officer/staff wellbeing and require referral to support services.</p>	<p>Likely to have a serious impact on officer/staff wellbeing and will require coordinated response and referral to support services.</p>	<p>Very likely to have a significant impact on officer/staff wellbeing and will require coordinated response and referral to support services.</p>



<p style="text-align: center;"><b>Legal</b> (Compliance, Equality and Diversity and Environmental)</p>	<p>No breach of procedure/ policy/ law with negligible impact.</p>	<p>Policy non-compliance but on an individual or much localised basis with minor effect.</p> <p>Might result in compensation paid.</p>	<p>Non-compliance with regulatory or legal frame work. Likely to result in criticism externally.</p> <p>Could result in civil litigation and compensation paid.</p>	<p>Serious breach of regulatory/legal framework likely to result in independent enquiry and follow up recommendations from scrutiny bodies.</p> <p>Might result in civil litigation and significant compensation paid to the value of less than £1m.</p>	<p>Critical breach of regulatory/ legal framework potentially resulting in criminal prosecution and / or, removal of senior managers from post and/ or compensation paid in excess of £1m.</p>
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<p style="text-align: center;"><b>Public / Partner Confidence</b></p>	<p>Individual complaints from members of the public which are easily resolved.</p> <p>No press / media coverage.</p> <p>No regulatory / enforcing authority interest.</p> <p>Little or no effect on public / partner perception</p>	<p>Small number of public complaints from a local group which are easily resolved.</p> <p>Local press / media coverage.</p> <p>Negligible / informal involvement from regulatory / enforcing authority.</p> <p>Minor detrimental effect on public / partner confidence</p>	<p>Sustained public complaints at a local level. Difficult to resolve.</p> <p>Local press / adverse media coverage.</p> <p>Advisory letter from enforcing authority and increased scrutiny / inspection.</p> <p>Moderate detrimental effect on public / partner confidence</p>	<p>Sustained public complaints at a national level. Serious complaint upheld incurring minor penalties.</p> <p>National adverse media / press coverage.</p> <p>Failure to comply with enforcing authority recommendations increases scrutiny.</p> <p>Major detrimental effect on public / partner confidence requiring serious remedial action at national level.</p>	<p>Serious complaint upheld resulting in significant penalties or dismissal of senior officer(s).</p> <p>National adverse media / press coverage, potentially over a sustained period.</p> <p>Scottish Government parliamentary inquiries / debates /intervention.</p> <p>Public / partner perception that SPA and/or Scottish policing is failing</p>
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<p style="text-align: center;"><b>Service Delivery /</b></p>	<p>Negligible impact in a business area / division and no impact to wider delivery of Scottish policing priorities.</p> <p>Resolved through day-to-day BAU management.</p>	<p>Impact across multiple business areas / divisions.</p> <p>Negligible impact on the wider delivery of Scottish policing priorities.</p> <p>Short term effect (less than 3 months) and inexpensive to recover.</p>	<p>Impact across a command area.</p> <p>Significant impact at a regional level that could lead to wider impact on policing priorities.</p> <p>Medium term effect (up to 3 months) to recover.</p>	<p>Impact in multiple command areas.</p> <p>Impact to delivery of wider priorities in-year.</p> <p>Medium to long term effect (up to 6 months) and expensive to recover.</p>	<p>Impact across the entire Scottish Policing.</p> <p>Critical impact to performance of Scottish policing against stated priorities.</p> <p>Organisational failure.</p>
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**Probability – What is the likelihood of the risk occurring? Assess the likelihood of the risk occurring using the criteria below.**

<b>Score 1</b>	<b>Score 2</b>	<b>Score 3</b>	<b>Score 4</b>	<b>Score 5</b>
<b>It is assessed that the risk is <u>very unlikely</u> to ever happen.</b>	<b>It is assessed that the risk is <u>not likely</u> to happen.</b>	<b>It is assessed that the risk <u>may</u> happen.</b>	<b>It is assessed that the risk is <u>likely</u> to happen.</b>	<b>It is assessed that the risk is <u>very likely</u> to happen.</b>
<b>Less than 20% chance of occurring</b>	<b>21-40% chance of occurring</b>	<b>41-60% chance of occurring</b>	<b>61-80% chance of occurring</b>	<b>More than 80% chance of occurring</b>

## **Appendix D Risk Appetite Levels**

There are four levels of risk appetite and tolerance used across the SPA risk Framework. These levels directly correspond with overall score on the risk assessment matrix as demonstrated below.

### **Averse**

*Very little appetite for this type of risk.*

### **Cautious**

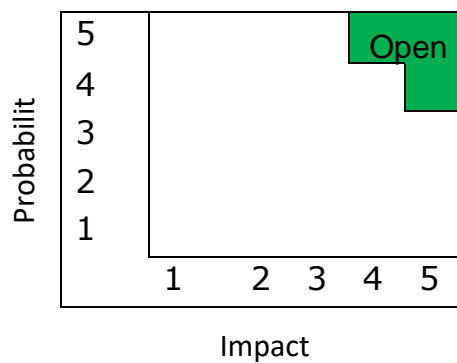
*Minimal appetite for this type of risk.*

### **Moderate**

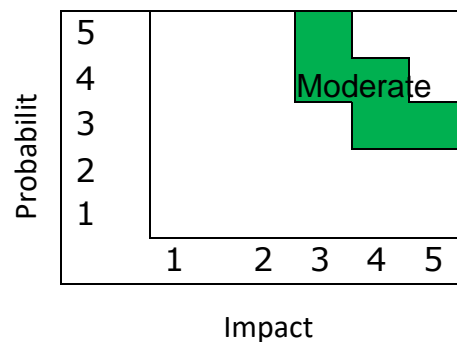
*Acceptance that a level of risk will be required to pursue objectives, or that a greater level of risk must be tolerated in this area.*

### **Open**

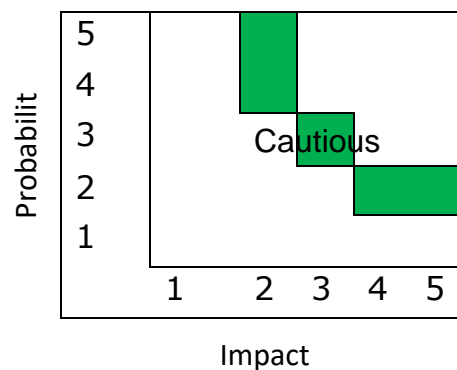
*Acceptance that risk must be more actively taken in the pursuit of transformation or that a high level of risk must be tolerated.*



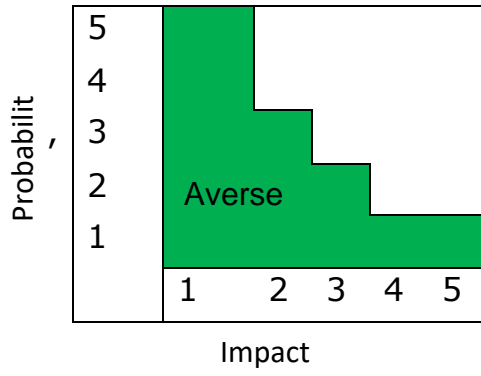
Demonstrates that if the risk appetite is 'open', a risk scoring between 20-25 is within appetite



Demonstrates that if the risk appetite is 'moderate', a risk scoring between 12-16 is within appetite



Demonstrates that if the risk appetite is 'cautious', a risk scoring between 8-10 is within appetite



Demonstrates that if the risk appetite is 'averse', a risk scoring between 1-6 is within appetite