SPSO Risk Management

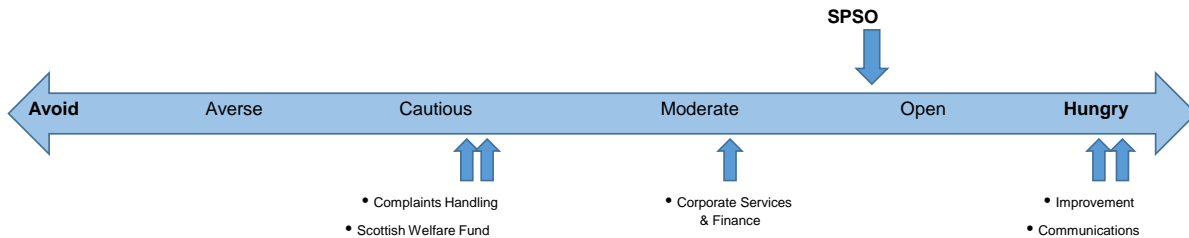**Introduction**

This document sets out the Scottish Public Services Ombudsman's risk management plan in line with the annual business plan for the period from 1 April 2018 to 31 March 2019. It sets out our appetite for risk and how we assess the risks to achieving our business plan 2018-19. It should be read in conjunction with our Risk Management and Incident Reporting Policies, in the Governance and Risk Management handbook published on our website.

Risk appetite

Our current overall risk appetite is defined as 'Open'. This means the SPSO will continue to encourage new thinking and invest in people, systems and processes that will enable the organisation to achieve continuous improvement in the quality and user-focus of our services.

SPSO

| Avoid | Averse | Cautious | Moderate | Open | Hungry |

- Complaints Handling
- Scottish Welfare Fund
- Corporate Services & Finance
- Improvement
- Communications

Scattergram of risks

The scattergrams below show the spread of operational risks following the quarterly review by the Leadership Team

SPSO Risk Appetite

Introduction

The Scottish Public Services Ombudsman recognises that assessing the level of risk it accepts will help the organisation achieve its aims of delivering beneficial outcomes to its stakeholders.

The SPSO aims to balance the methods it uses to control risks so it can both support innovation and the imaginative use of resources and continue to provide a best value public service. The SPSO will seek to control all probable risks which have the potential to:

• cause significant harm to service users, staff, visitors and other stakeholders;
• compromise severely the reputation of the organisation;
• have financial consequences that could endanger the organisation's viability;
• jeopardise significantly the organisation's ability to carry out its core purpose;
• threaten the organisation's compliance with law and regulation.

The organisation's current overall risk appetite is defined as **OPEN**. This means the SPSO will continue to encourage new thinking and invest in people, systems and processes that will enable the organisation to achieve continuous improvement in the quality and user-focus of our services.

Descripters

AVOID	No appetite. Not prepared to accept any risks.
AVERSE	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
CAUTIOUS	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
MODERATE	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.
OPEN	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
HUNGRY	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.

Appetite for each function

Function	Appetite	Detailed statement
Complaints handling service	CAUTIOUS	We will accept only low levels of risk that could undermine our provision of systems and processes that enable us to achieve continuous improvement in the quality and user-focus of our services.
Scottish Welfare Fund service	CAUTIOUS	We will accept only low levels of risk that could undermine our provision of this new service in an efficient and high-quality manner.
Improvement activities	HUNGRY	We will seek and implement innovative and pioneering approaches to support learning and improvement by Scottish public services; and will encourage new thinking and ideas that could enable us to help service providers to improve their complaints handling.
Communications	HUNGRY	We will seek and implement innovative and pioneering approaches to engage effectively with our Stakeholders to ensure a good understanding of the SPSO is acheived.
Corporate Services	MODERATE	We will accept only modest levels of risk as is reasonably possible in relation to our financial position and the probity of our governance arrangements

SPSO Risk Management Process

Overview

The annual business planning All-staff Away Day considers the risks associated for each function alongside the drafting of the annual business plan. The final risk register is prepared by the Leadership Team (LT) following the finalisation of the annual business plan, as part of the business planning cycle. During the course of the business year, any papers submitted to the LT for consideration must be accompanied by a cover paper that includes a reference to the annual business plan and relevant risk.

Methodology

1. The likelihood of each risk occurring and its impact on quality, cost and timescales should it occur is assessed and awarded a value using 1-5 scale.

2. The overall significance of the risk is then rated as low, medium, high or critical.

3. The controls currently in place are detailed, identified as **L:** for those changing the likelihood score and **I:** for those changing the impact score. The risk is re-assessed with a current score.

4. Consideration is given to the business tolerance for the risk and a target score for each risk is agreed.

5. Any further planned controls to mitigate the risk and reach the target score are recorded, and the business plan action identified.

