

Risk Management Strategy 2021/22

Report Author	Sara Ansell
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1. Introduction

The 'Risk Management Strategy' of the Office of the Police and Crime Commissioner (OPCC) for Warwickshire was last approved in August 2020, and a commitment has been given to review the policy annually in line with our governance arrangements to ensure that it remains appropriate.

The Commissioner is committed to providing the highest quality of policing services for all Warwickshire communities, and sets out clear objectives for achieving this in the Police and Crime Plan 2016-2021. The latest election of Police and Crime Commissioners in England and Wales took place in May 2021 (postponed from May 2020 due to COVID-19) and as such a new Police and Crime Plan will be developed. The policing landscape, nationally and locally, is both challenging and fast moving and this strategy outlines the approach and arrangements that are in place, and will need to be put in place, as part of a new plan, to deal with and manage any emerging risks effectively.

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 potential to impact on our organisation and the delivery of our objectives and services. Sometimes they can be both positive and negative. Risk management activity ensures we protect against negative threats whilst recognising and taking advantage of positive opportunities.

Our strategy set out the responsibilities for risk management, what we do and how we do it. It incorporates a number of key objectives and what we aim to achieve from the arrangements we have in place. In doing so our strategy provides assurance and contributes to the overall framework for ensuring good governance.

2. Executive Summary

The PCC is the responsible officer for risk at the OPCC, and must ensure there is an effective framework in place for identifying and managing risk. The OPCC's approach to manage exposure to risk is to establish systems and procedures to identify and prioritise significant risks, articulate a response to those and generate controls to manage them. The Chief Finance Officer (CFO, known as the Treasurer) of the OPCC is the lead officer on risk management for the PCC and is designated as the 'risk professional' in this strategy.

Risk management is embedded within the daily operations of the office; from strategy and policy formation, through to business planning, general management and daily processes. It is also applied where the OPCC works in partnership with other organisations to ensure that partnership risks are identified and managed effectively. By understanding our risks, decision makers are better able to evaluate the impact of a particular decision or action on the achievement of the OPCC's objectives.

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Risk management at the OPCC will not focus on risk avoidance, but on the identification and management of an acceptable level of risk. It is the OPCC's aim to proactively identify, understand and manage the risks inherent in the delivery of services and the objectives set out in the Police and Crime Plan, in addition to any associated plans, policies and strategies, in order to support responsible, informed risk taking and as a consequence improve value for money. Our aim to deliver high quality, cost effective services, does not come without risk and is a key challenge, but by adopting a structured approach to risk management, we seek to ensure that the OPCC is protected but that innovation is not stifled or adversely restricted where there are positive benefits.

There are a number of requirements to ensure compliance with regulations, best practice and legislation, and for this reason alone, risk management should retain a high profile and be embedded fully within the organisation. Some of the relevant requirements include:

- Civil Contingencies Act 2004
- All relevant Health & Safety legislation including: Health & Safety at Work Act 1974 & Health & Safety Offences Act 2008
- HMICFRS Inspections
- CIPFA guidance on good governance as adopted in the Joint Corporate Governance Framework
- Committees, including the Joint Audit and Standards Committee and the Police and Crime Panel
- Annual Governance Statement

In order to embed this risk management strategy within the OPCC, the following areas have been identified as key elements:

1. **Risk management objectives** – our aims that set out what we want to achieve from the arrangements we have in place to manage risk.
2. **Risk management framework and methodology** – the specific things we have in place to support the delivery of our objectives and the way in which we review our risks to understand them and decide how we will manage their impact.
3. **Risk management responsibilities** – specific responsibilities for different areas of risk by individuals and groups eg the Commissioner, staff, committees and auditors.

3. Risk Management Objectives and Benefits

An awareness of risk management enables better decisions about what and how we do things. It is therefore essential to embed this thinking into our day to day business. To achieve this we have agreed the following objectives as part of our overall risk management strategy, and we detail the manner in which we will achieve them, along with the benefits that we anticipate we will realise from the approach.

Objective 1: working with partners

The OPCC will ensure that risk management is embedded and is part of the process for delivering effective policing and crime reduction services in Warwickshire, by working closely with the force and our other partners.

This will be delivered by ensuring we maintain an effective risk management strategy, a framework through which the strategy is implemented, and a risk register to manage the identified risks. We will also ensure that we hold the force and other key partners to account for their management of risk.

This approach will deliver benefits from improved decision making, along with better planning and improved prioritisation through structured understanding of business activity and the associated threats/opportunities to service delivery. It should also ensure that improved value for money is achieved by the appropriate allocation of funding and resources to specific areas of service.

