POLICE & CRIME COMMISSIONER
for Leicester,
Leicestershire & Rutland
Your Communities - Your Commissioner

POLICE AND CRIME COMMISSIONER

Risk Management Policy and Framework 2024-2028

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1. Introduction

The Office of the Police and Crime Commissioner for Leicester, Leicestershire and Rutland (OPCC) is committed to providing the highest quality of policing services to the people of Leicester, Leicestershire and Rutland. This is undertaken in a constantly changing and challenging environment. This policy is about the approach and arrangements that are in place to manage the risks that are we encounter in doing this. Risk Management involves the identification, assessment and prioritisation of risks and taking action to control, minimise 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 positive as well as negative. Risk Management activity ensures we protect against negative threats whilst recognising and taking advantage of positive opportunities.

Our policy sets out responsibilities for Risk Management, what we do and how we do it. This Risk Management approach will provide assurance and contributes to the overall arrangements we have for governance.

2. Our Approach

Due to the nature of the work carried out by the OPCC risk is inherently present and cannot always be designed out. The OPCC's approach to Risk Management recognises this by establishing a structured framework to manage those risks. The framework seeks to ensure that staff and the OPCC is protected without impacting on any innovation or restricting the taking of risks where there may be positive outcomes. This Policy sets out the things we have in place to embed a positive risk culture. These are as follows:

- Objectives-

1. The Chief Executive Officer (CEO) will ensure that Risk Management is part of the process for delivering the Police and Crime Plan and the reduction of crime in Leicester, Leicestershire and Rutland by:

    a) Maintaining an effective Risk Management policy, framework through which the policy is implemented and a risk register created to manage the risks.

    b) Holding the Chief to account in relation to their arrangements for managing risks and Risk Management.

2. The CEO will ensure that the OPCC is risk aware and that the framework for Risk Management complies with best practice by:

    a) Communicating and providing guidance through our website

    b) Ensuring that OPCC staff are trained on Risk Management

    c) Reviewing annually our Risk Management policy, framework and our daily practices

3. The CEO will ensure that there are clear lines of ownership and accountability for risks by:

    a) Establishing clear roles and responsibilities in relation to Risk Management within the policy and framework.

b) All risks and controls have risk and action owners

4. The CEO will provide a framework for evaluating and responding to risks in an easy and understandable way which supports the OPCC's decision making process. This will be done by:

a) Setting out a framework for Risk Management

b) Setting a methodology for scoring of risks and timescales for review of the risks.

- Risk Management is a decision-making tool that enables an organisation to identify and manage its risks. It enhances strategic planning and prioritisation and assists in achieving objectives while strengthening the ability to respond to any challenges which may be presented. The policy is integral to any organisation's strategic management and is a fundamental element of good corporate governance.

3. Risk Management Framework

- The OPCC's 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 diagram below shows the framework that the OPCC will follow:

Risk Management Framework



- The framework supports the Risk Management Principals as set out in the Government's Orange Book 2020 as follows:

  - Risk Management shall be and is an essential part of governance and leadership, and vital to how the OPCC is directed, managed and controlled at all levels.

  - Risk Management will be an integral part of all the OPCC's activities to support decision-making in achieving the OPCC's objectives.

- Risk Management will be collaborative and based on the best information and expertise.

- Risk Management framework is structured to include:

    1) Risk identification and assessment to determine and prioritise how the risks should be managed;

    2) The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;

    3) The design and operation of integrated, insightful and informative risk monitoring;

    4) Timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

- Risk Management will be reviewed and monitored continuously.

- Our Risk Management framework sets out the things we have in place to manage risk and who is responsible for them. They form a substantive part of what we do to achieve our Risk Management objectives. The framework comprises:

- Risk Register.

Our risks are recorded on a risk register. The register holds key information about each risk including a description of the risk, a score for the risk, what we are currently doing to manage the risk and the actions /controls we plan to take. It identifies the risk owner and the determines how frequently that owner will review the risk to ensure we are taking appropriate action. The risk register groups risks into three risk categories; strategic risks, operational risks and project risks.

- Risk Classification.

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

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

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

3) Project Risks – risks identified as being significant to the projects being undertaken by the PCC.

- Risk Methodology

Risk methodology is about how we score our risks. Our 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 risk score the more frequently we will assess the actions that we have in place to mitigate the risk. We score both inherent risks and mitigated

risks. the inherent risk score tells us what the impact of the risk could be if we took no action whilst the mitigated score tells us how much we have reduced the risk as a result of things we do to manage it.

- Police and Crime Plan

The PCC has a Police and Crime Plan which identifies the work to be undertaken by the PCC, the OPCC and how policing will be delivered in Leicester, Leicestershire and Rutland. The development of the plan informs our work in relation to strategic risks. Strategic risks are incorporated within the OPCC Risk Register which is presented to the Joint Audit, Risk and Assurance Panel for scrutiny. Operational risks are included within the operational risk register and are actively reviewed and managed by the PCCs Senior Management Team

- Project Risks

Project risks are managed very differently due to the more limited timescales across which projects are typically delivered. They are reviewed prior to each project board and presented at each meeting. This means that the pace of the project and the frequency of meetings are aligned to the review of those risks.

