

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 26th September 2023

Subject: OPCC Risk Management

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Purpose of the report

The purpose of this report is to provide members with an update on the OPCC Risk register.

Recommendation

The JASC is asked to note this report and provide feedback.

Background

This report has been prepared for the Joint Audit and Standards Committee to support the agenda item on OPCC Risk Management. This is a new style report, following a refresh of the Risk Register over the summer and into the autumn of 2023. As well as giving detail on the strategic risks the report also shares some general narrative information on the main operational risk themes.

In the last few months the OPCC has reviewed the approach to the risk register; where there were previously 2 risk registers – one strategic and one operational, there is now one combined register. The purpose of this is to increase efficiency of process, and so that the risks can be considered holistically, with the ability to move risks as required between categories more easily. Within the risk register each risk is marked as Strategic, or Operational, and there is also an option for project risks where a need is identified.

The register identifies risks, outlines how they have arisen and risks can be filtered by area of business. Each risk is then allocated a score for Likelihood and Impact, both of which are on a 5 point scale which once combined, give an overall gross risk analysis score. The overall score determines whether the risk is to be treated with action or whether assurance is appropriate, and the actions are then outlined, with action owners, and target resolution dates.

This approach means that a rigorous approach can be established, which is monitored through business processes, and more specifically by the OPCC Internal Assurance Board, which meets quarterly. Risks are also discussed in weekly managers meeting, where a process is now in place to ensure new risks are captured.

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New risks are added to the risk register on a continuous basis, and staff are frequently reminded to consider the risks in their work. Business planning, development and improvement can be driven through the use of the risk register.

Due to the comprehensiveness of the combined risk register document, it is not planned that it will be replicated in its entirety for the committee as part of the papers, and instead this report will include a summarised narrative of changes with some explanation, along with the strategic risk map, for the benefit of members. If more detail is required, this can be made available to members.

Executive Summary

Strategic Risks

Following an in depth review of the previous strategic risk register over the summer, the strategic risks identified for the OPCC are as follows:

1. Failing to manage our finances effectively across the Medium Term Financial Plan (MTFP) and longer term sustainability
2. Inadequate commissioning of services
3. The risk that we do not monitor our commissioned services effectively.
4. The risk that we do not have in place effective local crime-related partnerships or relationships with local partner organisations
5. That the PCC fails to engage with the community
6. The impact of a major incident in Warwickshire
7. The PCC fails to hold the Chief Constable to account

Following the review, the seven strategic risks outlined above do include some changes from the former risks identified on the Strategic risk register last presented to the Committee in March 2023. This report includes a later section which details those changes.

The above 'reviewed' risks have been plotted on the familiar risk map as shown below.

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Impact	5 Significant	5	10	15	20	25
	4 Major	4	6 8	12	16	20
	3 Moderate	3	2 6 7	1 9 3 4	12	15
	2 Minor	2	5 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				

Changes to the risk register since March 2023:

Risks removed:

One risk has been removed from the risk register as a result of the fundamental review – this was the former risk 3, being - Risks arising from the embedding of new Warwickshire ICT services and not capitalising on opportunities for more efficient working practises following recent high investment in ICT

This has been closed or considered treated as the Evolve and Empower workstreams have delivered the new Warwickshire infrastructure in a post alliance world, which is both robust and modern, and these services are now being managed as business as usual. Efficiencies are beginning to be realised and this will continue to be monitored through the holding to account process, in addition to any cashable savings being identified as part of the process for meeting the savings requirements identified in the medium term financial plan.

Despite the changed classification of this risk on the OPCC strategic risk register, it is acknowledged that it is important that benefits are realised from the investments that have been made, and this issue is reflected in some part in the force strategic risk

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register - realisation of operating model benefits, which, from an OPCC perspective will be considered as part of the ongoing performance monitoring processes to deliver more efficient working and increased productivity to deliver more effective policing services in Warwickshire, in line with the police and crime plan objectives..

