

**Report of the Chief Executive to the Chair and Members
Of the Audit & Internal Control Panel
25th March 2010**

Executive & Presenting Officer: Joe McCarthy, Chief Executive.

Status: For Decision

**Cleveland Police Authority
Risk Management Policy and Strategy**

1. Purpose

- 1.1 To seek Members review and comment on the revised risk management policy and strategy for the Police Authority.

2. Recommendations

That Members

- 2.1 Agree the CPA Risk Management Policy and Strategy at Appendix A, subject to any comments and amendments that the panel wishes to make.
- 2.2 Note the Force's Risk Management Strategy at Appendix B published as part of its Corporate Governance Framework.

3. Reasons

- 3.1 In 2005 the Police Authority and the Force agreed a joint Risk Management Strategy. This has been substantially in existence since then, subject to amendment as the arrangements for risk management have evolved within the Authority and across the Force. As part of the continuous review of governance it is now considered appropriate that the Authority establishes a separate Policy and Strategy, but one which remains aligned with that of the Force. This is in recognition that the Authority needs to manage its own risks while having oversight of management arrangements within the Force.

- 3.2 Members will therefore see the further emphasis in the Strategy of the involvement in risk management by all panels, not just the Audit & Internal Control Panel.
- 3.3 Attached at Appendix A (pages 3 to 14) is a suggested Policy and Strategy which has been prepared following research based on documents from other police authorities, particularly South Wales Police Authority, and in-house developmental work.
- 3.4 Because of the alignment of arrangements with the Force e.g. use of common software, scoring etc, the charts attached to Appendix A, replicate those in the Force's documentation which is attached at Appendix B(Pages 15 to 27) for your information.

4. Implications

- 4.1 Financial Implications
Implementation of these recommendations is utilising existing financial and human resources.
- 4.2 Diversity and Equal Opportunities
There are no diversity and equal opportunities implications in this report.
- 4.3 Human Rights
There are no human rights implications in this report.
- 4.4 Sustainability
There are no sustainability implications arising from this report.
- 4.5 Risk
It is essential for good governance for the Authority to have in place effective risk management to ensure that it continues to achieve its vision, aim and objectives.

5. Conclusions

- 5.1 This report is part of an ongoing process to improve governance, efficiency and effectiveness.

Joe McCarthy
Chief Executive



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RISK MANAGEMENT POLICY AND STRATEGY

March 2010

1 Policy Statement

- 1.1 Cleveland Police Authority recognises that the establishment and maintenance of effective risk management arrangements is fundamental in ensuring good corporate governance through the implementation of cyclical risk management reporting and monitoring regimes.
- 1.2 The Police Authority's duties for risk management are twofold. Firstly, the Cleveland Police Authority has a responsibility for putting in place arrangements to manage risks it faces, separate from those of the Force, and secondly for ensuring that the Constabulary itself has adequate arrangements for risk management in place.
- 1.3 The Members and Officers of the Police Authority will through the business and financial planning processes identify the principal risks facing the organisation, in achieving its aims and objectives. We will evaluate their potential consequences and, with the resources available, manage and control risks in order to maximise the quality and efficiency of the Police Authority and to uphold its reputation.
- 1.4 The Authority and the Force will align risk management processes to ensure that all strategic risks are identified and managed by those best placed to control and mitigate them.

2 The Strategy

- 2.1 Risk management is the process of:
 - Identifying risks to achieving aims and objectives.
 - Evaluating the potential consequence of these risks.
 - Determining and implementing appropriate controls against risks.
 - Considering the most effective ways to monitor and mitigate against risks.
 - Assessing the effectiveness of the actions taken.
- 2.2 Effective risk management assists the achievement of objectives, maximises the quality and efficiency of an organisation and upholds its reputation. It can also help identify strengths, weaknesses and opportunities in the day to day and longer term business of an organisation.
- 2.3 This strategy details how risk management will be embedded into the corporate governance of the Authority.

2.4 Risk Management Objectives

- a) Increase the likelihood of achieving the Police Authority's Vision, Aims and Objectives set out in its Business Plan.
- b) Prevent or minimise events and actions that could damage the reputation of the Authority with the general public and partners and could lead to undermining community confidence.
- c) Improve decision making, planning and the allocation of resources.
- d) Prevent or minimise the potential consequences of events which could have been reasonably foreseen.

2.5 Risk Management Principles**2.5.1 Risk Management will**

- a) Encompass all types of risks that may prevent the Authority from fulfilling its Vision Aim and Objectives, cause reputational harm or financial loss.
- b) Anticipate and plan against risks rather than deal with the consequences.
- c) Identify and evaluate an appropriate response to risk through control measures.