- Risk Review

The risk register is reviewed on a monthly basis by the Senior Management team and scrutiny is undertaken by the Joint Audit, Risk and Assurance Panel on a quarterly base.

- Risk Appetite & Tolerance

Risk appetite provides a framework which enables the OPCC to make informed management decisions. Risk appetite can be defined as “the amount of risk that the organisation is prepared to accept, tolerate, or be exposed to at any time” (HM Treasury). 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 way in which the OPCC will deal with risk tolerance for all its risk will be covered in the methodology section of this policy and framework.

The OPCC will endeavour to manage strategic, operational and project risks to a level which is acceptable or where it no longer poses a threat, taking into the account the costs of any mitigations(controls) which are required.

The OPCC has a risk matrix which demonstrates the likelihood and impact scores which will be used to plot onto the risk assessment.

- Risk Accountability

This policy and framework will allocate specific roles and responsibilities to OPCC officers 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.

- Internal Audit

The arrangements for Risk Management and those of Leicestershire Force are subject to internal audit. The Joint Audit, Risk and Assurance Panel will regularly receive updates on the outcomes of audit inspections and they will monitor the updates of any actions identified.

- Decision Making and Risk

The OPCCs reporting templates and processes include a section on the risk implications of any decision and the action required. This process ensures that all decisions are transparent, taken on an informed basis.

4. 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 matrix used by the OPCC is a 5 x 5 matrix that produces a score of between 1 and 25 see below:

Risk Matrix: Likelihood		
Likelihood Score	Description of Score	Chance of Occurrence
5	Almost Certain	Already occurring, newly occurred or likely to be a regular occurrence, daily, weekly, monthly. 51%-100% chance Almost certainly will occur
4	Probable/Likely	Event has a reasonable chance that it will probably happen/recur or may have occurred recently. 26%-50% chance Expected to happen
3	Possible	Little likelihood of event occurring May occur annually or less frequently, but reasonably likely in the medium/long term. 11%-25%
2	Unlikely	Event not expected. Possible at some point. Extremely unlikely to happen in the current year, but possible in the longer term. 6%-10% chance of occurrence
1	Very Unlikely/Rare	Exceptional event Unlikely to occur at any given point. 0%-5% chance of occurrence

		Impact score (severity levels) and examples of descriptors				
		1	2	3	4	5
Type		**Very Low**	**Low**	**Medium**	**High**	**Very High**
Cost		Small loss / Insignificant cost increase	<5 per cent over project budget	5–10 per cent over project budget	10–25 per cent over project budget	>25 per cent over project budget
		Affects service budget by less than £25,000	Affects service budget by between £25,001 & £100,000	Affects service budget between £100,001 & £400,000	Affects service budget between £400,001 & £800,000	Affects service budget by more than £800,000
		Variations manageable by virement against internal budget headings	Requires some additional funding from the partner organisation	Requires significant additional funding from one of the partners	Requires significant reallocation of funds from one or more partner organisations to meet objectives	Increases threaten the viability of the partnership
Time		Slight slippage against internal targets	Slight slippage against key milestones or published targets	Delay affects key stakeholders & causes loss of confidence in the enterprise	Failure to meet deadlines in relation to priority outcomes	Delay jeopardises viability of the enterprise or partnership
Quality	Business objectives/ projects	Barely noticeable reduction in scope or quality	Minor reduction in quality/scope	Reduction in scope or quality	Failure to meet secondary objectives	Failure to meet primary objectives
	Service/ business interruption	Little or no impact on service delivery	Minimal service disruption having limited impact on service delivery	Moderate service disruption having adverse impact on service delivery	Major service disruption having serious impact on service users	Major service disruption having serious impact on the public Permanent loss of service or facility
	Statutory duty/ inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation Reduced performance rating if unresolved	Single breach in statutory duty Challenging external recommendations/ improvement notice	Multiple breaches in statutory duty Critical report / Improvement notices / Enforcement action Low performance rating	Multiple breaches in statutory duty Prosecution Complete systems change required. Severely critical report
	Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. Total loss of public confidence
	Sustainability / Environmental impact	Minimal or no impact on the environment or sustainability targets	Minor impact on environment or sustainability targets	Moderate impact on environment or sustainability targets	Major impact on environment or sustainability targets	Catastrophic impact on environment or sustainability targets

Overall Risk Score

Likelihood Score							
	Almost Certain to occur.	5	5 Low	10 Major	15 Major	20 Critical	25 Critical
	Probably/Likely	4	4 Low	8 Moderate	12 Major	16 Critical	20 Critical
	Possible	3	3 Low	6 Low	9 Major	12 Major	15 Major
	Unlikely	2	2 Low	4 Low	6 Low	8 Moderate	10 Major
	Very Unlikely/Rare	1	1 Low	2 Low	3 Low	4 Low	5 Low
			1	2	3	4	5
			Very Low	Low	Medium	High	Very High
				Impact Score			

There are a number of steps to using our methodology to ensure that risks are effectively considered, and appropriate controls are put in place to manage them. By identifying the OPCCs risk appetite or tolerance will enhance the ability to score and RAG rate each identified risk.

