



# Sussex Police & Crime Commissioner

## Office of the Sussex Police & Crime Commissioner – Risk Management Strategy

### 1.0 Introduction

#### 1.1 Defining Risk

1.1.1 Risks are inherent in every activity and decision that the Police & Crime Commissioner (PCC) is involved in and to achieve her strategic vision and the measures set out within the Sussex Police & Crime Plan, it is necessary to manage those risks efficiently.

1.1.2 A risk can be defined as the chance of something happening which can have the potential to threaten the performance, reputation, or financial position of the organisation, the safety of its staff or the wider public, or its ability to comply with legislation or national requirements.

1.1.3 Risks are mostly regarded as negative but there are also opportunities where there is a chance of a positive outcome. Risk management is a central part of the strategic management used within the Office of the Sussex Police & Crime Commissioner (OSPCC).

#### 1.2 Managing Risk

1.2.1 Risk management is a strategic decision-making tool and assists the OSPCC to identify and treat the risks that would prevent or disrupt it from meeting its objectives. Managing risks effectively adds value to and protects the OSPCC, resulting in improved decision-making, better use of resources and the achievement of goals.

1.2.2 Effective risk management will also assist the PCC to achieve her vision and strategic objectives, optimising the quality and efficiency of OSPCC service delivery and upholding and enhancing its reputation.

1.2.3 In order for risks to be managed, they must be identified and scored, with some precaution taken to pre-empt their occurrence and/or to reduce their impact

1.2.4 The task of risk management is to control exposure to risk, which is the probability of specific risks occurring and the potential impact, should they materialise. The aim is to manage that exposure by implementing steps to keep exposure to a manageable level, in a cost-effective way.

## **2.0 Scope**

- 2.1 The PCC has a statutory responsibility for putting in place arrangements to manage risks, separate from those facing Sussex Police. The PCC also has a responsibility for ensuring that the Force itself has adequate processes in place for risk management.
- 2.2 The aim of this Risk Management Strategy is to explain how risk management is embedded into both the governance structure and day-to-day business of the OSPCC. The Joint Audit Committee considers the effectiveness of the risk management arrangements for the PCC and the Chief Constable, including regular reviews of the Risk Registers used by both organisations.
- 2.3 This strategy considers exclusively the management of 'organisational risks', rather than tactical and/or operational risks. Specific projects and programmes commissioned by the OSPCC may also use a separate Risk Register dedicated to the scope of that project.

## **3.0 Risk Management Objectives and Benefits**

- 3.1 The objectives and benefits of the Risk Management Strategy are to:
- ✓ increase the likelihood of achieving the PCC's vision and the policing and crime objectives set out in the Sussex Police & Crime Plan.
  - ✓ prevent or reduce the potential (negative) consequences of events which could have been anticipated.
  - ✓ prevent or reduce events or actions that could damage the reputation of the PCC, as well as the OSPCC, and affect public confidence.
  - ✓ improve decision-making and future planning.
  - ✓ assist in the allocation of resources.
  - ✓ embed risk management into the culture and processes of the OSPCC.
  - ✓ raise awareness of risk management in all staff, making it an integral part of their thinking and actions.
  - ✓ satisfy the requirements of corporate governance for the Annual Governance Statement.
  - ✓ facilitate effective, formal oversight by the Joint Audit Committee.
  - ✓ improve decision-making, planning and prioritisation through structured understanding of business activity and the associated threats and opportunities.
  - ✓ deliver best value by the appropriate allocation of funding and resources.
  - ✓ minimise loss, damage or injury.
  - ✓ safeguard employees of the OSPCC.
  - ✓ protect the professional image and reputation of the PCC and the OSPCC.

## **4.0 Governance**

- 4.1 Governance is the system by which the OSPCC is directed and controlled at its most senior levels to achieve its objectives and meet the necessary standards of accountability, integrity and transparency. Risk management is an essential component in the delivery of effective governance and relies on the development, monitoring and use of a Risk Register.