2.5.2 Control measures should be effective, appropriate, proportional, affordable and flexible. They will not be set up where the cost and effort is disproportionate to the expected benefits.

2.5.3 Control measures will involve one or more of the following:

- a) Tolerating the risk.
 - Existing control measures ensure that the exposure to risk is acceptable.
 - The cost of control measures are disproportionate to the potential impact or benefit and are not implemented.
 - The likelihood of the risk is not in the reasonable control of the Authority and the risk is tolerated.
- b) Treating the risk.
 - Some activity can be taken to mitigate the risk to a level where it can be tolerated.
- c) Transferring the risk.
 - By providing resource or arranging a third party to take the risk in another way, for example insurance. This does not remove the consequence of the risk should the third party fail to treat it appropriately, nor the responsibility for monitoring the risk.
- d) Terminating the risk.
 - Stopping the activity that produces the risk. This control measure will have its own risks and consequences.

2.5.4 The level of risk tolerance will vary depending on the type of risk (see appendix 1).

2.6 Definition of Risk for Cleveland Police Authority

Within Cleveland Police Authority a risk is the outcome of an event, which if it arose would:

- Result in death or injury.
- Affect the Authority’s ability to meet its vision and objectives, either in the short or long term.
- Result in financial liabilities.
- Result in a legal challenge.
- Damage the Authority or Force’s reputation.
- Reduce confidence in the policing of Cleveland.

2.7 Risk Management in Cleveland Police Authority

2.7.1 There will be a Corporate Risk Register that will contain the risks facing the delivery of the Authority’s Vision, Aim and Objectives and potential risks to confidence, reputation and financial health. The annual review of the Business Plan will review and identify the strategic risks and this will be supplemented by work throughout the year (see chart below from the Institute of Risk Management’s “Risk Standards” publication).



Appendix A

Draft CPA Risk management Policy and Strategy

2.7.2 Risks will be identified by Members and Officers of the Police Authority as they become apparent and emerge from the reports to and work of each Panel. All reports put to the Police Authority will adhere to a template. The template will include a subtitle of Risk. Here the report will acknowledge any risks arising from or around the content, actions or inaction of the report in line with the Police Authority's definition of risk (appendix 2). Decisions by the Authority and its Panels need to be made in the full knowledge of all relevant risks and when considering reports Panels should include assessment of risks. Accordingly, all reports should include an assessment of the associated risks and how they can be managed or mitigated. If any risks are foreseen, the report should contain sufficient data to inform the updating of the risk registers of the Authority (and/or the Force).

2.7.3 All identified risks will be recorded on a Risk Assessment Form (appendix 3) by the risk owner, which will make a evaluation of the risk. Once a risk has been evaluated, it will be discussed with the Treasurer and as necessary be included in the Emerging Risk Register. The entry will include:

- The risk, clearly defining its cause, effect and consequence.
- The impact of the risk.
- The likelihood of the risk.
- The overall risk value.
- The owner of the risk.
- The control measures attributable to the risk.
- The impact of the risk taking into consideration the control measures.
- The likelihood of the risk taking into consideration the control measures.
- The overall risk value taking into consideration the control measures.
- Risk category
- At this time any control measures will be authorised and documented in the Control Measure Action Plan by the Treasurer.

2.7.4 The Corporate Risk Register will be regularly reviewed as a standing agenda item by the Audit and Internal Control Panel, who will also consider:

- The Emerging Risk Register
- Further additions to the risk register.
- Scrutiny of the Control Measure Action Plan.
- Monitor the effectiveness of mitigation measures.
- Evaluate and re-evaluate the impact and likelihood of risks on the register.
- Authorisation of the removal of mitigated risks no longer relevant.

- 2.7.5 Each Police Authority Panel will have Risk as a standing agenda item. Each Committee will consider the risks facing their contribution to the achievement of the Authority's Vision, Aim and Objectives, and Policing Plans, in line with their Terms of Reference.
- 2.7.6 The maintenance of the Risk Register will be undertaken within the Police Authority secretariat. Members and particularly Chairs and Vice Chairs of Panels will be able to view the register at any time and engage in the risk management process. The Chair and Vice Chair of the Audit & Internal Control Panel have specific responsibility to represent the Members of the CPA on the Joint Risk Management Group, and to promote and embed the culture of risk management within the Police Authority and across the Force.
- 2.7.7 The risks within the risk register will be managed by the risk owner, who where necessary will be supported by officers of the Police Authority. New control measures that are required for the mitigation of existing and emerging risks will be documented by the Strategy Manager and monitored by the Joint Risk Management Group.