Firstly, the inherent or base 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 which will 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), Medium/Treat (amber) and High/ Unacceptable with urgent action required (red).

Once the inherent risk has been scored then it is time to consider how the risk can be reduced. These will be the control measures/mitigation measures implemented for the risk. There are four types of risk mitigation strategies which will need to be considered these are:

1) **Accept /Tolerate** – A decision is made to accept the risk. This may be where the likelihood or impact is so low that the cost of manging the risk is greater than the impact of the risk. This is likely to apply to those risks with a total score of 1-4 (low risk band)

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

3) **Treat/Mitigate** – 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.

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

The table below shows how the OPCC will respond to each level of assessed risk.

Risk Management Action level	• Low Priority • Take action to continue with existing treatments or tolerate the risk. • Monitor maximum review time frame 3 months	• Take action to continue with existing treatments/transfer controls and monitor. • Some additional controls may be necessary. • Maximum review time 3 months	• Take immediate remedial action to terminate/treat/transfer. • Ensure contingency plans are in place. • Instigate immediate control and escalation if appropriate • Maximum review time frame every month

The inherent and mitigated risk score, control measures and any additional planned control measures are recorded on the OPCCs risk register.

5. Escalation and de-escalation of risk

The process of escalation and de-escalation of risks can be seen in appendix A

6. Risk Management Responsibilities/Accountabilities

- The Police and Crime Commissioner (PCC)

The PCC has strategic responsibility for the overall management of risks within the OPCC.

An Annual governance statement is approved by the PCC which includes reference on the effectiveness of Risk Management arrangements.

The PCC is also responsible for strategic risks as identified in the strategic risk register and for providing a challenge and understanding of those risks as part of the decision-making processes and when policies are being developed.

- Lead Officer for Risk

The OPCCs Chief Finance Officer is the designated lead for risk. The lead officer's responsibility are:

1) To champion the management of risk within the OPCC. Ensuring that Risk Management framework and practices are embedded within the culture of Leicestershire OPCC.

2) Monitor the implementation of the Risk Management action plans for Leicestershire OPCC.

3) To raise any concerns and issues around the arrangements of risk to the attention of the PCC and/or the Joint Audit, Risk and Assurance Panel

4) To implement a system to record risks: – Risk Register which can be used to record, review, provide analysis and produce reports.

5) The Chief Executive Officer and Chief Finance Officer will attend the Joint Audit, Risk and Assurance Panel to provide assurances on the OPCCs risks.

6) To keep abreast of any changes in the Risk Management arena, to review and implement best practices and lead on providing advice, guidance and support to staff to ensure that the Risk Management is embedded within the Risk Management system.

7) To provide regular briefings to the Chief Executive Officer (CFO).

8) To provide monthly highlight reports to the Senior Management Team.

9) To review and amend the Risk Management Policy and Procedures.

10) To produce a Business Continuity plan for the OPCC.

11) To keep abreast of any changes in the Risk Management arena and to provide advice to staff.

- OPCC Senior Management Team (SMT)

The OPCC SMT has responsibilities for maintaining comprehensive and robust systems of internal control including Risk Management processes. SMT also has the responsibility for ensuring an operational risk register is maintained to support the management of those risks that may impact on the delivery of the OPCC business plan.

The CFO to produce a report on the effectiveness of Risk Management arrangements within the OPCC on an annual basis and to ensure that all SMT meetings include risk identification as an agenda item.

CFO has responsibility for ensuring appropriate internal audit arrangements are managed and for insurance in respect of those risks which are to be treated/mitigated is in place.

- OPCC Managers and Staff

Managers and staff have responsibility for identifying strategic and operational risks and for monitoring project risk registers in their business area. Staff are responsible for highlighting any risks that may impact on their business objectives and that these are recorded on the Strategic/operational risk /project risk registers and that they are managed and reviewed on a regular basis.

A risk which is deemed to have a significant effect on the medium- or long-term objectives or projects should be raised with their immediate manager or a member of the SMT for consideration and potential inclusion within the strategic risk register.

- Joint Audit, Risk and Assurance Panel

The OPCC and Leicestershire Force have established a Joint Audit, Risk and Assurance Panel. This panel is made up of Independent professional members.

The panel is responsible for providing scrutiny and to exam the evidence provided by internal audit, external audit and other areas of governance areas to ensure that the PCC and the staff are actively managing the risks. Independent assurance is achieved by this scrutiny and process.

- Internal and External Audit

  Internal audit provides independent and objective assurance on the OPCC Risk Management and risk controls and assurance on their effectiveness.

7. Training

Risk Management training and awareness is vital to enable staff to take responsibility for managing risk within their own area of work.

The OPCC is committed to providing Risk Management training to all staff. New members of staff will receive introductory training, and refresher training will be offered on a rolling basis.

8. Monitoring and Review

This policy and framework will be reviewed annually in preparation of the Annual Governance Statement.

The policy and framework will be formally reviewed every year to ensure continuing compliance with legislative and best practice principles.

Risk Escalation and De-escalation Process **Appendix A**