- 4.2 The Financial Management Code of Practice states that the Joint Audit Committee will provide an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Joint Audit Committee also supports the PCC, Chief Constable and other statutory officers to ensure that effective governance arrangements are in place.
- 4.3 An Annual Governance Statement is produced once a year to review the overall effectiveness of the governance framework within the OSPCC.

## **5.0 Risk Management Process**

5.1 The PCC is committed to the principles outlined in the Institute of Risk Management publication – 'A Risk Management Standard' – which states that risk management should be considered in two separate stages: Risk Assessment and Risk Monitoring/Management.

### 5.2 Risk Assessment

5.2.1 The initial step of the process is to identify the potential risks facing the OSPCC. Risks can be identified through a variety of means, including discussions at meetings with Sussex Police, internal management meetings, external events and audits, and through the PCC and OSPCC.

### 5.3 Risk Monitoring/Management

5.3.1 Once the risks are identified and decisions are agreed about the appropriate actions to take to mitigate the risk, the actions must be effectively monitored and managed. The actions to mitigate against any risks identified are all planned, resourced and monitored as part of the OSPCC governance processes.

### 5.4 Recording of Risks

5.4.1 Once a risk has been identified and assessed, it will be added to the OSPCC Risk Register. Each individual entry will include:

- a risk identification code.
- a brief description of the risk and the potential consequence, should the risk materialise.
- the name of the responsible officer for the risk ('risk owner').
- the inherent risk score (the risk score without any controls applied).
- the control measures attributable to the risk.
- the current risk score (the risk score with the existing controls applied).
- any interdependencies with Sussex Police risks.
- the new or developing controls that need to be applied to mitigate against the risk.
- a review date for monitoring the control measures for the risk.

### 5.5 Risk Scoring

5.5.1 A Risk Scoring Matrix is used to evaluate and measure the risks facing the OSPCC. Each risk is scored based on the likelihood of the risk occurring and the impact it would have, should it occur.

5.5.2 The Risk Scoring Matrix for the OSPCC is as follows:

	Likelihood			
Impact	Very High (4)	High (3)	Medium (2)	Low (1)
Disaster (4)				
Major (3)				
Noticeable (2)				
Minimal (1)				

Organisational Risk Assessment					
Definition of Impact			Definition of Likelihood		
Disaster	4	<ul style="list-style-type: none"> <li>significant service failure.</li> <li>significant impact on perceptions or confidence of multiple or priority groups, or on OSPCC reputation as defined by our values.</li> <li>fatality.</li> <li>major financial crisis (more than £5 million).</li> </ul>	Very High	4	<ul style="list-style-type: none"> <li>more than 90% chance that this will happen.</li> </ul>
Major	3	<ul style="list-style-type: none"> <li>significant service disruption.</li> <li>visible impact on perceptions or confidence of multiple or priority groups, or on OSPCC reputation as defined by our values.</li> <li>serious injury.</li> <li>additional or unplanned large financial cost (£1 million to £5 million).</li> </ul>	High	3	<ul style="list-style-type: none"> <li>more than 50% chance that this will happen.</li> </ul>
Noticeable	2	<ul style="list-style-type: none"> <li>some service disruption.</li> <li>visible impact on perceptions or confidence of specific geographic or demographic group.</li> <li>additional or unplanned financial cost (£100,000 – £1 million).</li> </ul>	Medium	2	<ul style="list-style-type: none"> <li>more than 10 % chance that this will happen.</li> </ul>
Minimal	1	<ul style="list-style-type: none"> <li>minor service delivery disruption.</li> <li>minimal impact on public, staff or OSPCC reputation.</li> <li>low financial cost (up to £100,000) and manageable within existing budgets.</li> </ul>	Low	1	<ul style="list-style-type: none"> <li>less than 10% chance that this will happen.</li> </ul>

## 5.6 Managing Risks

5.6.1 The management of risk is the process of selecting and implementing controls to stop or reduce the likelihood and/or impact of the risk. The questions that are considered by the OSPCC include:

- can the event be stopped?
- can the likelihood or probability be reduced?
- can the impact of the event to the organisation be reduced?
- can the consequences be changed?
- can future action be considered and planned?