Risk Tolerance

- 2.7.8 A risk tolerance level will be established through discussion with Members and will set the risk appetite for the Authority. The appropriate tolerance of risk will differ by type (appendix 1).
- 2.7.9 Risk tolerance will be the combination of impact and likelihood scores below which the risk is considered acceptable.

Risk Management Responsibilities

- 2.7.10 Chair of the Police Authority, Chair of the Audit & Internal Control Panel, Chief Executive and Treasurer:
- Oversee the corporate approach to risk management.
 - Review and where appropriate update the Authority's risk management policy.
 - Ensure members and staff have access to appropriate training and development opportunities to understand risk management.
 - Maintain the Authority's Corporate Risk Register.
 - Report to the Audit and Internal Control on risk management activity throughout the Authority as appropriate, but at least annually.
 - Ensure the force has appropriate arrangements in place to identify risks to its business and service delivery.
- 2.7.11 Chairs supported by Officers embed risk management into the work of the Panel and assist in the maintenance of the Corporate Risk Register through:
- Additions/deletions/amendments to the Risk Register.

Appendix A

Draft CPA Risk management Policy and Strategy

- Circulate revised copies of the Risk Register to nominated officers and risk owners as necessary.
- Ensure that where appropriate all reports and decision making takes into account risks and how they will be managed.

2.7.12 Audit and Internal Control Panel approve, support and monitor the implementation and ongoing processes for identifying and managing the Authority's key risks.

- Receive reports from the Treasurer on risk management activity and compliance throughout the Authority.
- Ensure appropriate arrangements are in place to align authority and force risk management strategies.

2.7.13 Risk owners receive updates of entries in the Risk Registers, take ownership of the risk and ensure that the action plan is addressed. Where necessary update Members and Officers on changes to the nature of the risk they own, the level of risk and effectiveness of control measures.

2.7.14 All Members and Staff gain an understanding of risk and the benefits of its management through support and participation in risk management activities.

2.7.15 Head of Internal Audit undertakes assessments and offers professional opinion.

2 Review

3.1 Annually the Risk Management processes will be subject to review as part of the

Review of the Code of Corporate Governance
Business Planning review
Annual Governance Statement preparations.

3.2 The review of effectiveness of the Policy and Strategy will be informed by the outcomes and recommendations from:-

The work of the Head of Internal Audit
Use of Resources Assessment
The Annual Audit Letter
External assessment such as HMIC and the Audit Commission.

Appendix A
Draft CPA Risk management Policy and Strategy

Appendix 1
Risk Register Format

Ref	Corporate Owner	Risk Type and Description	Title, Date Added	Inherent Risk Rating	Risk Score	Risk Mitigations	Residual Risk Rating	Risk Score	Residual Actions	By Whom	Timescale
1	Monitoring Officer	This is a short description of the risk. Cause This will make the risk happen Effect This will occur when the risk has been realised	1/01/2010	This is a rating of likelihood and the impact of the risk before any controls are put in place I:5 L:4	20	These will reduce the likelihood of the causes bringing the risk to realisation	This is a rating of likelihood and the impact of the risk after controls are put in place I:5 L:2	10	These will be identified to either implement new controls or improve the existing ones	The risk owner.	Applicable to the mitigating actions at Appendix 4.

Reports to accompany the risk register
- **Action Report**
- **Assurance Report**

Appendix A
Draft CPA Risk management Policy and Strategy

Appendix 2
Risk Scoring Criteria

Impact	Financial	Service Objectives/ Interruption	Quality/ Interruption	Legal/ Compliance	Regulatory/	Reputation	Health & Safety
(5) Catastrophic	£500K plus	Complete failure of services. Unable to meet business objectives. Service Interruption (SI.) >1 month.	Termination of the Management Agreement or criminal prosecution. Imprisonment and/ or fine.	Reputational Damage is irrecoverable i.e. Government intervention. National media coverage (Nationwide).		Fatality (Staff, members and visitors etc...).	
(4) Significant	£100K to £500K	Significant reduction in service quality expected. Re- prioritisation of business objectives. SI. <1 month.	Legal case leading to major investigation or overhaul of procedures. Fine imposed.	Reputation damage occurs with the Key Stakeholders Regional media coverage (North East).		Major injury / s.	
(3) Moderate	£50K to £100K	Service quality impaired. Achievement of business objectives delayed. SI. <1 week.	Legal action or regulatory penalty. Improvement / prohibition notice.	Localised reputational damage (Force wide).		Reportable injury (To HSE).	
(2) Minor	£10k to £50K	Service marginally impaired. Some impact on business objectives but recoverable. SI. <2 days.	Minor breach with no penalty. Written advice/ guidance.	Temporary reputational damage. Stakeholder expectations are not met (District wide).		Minor injury.	
(1) Insignificant	£0 - £10K	Negligible Effects on service quality or business objectives. SI. up to 24 hours.	Negligible. Verbal advice/ guidance.	No Effects on reputation (Community wide).		Minor Abrasion.	

