Risk Management Policy 2024-26

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1. Introduction

The Police and Crime Commissioner (PCC) is committed to the provision of high quality policing services to communities in Warwickshire. However he recognises that the policing landscape, nationally and locally, is both challenging and at times fast moving and this environment contributes towards a number of service delivery risks. This policy is designed to outline the approach and arrangements that are in place for managing such risks.

Risk management involves the identification, assessment and prioritisation of risks and the actions required to take control, manage and monitor them. Risks are threats that have the potential to impact on the organisation and the delivery of objectives and services. Sometimes these risks can be both positive and negative. Risk management activity ensures some protection against negative threats whilst recognising and taking advantage of positive opportunities.

The aim of this policy is to clearly set out how the risk management process is to be embedded into the work and culture of the Office of the Police and Crime Commissioner (OPCC) and how it will be used as a pivotal part of the management process. It refers specifically to the processes used in the production of the PCC Combined Risk Register.

The main purpose of this document is to:

Ensure a level of understanding of risk identification, assessment and management across the OPCC.

Ensure that the process of Risk Management is developed and managed in a consistent manner.

Ensure that Risk Management is embedded throughout the organisation.

Promote a culture of risk awareness; and

Be a Toolkit for the implementation of risk management processes within the OPCC

The policy provide**s** assurance regarding the approach taken towards managing risk and how it contributes to the overall framework for ensuring good governance at the OPCC.

2. Risk management process and key principles

Risk Management is the process of identifying risks, evaluating their potential consequences, considering the current controls in place, and determining the most effective way of monitoring and mitigating them.

Corporate Governance requires that risk management be embedded into the culture of the organisation. The key principles of risk management outlined in this policy aims to ensure that risk management is an iterative, ongoing process, which is never

complete and which is integral to the work of the PCC. Essentially, risk management must be a core part of everyone's thinking, behaviour and actions. All decisions and processes should take account of risk and risks should be reviewed and revised regularly.

The product of the risk management process is a risk register. For the OPCC this is a combined risk register that includes both strategic and operational risks. The risk register is populated with information from risk identification, assessment, review and actions to mitigate those risks. Information must be accurate and up to date.

By understanding risks, decision makers are better able to evaluate the impact of a particular decision or action on the achievement of the OPCC's objectives, thus enhancing our strategic planning and prioritisation whilst also strengthening the ability to respond to challenges which may present. This policy is integral to strategic management and is a fundamental element of good governance.

2.1. Key Risk Management Principles

The OPCC and many other public sector organisations are continually challenged to provide better services in a more efficient and cost effective manner. In doing this it is recognised that the level of risk in delivering policing services may increase. The PCC manages and identifies such risks through a structured framework, to protect staff and the OPCC, without impacting on innovation or restricting activity where there may be positive outcomes.

This Policy sets out the framework to embed a positive risk culture. The key principles are in line with those included in the Orange Book, as summarised below: The Orange Book – Management of Risk – Principles and Concepts (publishing.service.gov.uk)

1. Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels, by

    a. Establishing clear roles and responsibilities in relation to risk management within the policy and framework.

    b. Ensuring that all risks and controls have risk and action owners

    c. Ensuring that all risks and controls are considered regularly and are challenged appropriately.

2. Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives. This will be done by:

    a. Setting out a framework for risk management

    b. Setting a methodology for scoring of risks and setting a clear structure and timetable for the regular review of risks.

3. Risk management shall be continually improved through learning and experience

    a. Publishing our Risk Management Policy (this policy) on the website,

    b. Ensuring that OPCC staff are aware of risk management processes

    c. Regularly reviewing the Risk Management Policy (at least every two years) to ensure it is fit for purpose.

    d. Keeping under continuous review the risk management framework and daily practices/activities.

4. Risk management shall be collaborative and informed by the best available information and expertise. This will be done by:

    a. Collective review and discussion of risk at the Delivery and Assurance Board meetings

    b. Engagement with subject experts in the force and via other networks including PACCTS and APACCE to seek updates and advice on any non confidential matters.

5. Risk management processes shall be structured to include: a risk identification and assessment to determine and prioritise how the risks should be managed; b the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level; c the design and operation of integrated, insightful and informative risk monitoring; and d timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities. This will be done by:

    a. Regularly reviewing and updating the risk management policy, which includes the risk management methodology.

    b. Monitoring of the risk register and the addition and removal of risks based on changing circumstances and events.

3. Risk Management Responsibilities/Accountability

This policy and framework set's out specific responsibilities for risk management to key individuals, functions and committees to ensure that there are clear lines of accountability for managing risk. These are summarised below:

3.1 The Police and Crime Commissioner (PCC)

The PCC has strategic responsibility for the overall management of risks. This policy outlines how he discharges his responsibility for strategic risk management.