Objective 2: working with staff

We will ensure that staff working within the OPCC are aware of risk management issues, review risks affecting their areas of work, and that our risk management strategy complies with best practice and national guidance.

To achieve this we will ensure that staff are made aware of the strategy through clear communication, are part of the process for reviewing and monitoring risks, and that the strategy is formally reviewed on an annual basis.

This approach will deliver benefits from better, fully informed and evaluated decision making. Staff will be safeguarded, along with the public and others affected by the OPCC's activities, and such an approach will contribute towards a culture of developing and nurturing staff, in addition to expanding the organisation's knowledge base and resilience. This will improve staff wellbeing and protect the reputation of the OPCC.

Objective 3: clear accountability

We will ensure that there is clear ownership and accountability for risks. To achieve this we will establish clear roles and responsibilities in relation to risk management within our strategy and ensure that all risks on the register have an owner.

This approach will deliver benefits, as experienced and informed staff will be managing risks for their specific areas of service thus giving the leaders of the organisation assurance that they are being monitored to enable the successful achievement of their strategic objectives.

Objective 4: evaluation framework

We will provide an easy to understand framework for evaluating risk and responding to risks, which will support good decision making. This will be achieved by setting out clearly the framework for risk management in this strategy, and include within that

framework a methodology for scoring risks and timescales for risk review based on the risk score.

This transparent approach will deliver benefits from improved understanding and monitoring of risk, leading to better decision making and planning, and the ability to intervene and mitigate loss or damage by adopting different approaches or actions to enable better services.

4. Risk Management Framework

This risk management framework sets out clearly what is in place to manage risk in the OPCC and who is responsible for those risks. This framework provides the detail on how we achieve our risk management objectives.

The framework consists of:

4.1 Risk classification

Risks are grouped into one of three classifications. The classification determines who is responsible for managing the risk and how those risks are managed. The classifications are:

- **Strategic risks** – these are risks that threaten the achievement of strategic objectives such as those in the Police and Crime plan and in other core strategies; and have potential to affect the whole organisation. These are often complex risks that may impact two or more service areas. The Strategic Risk Register is owned by the Chief Executive, but the individual strategic risks on it will be owned by the appropriate officer within the OPCC. This could be the Chief Executive, Treasurer or other staff members.
- **Operational risks** – these are risks to our operating systems, service delivery and the objectives in our business plans. Whilst the Strategic Risk Register will ensure risks are identified, captured, recorded and managed appropriately, it is expected that processes for managing risk will exist at an operational/ service level, outside of the Strategic Risk Register. In order to achieve this a central risk register will be retained, this will be available for all staff to add any identified risks within their operational areas. The central register should be the main document record for non-strategic risks, although staff may choose to keep other working documents to manage risk at a personal level. The central register will ensure that there is transparent and timely reporting of operational risk, and will inform discussion at the team meeting where risk management will be included as a monthly agenda item. The central operational risk register will be considered at a quarterly risk management meeting with the Chief Executive, Treasurer and other key stakeholders to ensure that it is up to date, is tracked centrally and that there is adequate visibility and oversight on such risks. This will also determine whether there needs to be any adjustment to the strategic risk register as a result.

- **Project risks** – specific risks identified as being significant to the projects being undertaken. It is acknowledged that these risks may change and evolve more rapidly than strategic or operational risks. In these cases, a separate risk assessment will be undertaken by the project manager to provide an independent, informant 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 and the timeframe. A project risk assessment template will be made available to staff for recording such project risks, which covers the financial impact and likelihood of the risk occurring. The project manager will be responsible for managing these risks, and should discuss these risks at the monthly team meetings and ensure they are included on the central operational risk register, the process outlined above for managing operational risk, will then also apply to ensure that any appropriate actions feed into the strategic risk register as necessary.

4.2 Risk identification

Any member of staff can raise a risk. If they are aware of a risk they should initially discuss this with the Treasurer and/or Chief Executive, who will advise on the appropriate methodology for recording and monitoring that risk in line with this strategy. This is likely to be through logging the risk on the operational risk register, and the identification of actions to manage the risk. The process of identifying risk will improve risk awareness and help to prevent the worst consequences of the risk occurring if they are identified and mitigations put in place to manage them. Risk identification, and subsequent management of those risks may also help to achieve the best consequences. All OPCC staff attend the weekly team meetings where risk will be a standing agenda item, and key OPCC staff will, be involved in the quarterly review process of the central operational risk register and to discuss risk management in general, as outlined in section 5. However risks can be identified at any point, and may or may not result in more formal and documented risk management procedures being implemented, depending on risk analysis and risk appetite.