Appendix A
Draft CPA Risk management Policy and Strategy





When rating a risk the highest level of impact should be used in all cases for scoring purposes.

Likelihood	Probability %
(5) Probable	91 – 100%
(4) Possible	66 – 90%
(3) Unlikely	41 – 65%
(2) Rare	11- 40%
(1) Negligible	0 – 10%

**Appendix 3
Risk Scoring Matrix**

Impact	Contingency Risks <i>Where risk management will ensure that contingency plans are in place</i>					Strategic Risks <i>Where risk management should focus most of its attention</i>									
5. Catastrophic	5	10	15	20	25										
4. Significant	4	8	12	16	20										
3. Moderate	3	6	9	12	15										
2. Minor	2	4	6	8	10										
1. Insignificant	1	2	3	4	5										
	1. Negligible	2. Rare	3. Unlikely	4. Possible	5. Probable	Likelihood									
						Minimal Risks <i>Where risk is so minimal it does not demand specific attention</i>					House Keeping Risks <i>Basic mechanisms should be in place - Risk Management will confirm</i>				

Appendix 4
Risk Control Actions

<p>Strategic Risks </p> <p>Timescales: -Full assessment of the control weaknesses and immediate identification of actions to be implemented including cost benefit analysis -Actions fully implemented within 3 months</p> <p>Resources: -Focused use of human and financial resources to implement the required actions.</p> <p>Assurance: -No assurance work required as focus should be on implementing actions -Assessed externally by UoR and HMIC -Reported to Force Executive / Police Authority members</p>	<p>Contingency Risks </p> <p>Timescales: -Mitigating actions to be implemented within 6 months where risk reduction possible</p> <p>Resources: -Re-prioritise existing work loads to accommodate the implementation of required actions -All risks to be owned by Senior Management</p> <p>Assurance : - Quarterly sign-off of existing controls effectiveness by Management - Independent assurance obtained within the next 6 months. - Followed by at least an annual review - Assessed externally by UoR and HMIC</p>
<p>House Keeping Risks </p> <p>Timescales: -Mitigating actions to be implemented within 12 months where risk reduction possible</p> <p>-Resources -No further resources allocated over and above day-to-day roles and responsibilities and assurance mechanisms</p> <p>Assurance - Six monthly sign-off of existing controls effectiveness by management - Independent assurance obtained bi-annually - Assessed externally by UoR and HMIC</p>	<p>Low Risks </p> <p>Timescales: - No further action required</p> <p>Resources - Reliance placed on existing control procedures that are in place</p> <p>Assurance -Six monthly sign-off of existing controls effectiveness by management. - Independent assurance obtained bi-annually</p>

Corporate Risk Management

Policy Number	
Policy Owner	Head of Corporate Planning & Governance
Version	
Last Review Date	
Next Review Date	
Date of SDG approval	
Protective Marking	Not protectively marked

This document has been assessed for:		
Compliance with Legislation	<input type="checkbox"/>	
Equality Impact Assessment	<input type="checkbox"/>	Score: High
Freedom of Information issues	<input type="checkbox"/>	
Human Rights compliance	<input type="checkbox"/>	
Health and Safety	<input type="checkbox"/>	
Risk Management	<input type="checkbox"/>	Score: High

Corporate Risk Management

1. Policy statement

The Force will establish a Corporate Governance Framework through which the Chief Constable can be assured that the Force's systems, policies and people are operating in a way that is:

- Driving the delivery of agreed corporate objectives;
- Focused on key risks to delivery of those objectives;
- Economic, efficient and effective

We will establish a simple but comprehensive method for the effective identification and management of the principal risks to the delivery of corporate objectives.

2. Purpose

Risk is regarded as a quantifiable level of exposure to the threat of an event or action that will adversely affect an organisation's ability to achieve its business objectives. The task of management is to effectively pre-empt and respond to foreseeable risks so as to maximise the likelihood of the organisation achieving its objectives and to ensure the best use of public money and resources.

