

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 27th March 2024

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. As members will recall the OPCC risk register is now a combined strategic and operational risk register, following a comprehensive review last summer and autumn.

The combined risk register is a comprehensive document, but it is better understood by the OPCC staff, and therefore makes for a much more efficient review process. As risks are considered holistically and on a more regular basis, the risk management process feels more robust and rigorous. 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 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, if risks require more immediate attention and awareness, and also in team meetings as necessary.

New risks and any risk updates or amendments are made to the risk register on a continuous basis, and staff are frequently reminded to consider the risks in their work.

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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

The OPCC Internal Assurance Board last met and approved the OPCC strategic risks on the 22nd February 2024. These are outlined below:

- 1. New risk 1 – Police and Crime Plan is not delivered, and objectives not achieved**
- 2. New risk 2 – Delivery of Estates plan not achieved**
- 3. New risk 3 – Regional collaborations fail**
- 4. Existing Risk 6 - The impact of a major incident in Warwickshire (no change to risk scoring)**
- 5. Existing Risk 7 - The PCC fails to hold the Chief Constable to account (no change to risk scoring)**

There are now 5 OPCC strategic risks, 3 of which are new risks that have been outlined. Previously there were 7 strategic risks, but only 2 of these remain, and the other 5 have been removed or down graded to operational risks. The narrative below details some of the changes and the thoughts processes and reasoning behind them.

A number of other additions and amendments to operational risk have also occurred since the last report to this Committee in September 2023, but these are not all replicated here. However, some of the most significant changes are referenced and reported below.

The current 5 strategic risks have been plotted on the familiar risk map as shown below.

Impact	5 Significant	5	10	15	20	25
	4 Major	4	6 8 1	12	16	20
	3 Moderate	3	6 7	9 2	12	15
	2 Minor	2	4	6	8 3	10 ACTION
	1 Insignificant	1	2	3	4	5 ASSURANCE
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
		Likelihood				

Strategic risks removed:

Risk 1 - Failing to manage our finances effectively across the Medium Term Financial Plan (MTFP) and longer term sustainability.

This risk has been removed following the completion of a sound budget setting process for 2024/25, and the development of the MTFP. Whilst the financial risks have not fundamentally disappeared, the risk is being managed, and has effectively become a 'business as usual' concern.

The MTFP does include further savings requirements, and an outstanding saving target, however, the force has demonstrated in recent years, that it has a good track record for delivering savings, and plans are in place for delivering the savings required in 2024/25 and also in 2025/26. Reserves levels have reduced, but are considered adequate to meet known and anticipated risks.

Capital investment in assets remains strong, and a sustainable source of capital finance has been identified, which includes reduced borrowing where it is cost effective to do so. Increasing revenue contributions to capital are planned over the MTFP, which will also help to manage the revenue service risk from volatility in income levels.

All external audits are up to date, and the auditors annual report on value for money arrangements was positive. The most recent internal audit report provided substantial assurance regarding the controls and processes in place, and finally the most recent

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CIPFA assessment indicated a positive direction of travel for the financial management capability scoring.

All of these issues point to a favourable position on the PCC's financial position, and the risk has therefore been considered treated and is being considered as business as usual activity.

Risk 2 - Inadequate commissioning of services

Risk 3 - The risk that we do not monitor our commissioned services effectively.

Both of these strategic risks have been removed. Whilst commissioned services form a significant part of the PCC's budget and provide much needed services to many victims and vulnerable groups, the process for commissioning and recommissioning at the OPCC is operating well and the activity has become embedded within the normal working of the team. This has been made possible following the restructure of the OPCC a little while ago and more recent successful recruitments to the team, which has seen a small but dedicated team, work alongside the partnerships and policy team to ensure that the services commissioned meet users needs, and provide excellent services and good value for money.

The knowledge and experience of the commissioning team is growing, and the contract monitoring process is now embedded at the OPCC. Contracts are in place which include a comprehensive suite of key performance indicators. A timetable is set and providers regularly complete and submit performance and financial monitoring reports. Meetings are held with each of the commissioned service providers on a quarterly basis, where kpi's are discussed, and any other pertinent issues included in the submitted reports. Relationships have been built with all providers and this is further improving engagement, knowledge and information sharing, in addition to helping to ensure that the objectives of the Police and Crime Plan are being met. The risk scoring for both risks was low (and reducing) and the decision at the Assurance Board in February 2024, was that this risk should be removed and has effectively been treated.

Risk 4 - The risk that we do not have in place effective local crime-related partnerships or relationships with local partner organisations

Risk 5 - That the PCC fails to engage with the community

Following discussion at the Assurance Board meeting in late February, it was felt that both of these risks, should both now be considered as operational risks, rather than strategic risks, as there are no significant known or anticipated risks within these areas of service.

Operational and Closed Risks

In addition to the strategic risks a total of 28 open operational risks have been identified and these are collated by area of business, based on the OPCC staffing structure. This compares to 35 open operational risks in September 2023 (last reported to this Committee). These operational risks are continually reviewed by managers, and more formally at the Assurance Board meetings.

Conclusion

The fundamental review of the risk management process at the OPCC and the development of a combined strategic and operational risk register is working well and is better understood and is more fit for purpose than the former separate risk register. There is still a need to refine and simplify the risk register, so that it is more user friendly and easier to navigate, this work is ongoing, and should be completed later in the summer.

The Internal Assurance Board meets quarterly and reviews the register in full. This process has enhanced the OPCC's strategic planning and is helping it in achieving the Police and Crime Plan objectives, through improved service delivery and risk mitigation.

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.