4.3 Risk assessment and methodology

All of our strategic risks are recorded on the OPCC strategic risk register. Each risk assessment comprises of a risk map (appendix A) and supported by the more detailed narrative risk template (appendix B). The risk map is a visual document which includes the currently assessed risk position only. The inherent risk ie the risk at the point of creation will not be shown visually on the map, but is referenced in the narrative template, as the original risk. The risk template which accompanies the risk map, records the key information regarding each strategic risk including a description of the risk, an evaluation of the likelihood and impact of the risk occurring, a score for the risk, what we are doing to manage the risk, the risk owner and any further actions we plan to take, and is updated on a quarterly basis.

The risk methodology aims to provide some transparency to the approach taken for scoring our risks, and is shown on the risk map and tables shown at appendix A. The impact score needs to be assessed in conjunction with appropriate staff to ensure coverage of issues relating to insurance, business continuity, legal and health and safety. The risk level is the impact score multiplied by the likelihood score. The

inherent risk score is the impact of the risk if we took no action, whilst the mitigated risk score tells us how much we have reduced that risk as a result of the mitigations and actions that we have in place to manage it, and the target risk score show the ideal position for that risk. The higher the risk score the more actively we will assess the actions that we have in place to mitigate the risk.

4.4 Risk Response

Once the level of risk is assessed the risk response will be determined, informed by the risk appetite of the OPCC. Risk appetite is defined as “the amount of risk that an organisation is prepared to accept or be exposed to at any point in time.” Key staff at the OPCC including the Commissioner, Chief Executive, Treasurer and other relevant staff will consider the risk appetite, as a means of controlling the risk.

Although risk appetite will vary for each individual risk, in general terms any risk that is assessed as having a risk of more than 10 on the risk map will require an action or response to manage that risk.

The OPCC and Warwickshire Police both use the National Police Risk Appetite Statement to guide its risk appetite:

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.

The options to respond to the risk will fall into one of the four categories:

- **Tolerate** – the OPCC determines that it can tolerate this level of risk with appropriate monitoring as this will support achievement of priorities. The rationale for tolerating should be proportionate to the amount of risk the organisation is exposed to.

- **Terminate** – this is the opposite of tolerate, and is where the OPCC determines that it cannot risk the impact occurring. This will require a commitment of resources and skill to ensure the impact does not occur.
- **Transfer** – this is where the OPCC will put in place a response or activity that avoids the worst of the impact, often this will mean that another organisation will shoulder the largest share of the impact, a good example being setting up of an insurance policy that covers the impact of costs, should it occur.
- **Treat** – the OPCC puts in place a response to manage the risk. This will be the most frequent response to identified risks. A treat response will require a number of controls to be put in place as outlined in this strategy and outlined in the risk template document.

4.5 Risk review

The overall arrangements for risk will be reviewed annually by the Chief Executive and Treasurer as part of wider governance arrangements and any subsequent amendments to the risk policy will need to be approved by the Commissioner. The review will be reported in the Annual Governance Statement (AGS) alongside the Statement of Accounts, which is also approved by the Commissioner. The statement is subject to external audit and presented with the Accounts to our Joint Audit and Standards Committee.

5. Roles and Responsibilities

5.1 The Police and Crime Commissioner

The Commissioner has strategic responsibility for the overall arrangements for risk management and approves the Annual Governance Statement, which includes a commentary on the effectiveness of risk management arrangements, on an annual basis. The Commissioner is responsible for strategic risks as identified within the strategic risk register and for understanding and challenging risks as part of the processes for developing policy and decision making.

The Commissioner has responsibility for holding the force and wider partners to account for their arrangements in respect of risk management and providing public assurance of such. He will approve the risk management strategy annually in line with good governance and best practise.

5.2 Chief Executive

The OPCC Chief Executive and the Treasurer, as the OPCC lead for risk – see section 5.7 below) have responsibility for maintaining comprehensive systems of internal control including risk management processes. They also have responsibility for ensuring that operational risks are managed to minimise any impact on the delivery of the OPCC business plan and the wider objectives of the Police and Crime Plan.

Through the AGS the Chief Executive and Treasurer report on the effectiveness of arrangements for risk management to the Commissioner and to the Joint Audit and

Standards Committee (JASC). The strategic risk register is reported by the Treasurer, to the JASC on a quarterly basis, for comment and scrutiny.

5.3 OPCC staff

All OPCC staff have responsibility for identifying the strategic, operational and project risks arising within their service areas. Staff are responsible for bringing any relevant risks to the attention of the Chief Executive or Treasurer, so that they are treated accordingly in line with this strategy, especially if this is likely to be a strategic risk or one that will impact over the medium to longer term number or multiple areas of work.