The establishment of effective risk management arrangements is recognised as being fundamental in ensuring good corporate governance through the implementation of cyclical risk management reporting and monitoring regimes. These arrangements should be both suitably robust and transparent, underpinning and supporting the Force governance framework to safeguard against:

- Injury and/or death
- Poor service quality
- Financial loss
- Legal challenge
- Waste
- Reputational damage
- Lost opportunities.

This policy and procedure sets out the Force's approach to:

- Risk identification & assessment
- Risk reporting and monitoring
- Roles and responsibilities

Corporate Governance Framework

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Although, the application of this risk management approach cannot eliminate all risk exposure, through its application there is a better understanding of the risks being faced by the force and their implications for the delivery of service.

The application of this policy will enable the force to identify, maintain and respond to the changing risk profile of the organisation.

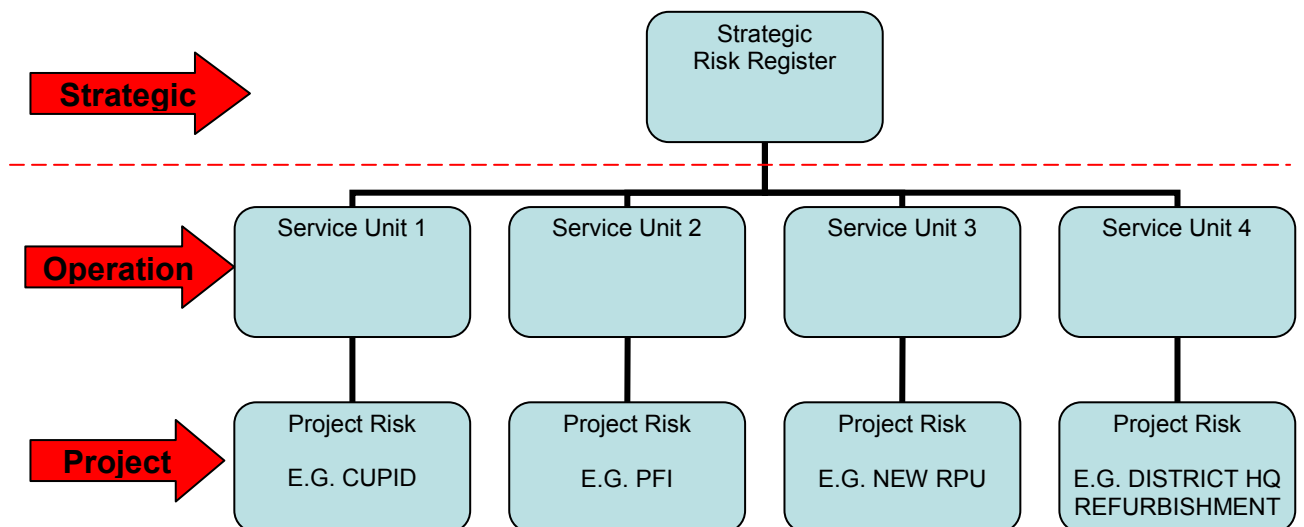
This policy is a key component of the Authority's Annual Governance Statement which is a public audited report on the effectiveness of the Force's internal control environment.

3. Underpinning procedures

3.1 Risk identification and assessment

3.1.1 Risk Levels

To ensure that the Force has a full understanding of the risks being faced and the implications for the business, risks will be identified and assessed at three levels,



The definitions for the levels of risk being captured are:

Strategic Risk

Those business risks that, if realised, would fundamentally affect the way in which the Force exists or provides services in the next 5 years. These risks would have a detrimental effect on the Force's achievement of its corporate objectives. The risk realisation would lead to material failure, loss or lost opportunity.

Operational Risk

Corporate Governance Framework

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Those business risks that, if realised, would affect the way in which the Force operates or provides services within the next year. These risks would have a detrimental effect on the Force's key service processes and activities that underpin the delivery of the corporate objectives. The risk realisation would lead to inefficiency, ineffectiveness and loss or lost opportunity.

Project Risk

Those risks that, if realised, would affect the way in which the Force delivers a specific project. The risk realisation could lead to project failure but more likely would lead to inefficiency or ineffectiveness in completion of the project.

3.1.2 Risk Identification & Assessment

The risk identification and assessment process involves:

- Baseline Assessment
- Inherent Risk Scoring
- Risk Mitigation
- Residual Risk Scoring

The initial risk identification assessment will be carried out through a systematic baseline assessment of all Districts and Service Units supported by the Risk, Resilience & Safety Department. The initial output from the baseline assessment will be a comprehensive register of inherent risks. The format of the risk register is shown at Appendix 1.