A joint annual governance statement is approved by the PCC each year which includes details on the effectiveness of risk management arrangements. The PCC is ultimately responsible for strategic risks as identified in the combined risk register and for providing both challenge and understanding of those risks as part of the decision-making processes and when policies are being developed.

3.2 OPCC Managers

All OPCC Managers have responsibility for maintaining comprehensive and robust systems of internal control including risk management. Collectively they also have the responsibility for ensuring that the combined risk register is maintained, is up to date and includes the identification of all operational and strategic risks to ensure that they are managed and that those risks do not adversely impact on the delivery of OPCC work objectives and the delivery of Police and Crime Plan.

The PCC's Chief Finance Officer is responsible for producing reports to the Joint Audit and Scrutiny Committee (JASC) to enable scrutiny. She also has responsibility for ensuring appropriate internal audit arrangements are in place and that the force arrange appropriate insurance cover in respect of those risks which are to be treated/mitigated.

3.3 OPCC Staff

All managers and staff have responsibility for identifying strategic and operational risks in their business area. All staff are individually responsible for highlighting any risks that may impact on their business objectives and must discuss them with their manager and record them on the combined risk register, if deemed appropriate.

It is acknowledged that project risks may change and evolve more rapidly than strategic or operational risks. In these cases, a separate risk assessment should be undertaken by the project manager to provide an independent and timely assessment of the level of risk the project is exposed to. The format of that risk assessment may vary, based on the nature of the risk identified, the size of the project or the timeframe. Advice on the best approach or format for the assessment can be obtained from the PCC's Chief Finance Officer or Chief Executive, but as a minimum it should cover the financial impact and likelihood of the risk occurring. RAID logs are commonly used to record risks arising from contract monitoring. The project manager will be responsible for managing these risks and must also feed an

appropriate actions into the combined risk register. Regular updates should be provided to the Chief Executive/PCC Chief Finance Officer via OPCC managers at the risk review meetings, to provide oversight.

Where a project risk is deemed to have significant medium/longer term effects, this should be raised with an OPCC Manager for possible inclusion in the risk register.

3.4 Joint Audit and Standards Committee (JASC)

The PCC shares a JASC with the Chief Constable. The panel is made up of Independent professional members, with varying experience in risk management. The panel is responsible for providing scrutiny and examines the evidence provided by internal audit, external audit and other areas of governance to ensure that the PCC/OPCC and also the force are actively managing risks. Independent assurance is achieved through this scrutiny process.

3.5 Internal and External Audit

Internal audit provide independent and objective assurance on the OPCC risk management process and risk controls. They provide assurance on their effectiveness. External audit undertaken an annual risk assessment as part of the statutory audit. This includes input from the OPCC, and any issues of concern are brought to the attention of the JASC.

4. Risk Management Framework

The PCCs framework aims to ensure both a consistent and robust identification of risk faced by the organisation, and the effective and transparent management of that risk. It further aims to ensure that risk management is integrated into the office's culture, decision making processes, leadership, management and day to day working across all levels of the office.

The framework supports the Risk Management Principles as set out in the Government's Orange Book 2020 and as updated in 2023. The framework comprises:

4.1 Risk Register

All OPCC strategic and operational risks are recorded on a combined risk register. The register holds key information about each risk including a description of the risk, an evaluation of the risk, what is being undertaken to manage the risk currently, the additional actions/controls that are planned, and how these subsequently impact on the risk scoring. It identifies the risk owner and records the dates of reviews that owners undertake to ensure that risk is managed appropriately and actions taken. The risk register groups risks into two main risk categories; strategic risks and operational risks, with a third risk category being project risks that are predominantly recorded on separate RAID logs (Risk, Actions, Issues and Decisions), but which may be elevated to operational risks on occasion.

4.2 Risk Classification

Risks are grouped on our risk register into one of two main classifications. The classification determines the perceived 'severity' of the risk, and may also include an escalation in the seniority of the responsibility for managing the risk and how those risks are to be managed. The classifications are:

1) Strategic Risks – risks that threaten the achievement of strategic objectives such as those in our Police and Crime Plan, other OPCC strategies and statutory responsibilities.

2) Operational Risks – these are risks to our service delivery, operating systems and the objectives in our business plans.

Project Risks are risks identified as being significant to a specific project or contract being delivered or undertaken by the PCC. They would only be included on the combined risk register where they are deemed to have wider consequential impacts, and would therefore be regarded as an operational or in extreme circumstances strategic risk at that point.