Risk scoring changes:

Risk 2 on the reviewed strategic risk register – the risk that we inadequately commission services, has been reduced from a mitigated score of 9, down to 6. This is due to a change in the likelihood score from a 3 to a 2. The rationale for this is the recent activity to re-commission services in a number of service areas including general victims, sexual exploitation, child exploitation, modern slavery, restorative justice, road victim support services, adult sexual assault referral centre services, and services for alcohol and substance misuse for those within the criminal justice system. This work follows the outcomes from two independent and comprehensive needs assessments to identify what 'services' should be commissioned, and what those services should deliver. The commissioning skills at the OPCC are becoming more embedded and this knowledge and experience is reflected in the lower likelihood score for inadequate commissioning.

New risks:

A new risk 3 has been added, being the risk that we do not manage our commissioned services effectively.

The PCC has invested heavily in commissioned services for victims and to meet specified objectives in his police and crime plan. To ensure these contracts deliver services that are effective and meet user needs, whilst also delivering value for money is essential. Working alongside colleagues in the force the PCC are committed to dealing with all their suppliers fairly and ethically, adopting a professional approach at all times and using targets and performance measures effectively to improve supplier performance.

The PCCs performance monitoring process for commissioned services has been established in line with an agreed timetable of activity and key performance indicators have also either been agreed, or are in the process of being agreed as part of the contract terms. This process needs to embed within the finance and commissioning team, and is imperative to the delivery of the Police and Crime Plan objectives. There is a risk that the desired outcomes and statutory responsibilities of the PCC could be breached if the monitoring process fails and commissioned services do not deliver. Following mitigations the likelihood score has been reduced to 3, as has the impact score, giving a total risk score of 8. This is plotted on the above risk map.

Risk 6 – major incident.

Given recent events around the country, which have demonstrated that major incidents can and do occur in any locality, and are not confined to urban areas, it has been decided as part of the fundamental review of strategic risks, that the risk of a major incident occurring in Warwickshire and the PCC not fulfilling his role appropriately should be acknowledged. A major incident could take a variety of forms, including a terrorist or

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cyber attack or an incident directly affecting the PCC. If such an event occurred, it would be important that the PCC takes care in exercising his functions as a civic leader, in holding to account and in communications and engagement activity. The response could have a high impact and cause personal or OPCC reputational damage. Following mitigations the likelihood score is considered to be 2, and the impact score 4, giving a total risk score of 8. This is plotted on the above risk map.

All other mitigated total risk scores for the risks outlined above as risks 1, 4, 5 and 7 remain unchanged following the review.

Operational and Closed Risks

In addition to the strategic risks a total of 35 open operational risks have been identified and these are collated by area of business, based on the OPCC staffing structure. It is noted in each theme how and whether actions or assurance is required, and further detail on each can be made available as required. These operational risks are continually reviewed by managers, and more formally at the Assurance Board meetings.

It is clear that there are some themed actions arising from the operational risks have been identified, mainly due to skills, capacity and resilience within the OPCC. A summary of the matters arising include:

- Office capacity and resilience more inherent in some areas of business, but particularly evident during holiday season and periods of sickness absence.
- Strategic estates expert knowledge.
- Acknowledged risks with the awarding of annual grants, which may include financial, reputational and project delivery risks, which may impact in varying degrees on the achievement of outcomes.

Conclusion

The fundamental review of the risk management process at the OPCC and the development of a combined strategic and operational risk register is ongoing and is not yet fully complete. The aim is for the first stage review to be completed later this year, whilst also working to define and embed the process at the OPCC.

The fundamental review of strategic risks is long overdue and the recent process is already helping to ensure that risk management is considered more fully by the OPCC managerial team. This will help to enhance the OPCC's strategic planning and assist it in achieving the Police and Crime Plan objectives, through improved service delivery, and value for money.

The combination of operational risks into the single risk register means that risks are considered more holistically and that the process for flexing risks between categories is more transparent. Of particular note are the operational issues regarding office capacity and resilience. These are being addressed through various recent and ongoing recruitments, and the decision has been taken therefore, not to move these into a strategic risk at the current time, although it is acknowledged that this issue will remain until vacancies are filled and capacity increased within the team.