Risks identified will be grouped into one of the following risk categories:

- Leadership & Governance
- Partnerships
- People
- Processes
- Policy & Strategy
- Resources
- Diversity

The identified risks will then be evaluated and the impact and likelihood of specific adverse events assessed in order to score the risk. The score is calculated as the product of impact multiplied by likelihood as per the risk scoring criteria at Appendix 2.1 and 2.2 respectively. This initial score is the **inherent** risk score i.e. the probability of the realisation of the risk in the event of no controls being in place.

The identified risks will then be re-evaluated and the impact and likelihood of specific adverse events re-assessed on the basis of the controls and mitigation activity in place. This score is the **residual** risk score i.e. the probability of the realisation of the risk taking into account the existing controls identified and their on-going effectiveness.

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Once a risk has been entered onto the risk register a range of management actions need to be undertaken to mitigate the risk, as follows:

- Risk and Insurance Manager, Functional Head and Service Unit Manager meet to agree the content of the risk register including mitigation.
- Once agreed the draft register is passed through moderation panel 1, chaired by the Head of Corporate Planning and Governance.
- Once agreed, further moderation is carried out by moderation panel 2, chaired by the respective ACPO lead.
- Final moderation and consideration of strategic risks is carried out by the Deputy Chief Constable.

3.1.3 Risk Appetite

The Forces risk appetite has been set and agreed and is enclosed at Appendix 3 for ease of reference.

3.1.4 Risk Matrix

The risk scoring matrix is enclosed at Appendix 4 for ease of reference. Outlining what constitutes a high risk, taking into account the risk scoring criteria set in connection with impact and likelihood. The current risk classifications are:

- Low Risks
- Housekeeping Risks
- Contingency Risks
- Strategic Risks

The control actions required in respect of each risk classification are enclosed at Appendix 5 for ease of reference.

Any risk with a residual score of 12 or over may, following moderation be deemed a Strategic Risk and will be added to the Force Strategic Risk Register.

A 'moderation' process will be undertaken for all emerging strategic risks to provide a corporate assessment of presenting risks to ensure consistency. The moderation process will be undertaken by the Deputy Chief Constable, the appropriate Executive lead, the Head of Corporate Planning & Governance and the Head of Risk, Resilience & Safety.

3.2 Reporting & Monitoring

To enable successful risk management and to ensure it is embedded within the organisation the following reporting and monitoring process has been identified for Strategic, Operational and Project risk.

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Police Authority Audit & Internal Control Panel

Quarterly review of the Force Strategic Risk Register including the identification of and reasons for any changes and review of the progress against risk management action plans.

Strategic Development Group

Quarterly review of the Force Strategic Risk Register including the identification of and reasons for any changes and review of the progress against risk management action plans.

Service Unit MPR

Monthly review of the Service Unit Risk Register including the identification of and reasons for any changes; review of the progress against risk management action plans; review the assurances received in connection with the effectiveness of risk controls, in particular those risks where the existence and the application of controls has resulted in a lower residual risk classification, against the inherent risk score.

Service Unit Management Teams

Review of the Service Unit Risk Register including progress against risk management action plans; review of the assurances received in connection with the effectiveness of risk controls, the reclassification of risks in accordance with progress and the addition and assessment of newly emerging risks.

3.3 Roles and Responsibilities

The roles of key groups and individuals in the risk management process is set out below:

Police Authority

- Receive assurance as to the effectiveness of Force risk management arrangements through:
 - Briefings at least annually on the risk management policy statement and strategy and subsequent revisions thereof;
 - Monitoring Force risk management and internal control arrangements via cyclical review and reporting processes;
 - The Annual Governance Statement.
- Considering the key risks associated with the decisions they are required to make;

Chief Executive (Section 151 Officer)

- Receive assurance with regards the effective application of risk management within the Force from the Chief Constable.

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- Provide assurance to the Police Authority regarding the effective application of risk management via the Internal Audit Service and the Annual Governance Statement ;
- Provision of advice to the Police Authority and the Chief Constable about the implications of key risks within the context of financial policy and strategy.

Chief Constable's Executive Board

- Establishing a system for identifying, assessing, mitigating and reporting on strategic risk through the use of risk assessment, including the maintenance of a reliable risk register;
- On-going monitoring and review of the operational risks via the MPR process.