Risk level

Assessing the overall risk level based on the impact and likelihood of a risk, with the appetite informing the level of risk exposure:

21-25 = Critical	**-** Unacceptable level of risk exposure that requires immediate mitigating actions.
12-20 = High	**-** Unacceptable level of risk that requires controls to be put in place to reduce exposure.
05-10 = Medium	- Acceptable level of risk exposure subject to regular active monitoring.
01-04 = Low	**-** Acceptable level of risk subject to regular passive monitoring.

Glossary of Risk Categories

The list below summarises the most common types of risk and some indication of the possible effects:

Infrastructure:	*utilities, suppliers, business relationships, dependency on internet and email*
Budgetary:	*availability and allocation of resources*
Legal & Regulatory:	*e.g. health and safety legislation*
Political:	*possible political constraints like a change of government*
"Act of God":	*fire, flood, earthquake*
Policy:	*appropriateness and quality of policy decisions*
Operational:	*procedures employed to achieve particular objectives*
Information:	*adequacy of information used for decision making*
Reputational:	*public reputation of the organisation and/or executive and consequent effects*
Transferable:	*risks that may be transferred, or transfer of risks at inappropriate cost*
Technological:	*use of technology to achieve objectives*
Project:	*project planning and management procedures*
Innovation:	*exploitation of opportunities to make gains*
Personnel:	*availability and retention of suitable staff*
Health & Safety:	*well-being of people*
Fraud or theft:	*unproductive loss of resources*
Insurable:	*potential areas of loss that can be insured against*
Liability:	*the right to sue or be sued in certain circumstances*

SPSO Strategic Risk Register 2018-20

Risk nos.	Description of area of risk	Strategic Objective 1	2	3	4	5	Risk owner	Inherent Likelihood	Inherent Impact (time, cost,)	Inherent score	Control action in place (Further mitigation actions through the annual operations risk registers)	Current likelihood	Current impact (time, cost,)	Current Score	Current Status	Management response
SR1	If the SPSO does not maintain and develop further their positive **reputation** for effectiveness, efficiency, transparency and excellence it will undermine stakeholder relationships, and damage our standing as world-leading experts.	X		X	X	X	SPSO	3	5	15	L: Strong governance and innovation structures in place through for example the scheme of control, robust quality assurance processes, active member of Ombudsman's networks, regular engagement with the parliament. I: Strong body of work published, open and transparent governance, engaging with the Scottish Government to deliver improvement practices.	2	3	6	**Open**	Tolerate
SR2	If the SPSO does not **communicate** clearly and openly about our role and remit, and the positive impact of our work, this will undermine public support, trust and confidence in our service, and inhibit our ability to drive public sector improvement	X		X	X	X	SPSO	3	5	15	L: Strategic and annual business plans; proactive stakeholder engagement strategy; annual report; regular review of communications tools (web, leaflets, e-newsletter); sounding boards; tracking media coverage and e-newsletter open rates I: Acting on feedback from surveys, customers and sounding boards; regular meetings with SPCB; investing in relationships with key Scottish Parliament, Government and third sector stakeholders.	1	3	3	**Open**	Tolerate
SR3	If we do not have in place, maintain and apply robust **governance** systems, clearly linked to **output** and **performance,** we will be unable to deliver and demonstrate value for money, effective and efficient service, and not meet all our statutory duties.	X	X				SPSO	2	5	10	L: Strong governance structures in place through the scheme of control, internal and external audit plans. I: Strong relationship with the Scottish Parliamentary Corporate Body	1	2	2	**Open**	Tolerate
SR4	If we have inadequate **funding** and **resources,** and do not maintain and develop **capacity** where and to the standard needed, our work plan will not be delivered by sufficient, motivated, skilled and supported colleagues to time and quality standards set.		X	X	X		SPSO	4	5	20	L: Approach to resourcing outlined in the Strategic Plan, fully engaged in budget bid process, careful consideration of resource requirements through business planning process, engagement with staff representatives I: Corporate communications, support for managers having difficult conversations, learning and development plan includes staff wellbeing.	4	5	20	**Open**	**Treat**
SR5	If we cannot maintain **business continuity** and effective contingency plans, we will be unprepared for disruptions to service and so unable to meet our statutory functions and deliver our strategic plan.	X	X	X	X	X	SPSO	3	5	15	I: Business Continuity Plan reviewed regularly with appropriate testing and liaison with third parties. Cyber resilience plan in place, CR accreditation confirmed with major contractors	2	2	4	**Open**	Tolerate
SR6	If **withdrawal of the UK from the European Union (EU)** in March 2019 has significant negative impact on the delivery of public services, this may result in systemic delivery and resourcing issues across the public sector, SPSO included, impeding our ability to meet statutory duties.	X	X	X	X	X	SPSO	4	5	20	I: LT horizon scan, monitor developments and attend briefing, information and discussion sessions. Monitor internal impact and respond to Scottish Government impact surveys	3	5	15	**Open**	**Treat**