4.3 Risk Methodology

Risk methodology is about how risks are evaluated. This policy sets out a consistent way to do this that takes account of the impact of the risk and the likelihood of it occurring. The higher the evaluated risk the more frequently the actions to control it should be reviewed. Inherent risks (gross risk score) and mitigated risks (net risk score) are both assessed and calculated. The inherent risk score outlines what the impact of the risk could be if no action is taken, whilst the mitigated risk score indicates the impact on the risk as a result of mitigating activity undertaken to reduce, remove, avoid, or accept and manage the risk.

4.4 Police and Crime Plan

The PCC's Police and Crime Plan sets the strategic objectives for policing in Warwickshire for the term of office. The development of the plan informs much of the work in relation to strategic and operational risk, both of which are recorded on the risk register, which is actively reviewed and managed by the PCC's Management Team. Other key strategies, including financial strategies will also help to determine both strategic and operational risks.

4.5 Project Risks

Project risks are considered differently to the other strategic and operational risks, due to the more limited timescales across which projects or activities are typically delivered. They will be reviewed as part of the project/contract monitoring meetings on a regular and recurring basis. Any specific concerns are escalated as necessary to the main risk register, and for discussion more widely at the risk review and Assurance Board meetings. Project risks are reviewed in line with the pace of the project and the frequency of meetings are aligned to the review of those risks.

4.6 Risk Review

The combined risk register is reviewed individually by managers on a monthly basis. This work feeds into the formal Delivery and Assurance Board, where existing risks are discussed collectively by managers and new risks are considered. The Chief Executive is responsible for agreeing any recommendations to close a risk and this decision is recorded.

Further scrutiny is undertaken by the OPCC and Warwickshire Police's Joint Audit and Scrutiny Committee (JASC), who receive reports on OPCC risk management at least twice during the course of the year.

4.7 Risk Appetite & Tolerance

Risk appetite provides a framework which enables the OPCC to make informed management decisions regarding its approach and tolerance to risk. Risk appetite can be defined as, "the nature and extent of the principal risks that the organisation is exposed to and is willing to take to achieve its objectives." (HM Treasury Orange Book 2023 and Risk Appetite Guidance Note 2021).

The benefits of adopting a risk appetite include:

1) Supporting informed decision-making

2) Reducing uncertainty

3) Improving consistency across governance mechanisms and decision-making;

4) Supporting performance improvement

5) Focusing on priority areas within an organisation

6) Informing spending review and resource prioritisation processes.

The OPCC and Warwickshire Police both use the National Police Risk Appetite Statement to guide its risk appetite. This is shown in the below table.

This risk matrix is integral in determining risk appetite. It outlines the likelihood and impact scores and further details on the risk methodology and scoring mechanism is included later in this policy document. The general default for the OPCCs level of appetite and tolerance will be medium/cautious. In broad terms any risk with a score above 10 on the risk matrix, will require some sort of action to be taken.

Risk Ranking	Description
Averse (Risk Avoidance)	Avoidance of risk and uncertainty is a key objective. Exceptional circumstances are required for any acceptance of risk.
Minimalist:	Preference for ultra-safe options that have a low degree of inherent risk and only have a potential for limited business benefit.
Cautious	Preference for safe options that have a low degree of residual risk and may only have limited potential for business benefit.
Open	Willing to consider all options and choose the one that is most likely to result in successful delivery minimizing residual risk as far as possible, while also providing an acceptable level of business benefit.
Hungry (High risk, high reward)	Eager to realise business benefits and to choose options to achieve this despite greater residual risk.

4.8 Risk Accountability

This policy and framework outlines the responsibilities of OPCC staff for risk management. This will ensure that there is clarity and accountability to ensure that the framework and practices are embedded within the culture of the OPCC and to ensure that the OPCCs objectives are achieved.

The OPCCs Chief Finance Officer is the designated lead for risk. It is their responsibility to lead on the risk management arrangements for the PCC, providing advice and guidance on risk issues, in addition to developing and maintaining the PCC's risk management strategy and risk register.

This work is supported by the wider OPCC management team, who are responsible for updating and reporting risks for inclusion on the risk register, within the sphere of their own areas of responsibility.

4.9 Internal Audit

The arrangements for risk management at the OPCC are subject to internal audit. The Internal Audit plan is set prior to each financial year, based on risk, and progress on delivering the annual plan. The annual audit plan is monitored by the PCC Chief Finance Officer, and the Force Director of Finance throughout the year, and is overseen by JASC, who receive regular progress updates to each meeting. As part of the Internal Audit update report to each JASC meeting, high level updates on the outcomes of audit inspections, including any actions or progress against the delivery of actions is also identified.

5. Risk Management Methodology

This methodology is an important part in assessing the impact and likelihood of risks materialising and the implications should they arise.