Strategic Development Group

- Developing an awareness of the strategic risks facing the force.
- Monitor, review, assess and challenge the ongoing effectiveness of the risk management and internal control framework through quarterly reporting by the Deputy Chief Constable on risks, controls / mitigation and actions;

District Commanders/Service Unit Managers

- Identifying, assessing, mitigating and reporting on local risk through the use of risk assessment, including the maintenance of a reliable risk register;
- Determining resource implications / requirements arising in connection with risk mitigation;
- Ensuring compliance and the effective application of the Forces Risk Management Policy;
- Ensuring employees, contractors and partners are made aware of the importance of risk management and the mechanisms for feeding concerns into the formal processes; and
- Identifying, assessing and deciding on risk management training needs.
- Maintaining an awareness of risks within their team and feeding these into the formal processes;
- Ensuring the implementation of actions identified for their Team.

4. Appendices

Appendix	Description
1	Risk Register Format
2.1	Risk Scoring Criteria (Impact)
2.2	Risk Scoring Criteria (Likelihood)
3	Risk Appetite
4	Risk Scoring Matrix
5	Risk Control Actions

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5. Compliance and monitoring

Compliance with this policy will be monitored by the Police Authority Audit & Internal Control Panel; Strategic Development Group, MPR's and periodic internal audit.

It will also be reviewed in preparation of the Annual Governance Statement and by the Audit Commission during their review of the Annual Governance Statement.

6. Version control

This policy will be reviewed and updated at least every two years by the owner, and more frequently if necessary.

The Head of Corporate Planning & Governance will ensure this document is available on the Force intranet, including any interim updates.

The following identifies all version changes.

Version	Date	Reason for update	Author

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APPENDIX B
 Corporate Risk Management

APPENDIX 1 RISK REGISTER FORMAT (THIS IS AN EXAMPLE RISK).



Home | System Administration | Account Settings | Help | Logout

Risk Areas

- +BCU Hartlepool
- +BCU Middlesbrough
- +BCU Redcar and Cleveland
- +BCU Stockton
- Central Business Unit
- +Cleveland Police Authority
- Commissioning
- +Corporate Planning and Governance
- +Criminal Justice Unit
- +Directorate of Crime
- +Emerging Risks
 - Em1 - Adverse impact on resources during Tall Ships Event
 - Em2 - Adverse impact on resources during the...
 - Em3 - Possible reduction in Police funding due to...
 - Em4 - Law firms specialising in liability claims
 - Em5 - Failure to recognise and act in a timely manner
 - Em6 - Failure to meet Government guidelines
- +Finance
- Force Executive
- +Legal Services
- +Operational Performance Team
- +People and Diversity
- +Professional Standards Department
- Special Constabulary and Volunteers
- +Specialist Operations and communications
- Strategic Risk Register
- Training
- +Z - 2008 Regulations Action Plan
- +Z - Phase 2
- +Z - Professional Standards HMIC Action Plan

Risk / AFI description	Existing Controls	Action Required	Contingency Details	Assurance Record
Em1 - Adverse impact on resources during Tall Ships Event				
Risk / AFI Ref: 535				
Risk / AFI Owner: Paul Wyatt [Details]				
Corporate Objective: Deliver citizen focused policing to all our neighbourhoods				
Risk / AFI Area: Emerging Risks				
Risk Category: People				
Risk Level: <input type="checkbox"/> Strategic <input checked="" type="checkbox"/> Operational				
Project Risk: <input type="checkbox"/> Project				
Cause & Effect: Given that the event has not been hosted locally before, it is difficult to estimate the human resources required to police same. Although best estimate has been calculated, public attendance and the potential for public disorder may if realised impact across the Force.				
Impact: 4 - Significant i				
Inherent Likelihood: 4 - Possible i				
Inherent Risk Priority (I x L): ■ Primary				
Residual Impact: (due to controls) 4 - Significant i				
Residual Likelihood: (due to controls) 3 - Unlikely i				
Residual Risk Priority (I x L): (due to controls) ■ Primary				
To view your risk matrix please click here				
Date Review Required 01/02/2010				
Review Risk Record View Risk Review Records				
Record Last Reviewed : N/A Record Last Updated : 29/01/2010 10:18:09				

4Risk, Bentley Jennison Business Solutions
 The Hamlet, Hornbeam Park, Harrogate, HG2 8RE, Tel: (01423) 859555, Fax: (01423) 859550