5.6.2 The planned response to any risk, where accepted or addressed, may use one or more of the following:

- Terminate the risk – cease the activity causing or contributing to the risk if it is too great for the organisation to bear or if ways to reduce it are impractical or too costly.
- Treat the risk – devise a control strategy of measures to reduce the probability of the risk occurring or the severity of the impact, should it occur.
- Transfer the risk – move the risk to another party by sharing or contracting out all or part of the risk.
- Tolerate the risk – in some circumstances, it may be appropriate to simply tolerate the risk.
- Monitor the risk – it is considered appropriate that the risk should remain 'live', and be regularly monitored, without taking further action because there are sufficient control measures in place.

5.6.3 The OSPCC Risk Register is regularly updated and reviewed at both the Finance and Human Resources Meeting (FaHRM) and Senior Management Team (SMT) meetings.

## 6.0 Roles and Responsibilities

6.1 A brief outline of the individual and organisational responsibilities for risk management within the OSPCC are provided below:

- PCC – as the legal corporate body, the PCC must maintain a sound system of internal control including a system for the effective management of risk.
- OSPCC Staff – the Chief Executive and Chief Finance Officer are responsible for overseeing the OSPCC approach to risk management. All members of staff are responsible for gaining an understanding of risk, the benefits of its management and participating in risk management activities. The OSPCC staff will proactively identify risks within their areas of work and bring these to the attention of the Risk Co-ordinator.
- Risk Co-ordinator – the Head of Performance is the Risk Co-ordinator for the OSPCC and is responsible for maintaining the Risk Register and revising and co-ordinating the OSPCC Risk Management Strategy. The Risk Co-ordinator will also liaise regularly with the OSPCC staff to ensure that the Risk Register is current and that all risks are effectively and appropriately assessed and managed.

- Risk Owners (assigned on the OSPCC Risk Register) – the risk owners take ownership of the individual risks and ensure that the action plan associated with the risk is implemented. Where necessary, the risk owner will update the PCC on changes to the nature of the risk they own, the level of risk and the effectiveness of control measures.
- Joint Audit Committee – the Joint Audit Committee members are responsible for reviewing the OSPCC Risk Management Strategy and the PCC’s Risk Register. Committee members should also review the Sussex Police approach to risk management and the Force’s strategic risks.

## **7.0 Oversight of Sussex Police’s Management of Risk**

- 7.1 The PCC has a statutory responsibility to oversee the Sussex Police management of risk and to ensure that the Force has adequate risk management arrangements in place. A representative of the OSPCC attends the Force’s Organisational Reassurance Board – chaired by the Deputy Chief Constable – to review the Strategic Risk Register for Sussex Police. A further layer of scrutiny is undertaken by the Joint Audit Committee on a quarterly basis.
- 7.2 The PCC also has a role in holding the Chief Constable to account for scrutinising the risks held by Sussex Police. The PCC monitors the management of risk and challenges, where appropriate, through her schemes of corporate governance, including her monthly webcast Performance & Accountability Meetings (PAMs).

## **8.0 Monitoring and Review**

- 8.1 The OSPCC Risk Management Strategy and the PCC’s arrangements for risk management are regularly and formally reviewed by the Joint Audit Committee.
- 8.2 Each of the risks on the Risk Register are regularly reviewed and re-evaluated at the FaHRMs and SMT meetings. The progress and impact of the control measures are examined, as part of this process, with any necessary adjustments made. This includes the decision to formally remove and archive a risk from the Risk Register.
- 8.3 The Risk Management Strategy will be reviewed every two years to ensure continuing compliance with any legislative changes and best practice principles identified.