The methodology involves scoring risks based on likelihood of the risk happening and the impact the risk would have if it occurred. The matrix used by the OPCC is a 5 x 5 matrix that produces a score of between 1 and 25.

Further details on the risk matrix and the explanations for scoring likelihood and impact are shown pictorially below, along with the risk map.

Risk Impact

Score	Level of impact	Finance & Treasury*	Service Delivery	Legal	Health & Safety	Reputation
5	Significant	£ More than several hundred thousand	Severe prolonged loss of service e.g. interruption to for more than 1 month	Criminal prosecution of employee	Multiple fatalities	National media
4	Major	£ Hundreds of thousands	Major medium term loss of service e.g. interruption for over 1 week up to 1 month	Serious legal claim against the OPCC	Fatality	Local media
3	Moderate	£ Tens of thousands	Short-term loss of service/ service disruption e.g. interruption 1 day to 1 week.	Significant legal claim against the OPCC	Serious Injury	Moderate adverse local media comment
2	Minor	£ Several thousands	Minor impact upon service e.g. interruption to for more than ½ a day to 1 day	Minor legal claim against the OPCC	Minor injury	A small number of complaint letters received
1	Insignificant	£ Hundreds	Insignificant impact e.g. interruption ½ a day or less	Negligible legal claim against the OPCC	Near miss	Single minor complaint received

Risk Likelihood

Score	Range	Likelihood
5	Almost certain	Almost bound to happen within a 3 year planning horizon.
4	Likely	Likely to happen within a 3 year planning horizon.
3	Possible	Could happen within a 3 year planning horizon.
2	Unlikely	Unlikely to happen within a 3 year planning horizon.
1	Rare	Highly unlikely to happen within a 3 year planning horizon.

Where more than one description of impact or likelihood may apply for example, a risk could impact upon service delivery, reputation and legal & regulatory compliance, the highest score is used.

Warwickshire PCC Risk Register

		1. Rare	2. Unlikely	3. Possible	4. Likely	5. Almost Certain
Impact	5. Significant	5	10	15	20	25
	4. Major	4	8	12	16	20
	3. Moderate	3	6	9	12	15
	2. Minor	2	4	6	8	10 ACTION
	1. Insignificant	1	2	3	4	5 ASSURANCE
		1. Rare	2. Unlikely	3. Possible	4. Likely	5. Almost Certain
		Likelihood				

There are a number of steps in the risk methodology. These ensure that risks are effectively considered and appropriate controls are put in place to manage them.

Firstly, the inherent or gross risk score is calculated. This is the risk score if there is no action taken to manage the risk. The overall risk score is calculated by multiplying the likelihood score and the impact score to provide an overall risk score. This is the level of risk faced before any new controls are applied. The overall risk score enables risks to be categorised into Low/Acceptable (green shading), Medium/Treat (yellow) and High/ Unacceptable with urgent action required (amber/red shading).

Once the inherent risk has been scored, the risk is reconsidered to understand how and if it can be reduced. There are four types of risk response categories:

1) Reduce (Treat) – This is the most common practice of managing risks. It involves reducing the likelihood of the risk occurring (e.g. taking preventive action) or reducing the impact (e.g. having an adequate business continuity plans in place). This is likely to apply to any risks which have an overall risk score of 6 and above.

2) Remove/Transfer – It may be possible to transfer the risk through insurance or contracting out the provision of service to a agency or contractor.

3) Avoid/Terminate – A decision is made to eliminate (avoid) the risk, for example by stopping the service or by doing it a different way.

4) Accept/Tolerate – A decision is made to accept the risk. This may be where the likelihood or impact is so low that activity taken to address the risk (or further address it) is disproportionate to the risk itself. This is likely to apply to those risks with a total score of 1-3 (low risk band)

If a response results in the mitigation of a risk, a revised mitigated/net risk score is calculated using the same methodology, but based on the outcome of the control

measures that are in place, or are to be put into place. Inherent control measures and any additional mitigating control measures must be recorded on the risk register, along with any other relevant reviews and progress updates. All entries, updates and reviews of the risk register must be accurately dated.

6. Conclusion

OPCC Risk management processes do not seek to avoid all risk, instead focussing on the identification and management of an acceptable level of risk. It is the OPCC's aim to proactively identify, understand and manage inherent risk to deliver services and the objectives set out in the Police and Crime Plan, and any other associated policies and strategies. A well structure risk management policy which supports responsible, informed and managed risk taking can ultimately assist with improving value for money through the provision of high quality, cost effective services. Risk policies should provide adequate protection for the PCC and the wider office, but should not stifle or adversely restrict activities where there are likely positive benefits.

7. Revision Record

Date of change	Nature of revision
4th June 2024	Initial draft risk management policy prepared.