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Appendix 2.1

Risk Scoring Criteria

Impact	Financial	Service Objectives/ Interruption	Quality/ Interruption	Legal/ Compliance	Regulatory/	Reputation	Health & Safety
(5) Catastrophic	£500K plus	Complete failure of services. Unable to meet business objectives. Service Interruption (SI.) > 1 month.	Termination of the Management Agreement or criminal prosecution. Imprisonment and/ or fine.	Reputational Damage is irrecoverable i.e. Government intervention. National media coverage (Nationwide).	Fatality (Staff, members and visitors etc...).		
(4) Significant	£100K to £500K	Significant reduction in service quality expected. Re- prioritisation of business objectives. SI. <1 month.	Legal case leading to major investigation or overhaul of procedures. Fine imposed.	Reputation damage occurs with the Key Stakeholders Regional media coverage (North East).	Major injury / s.		
(3) Moderate	£50K to £100K	Service quality impaired. Achievement of business objectives delayed. SI. <1 week.	Legal action or regulatory penalty. Improvement / prohibition notice.	Localised reputational damage (Force wide).	Reportable injury (To HSE).		
(2) Minor	£10k to £50K	Service marginally impaired. Some impact on business objectives but recoverable. SI. <2 days.	Minor breach with no penalty. Written advice/ guidance.	Temporary reputational damage. Stakeholder expectations are not met (District wide).	Minor injury.		
(1) Insignificant	£0 - £10K	Negligible Effects on service quality or business objectives. SI. up to 24 hours.	Negligible. Verbal advice/ guidance.	No Effects on reputation (Community wide).	Minor Abrasion.		

Corporate Risk Management

Appendix 2.2

When rating a risk the highest level of impact should be used in all cases for scoring purposes.

Likelihood		
(5) Probable	Very likely to happen within the current year, or could occur within the next 3 months	91 – 100%
(4) Possible	Likely to happen within the current year, or could occur within the next 6 months	66 – 90%
(3) Unlikely	Might happen within the current year, or could occur within the next 6 -12 months	41 – 65%
(2) Rare	Unlikely to happen within the current year, but could occur within the next 1 to 5 years	11- 40%
(1) Negligible	Unlikely to occur within the next five years	0 – 10%

Corporate Risk Management

Appendix 4

Risk Scoring Matrix

Impact	Contingency Risks <i>Where risk management will ensure that contingency plans are in place</i>					Strategic Risks <i>Where risk management should focus most of its attention</i>					Likelihood
5. Catastrophic	5	10	15	20	25	1. Negligible	2. Rare	3. Unlikely	4. Possible	5. Probable	
4. Significant	4	8	12	16	20						
3. Moderate	3	6	9	12	15						
2. Minor	2	4	6	8	10						
1. Insignificant	1	2	3	4	5						
	Low Risks <i>Where risk is so minimal it does not demand specific attention</i>					House Keeping Risks <i>Basic mechanisms should be in place - Risk Management will confirm</i>					

Corporate Risk Management

Appendix 5

Risk Control Actions

<p><u>Strategic Risks</u> ██████████</p> <p>Timescales:</p> <ul style="list-style-type: none"> -Full assessment of the control weaknesses and immediate identification of actions to be implemented including cost benefit analysis -Actions fully implemented within 3 months <p>Resources:</p> <ul style="list-style-type: none"> -Focused use of human and financial resources to implement the required actions. <p>Assurance:</p> <ul style="list-style-type: none"> -No assurance work required as focus should be on implementing actions -Assessed externally by UoR and HMIC -Reported to Force Executive / Police Authority members 	<p><u>Contingency Risks</u> ██████████</p> <p>Timescales:</p> <ul style="list-style-type: none"> -Mitigating actions to be implemented within 6 months where risk reduction possible <p>Resources:</p> <ul style="list-style-type: none"> -Re-prioritise existing work loads to accommodate the implementation of required actions -All risks to be owned by Senior Management <p>Assurance :</p> <ul style="list-style-type: none"> - Quarterly sign-off of existing controls effectiveness by Management - Independent assurance obtained within the next 6 months. - Followed by at least an annual review - Assessed externally by UoR and HMIC
<p><u>House Keeping Risks</u> ██████████</p> <p>Timescales:</p> <ul style="list-style-type: none"> -Mitigating actions to be implemented within 12 months where risk reduction possible <p>Resources</p> <ul style="list-style-type: none"> -No further resources allocated over and above day-to-day roles and responsibilities and assurance mechanisms <p>Assurance</p> <ul style="list-style-type: none"> - Six monthly sign-off of existing controls effectiveness by management - Independent assurance obtained bi-annually - Assessed externally by UoR and HMIC 	<p><u>Low Risks</u> ██████████</p> <p>Timescales:</p> <ul style="list-style-type: none"> - No further action required <p>Resources</p> <ul style="list-style-type: none"> - Reliance placed on existing control procedures that are in place <p>Assurance</p> <ul style="list-style-type: none"> -Six monthly sign-off of existing controls effectiveness by management. - Independent assurance obtained bi-annually