OPCC staff receive direction and instruction regarding their responsibilities for operational risk from a number of sources. These include: information contained within this policy/strategy, the OPCC's legal advisor and from the Chief Executive or Treasurer. If specific formal training is deemed necessary this will be considered where required. Risk management is a standing agenda item at team meetings and quarterly review meetings involving key staff will take place to ensure adequate oversight and monitoring of identified risks.

5.4 Joint Audit and Standards Committee

The OPCC and force have an independent JASC in place. The Committee receive and examine the OPCC risk register at each meeting as well as receiving reports and personal verbal updates and evidence provided by internal and external audit and in other governance areas to ensure that we demonstrate we are actively managing our risks. This provides independent assurance to the Commissioner, Chief Executive and Treasurer.

The relevant sections from the JASC's terms of reference, which are also reviewed annually, are:

- The Committee will provide advice and recommendations to the Commissioner and Chief Constable in relation to risk management:
- Review the corporate governance arrangements against the good governance framework, including the ethical framework.
- Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the office and the force.

JASC receive a copy of the OPCC strategic risk register at each of their meetings. They are also provided with a verbal update on any changes and this provides an opportunity for open discussion. Any communication deemed necessary between meetings to discuss and help manage risk should take place. The JASC will advise upon the efficacy of the risk management strategy, and comment on the strategic risk register, actions taken and mitigations to manage risk.

5.5 Internal and External Audit

Internal audit are responsible for periodically reviewing the effectiveness of risk management processes including the verification that controls are operating as intended. This source of independent assurance is a fundamental part of the evidence used to discharge our accountability for reviewing the effectiveness of our governance arrangements.

External auditors review the annual governance statement that sets out how we have complied with our arrangement for risk management and will test a number of financial controls that mitigate against financial risks as part of their audit work on the financial statements.

The risk management process is subject to both internal and external audit. The annual internal audit workplan will include risk management as deemed necessary. The annual internal audit plan is agreed by the Chief Constable, PCC and is also reported to JASC for comment and feedback, to ensure that it provides adequate coverage for all services of the PCC and Chief Constable on a recurring programme

5.6 Warwickshire Police Risk Management Strategy

The identification and management of Force risks, will be dealt with separately by Warwickshire Police. However, the Forces' risk professional may be asked to provide professional advice and support to help manage the risks of the OPCC as and when required. Liaison will also take place to ensure that any interdependencies between the organisations (PCC and Force) are effectively managed.

5.7 Treasurer (OPCC lead for Risk)

The Treasurer is the lead contact for risk management at the OPCC. The responsibility includes:

- Pro-actively driving forward the management of risk
- Liaison with the force and other partners to monitor compliance with and the effectiveness of their risk management arrangements and reporting thereon to the Commissioner
- Monitoring the implementation of the risk management action plans of both the OPCC and the force
- Bringing to the attention of the Commissioner and/or the JASC any concerns about the arrangements for risk management
- The provision of an up to date strategic risk register to enable the recording, review, analysis and reporting of strategic risks, which is informed through regular discussion on risk with key stakeholders and the central operational risk register.
- Maintaining an up to date awareness of risk management and taking steps to embed a risk aware culture.

Section 6 - Conclusion

Risk Management is part of the organisational and operational culture of the OPCC and work is now ongoing to embed this policy into everyday business at the OPCC. This document, which will be reviewed annually, will support the embedding of this discipline across all staff and will provide an audit trail and an assurance mechanism, as part of overall good governance within the OPCC.

Version Control

Version	Date	Action
1.0	July 2020	Draft Strategy 2020-21 compiled by SA
1.1	August 2020	Final strategy 2020-21 approved
2.0	May 2021	Draft strategy 2021-22 reviewed by SA
2.1	June 2021	Draft strategy 2021-22 reviewed by PR
2.2	June 2021	Draft Strategy 2021-22 reviewed by RL (OPCC)

Appendix A: Warwickshire OPCC Risk Map

Impact	5. Significant	5	10	15	20	25
	4. Major	4	8	12	16	20
	3. Moderate	3	6	9	12	15

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	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				



Current risk position

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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 services 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. No impact	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.

Appendix B - Risk Report

Risk Name:	Date Risk Identified	
Strategic Owner:	Original risk score	
Risk Description:	Current risk score	
Desired Outcome:	Target risk score	
Impact:	Inherent Score: Mitigated Score:	
Likelihood:	Inherent Score: Mitigated Score:	
Change Since Last Update:		
Key Mitigating Controls:		
Upcoming Challenges		
Key Planned Actions		
Report compiled by	Date:	