



# Risk Management Strategy

June 2017

**Version 3**

## Statement of legislative compliance

This document has been drafted to comply with the general and specific duties in the Equality Act 2010; Data Protection Act; Freedom of Information Act; European Convention of Human Rights; Employment Act 2002; Employment Relations Act 1999, and other legislation relevant to policing.

# **Risk Management Strategy**

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# Risk Management Strategy

## Introduction

The purpose of this joint Force and Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) Risk Management Strategy is to outline an overall approach to risk management that addresses the risks facing the Force and NOPCC in achieving their objectives, and which will facilitate the effective recognition and management of such risk.

In accordance with the Strategy, a risk is defined as:

*“An uncertain event or set of events that, should it occur, will have an effect on the achievement of the organisation’s objectives”*



Risk management will be embedded within the daily operations of the Force and NOPCC, from strategy and policy formation through to business planning, general management and operational processes. It will also be applied where the Force and NOPCC work in partnership with other organisations to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers will be better able to evaluate the impact of a particular decision or action on the achievement of the Force's and NOPCC objectives.

Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Force's and NOPCC's aim to proactively identify, understand and manage the risks inherent in services and associated with plans, policies and strategies, so as to support responsible, informed risk taking and as a consequence improve value for money.

## Objectives of the Strategy

- To maintain strategic and operational risk registers which identify and rank all significant risks facing the Force and NOPCC, which will assist the Force and NOPCC in achieving its objectives through pro-active risk management.

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- To rank all risks in terms of probability of occurrence and potential impact upon the Force and NOPCC.
- To allocate clear roles, responsibilities and accountability for risk management.
- To facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statement which will be issued with the annual statement of accounts.
- To raise awareness of the principles and benefits involved in the risk management process and to obtain staff commitment to the principles of risk management and control.
- To ensure that reviewing risks and opportunities is a continuing strand of planning, delivering and reviewing services.
- To ensure risk management is embedded in policy, procedures and internal reviewing processes.

### Effective risk management can help achieve your objectives by:

- Contributing to a sound system of corporate governance;
- Giving confidence in the rigour of the Annual Governance Statement;
- Assisting in the delivery of change management and organisational change;
- Contributing to the protection of reputation and improved management of the media; and
- By ensuring local priorities are being met whilst ensuring that key risks, arising from reduced funding, have been mitigated effectively.

### Explanation of the relationship with other policies

Risk management is not a process dealt with in isolation, but is embedded in every piece of work undertaken by the Force. Senior management commitment (officers and members) ensures the Force and NOPCC embeds risk management in its business processes, including:

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- strategic planning;

- financial planning;

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- policy making, audit and review;
- performance management; and
- project management.

The structure of risk management within the Force and NOPCC is as follows:

- The Chief Constable is accountable to the Police and Crime Commissioner (PCC) for the operational delivery of policing throughout Nottinghamshire, which includes the management of risks to the achievement of Police and Crime Plan objectives.
- The DCC is responsible for maintaining an effective policy and process for the management of risk within the Force, which includes setting the force risk appetite.
- Within the NOPCC, the Chief Executive is responsible for maintaining an effective policy and process, which includes the setting of the NOPCC risk appetite.
- The Force Executive Board (FEB) is responsible for the formal review of strategic risk management and for providing assurance to the Joint Audit and Scrutiny Panel on the effectiveness of the Force's risk management arrangements.
- Strategic leads are responsible for the management of individual risks, within their area of accountability.
- Operational leads are responsible for the management of individual risks, within their area of accountability.

### **Risk management process for collaboration**

There is no requirement for collaborative heads of service to adhere to the specific process aspects of this Strategy. The diverse, multi-force nature of collaborative units makes it impractical for them to follow the separate risk management processes of each force they provide services on behalf of.

This Strategy assumes that the heads of service for each collaborative department will adopt a suitable risk management approach to meet their business needs.

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Collaborative teams, are able, through the Corporate Governance and Planning Team, to raise risks specific to the achievement of Nottinghamshire Police objectives so that they can be assessed, recorded and managed in accordance with the Force' Risk Management Policy.

### **Risk Management Records**

To support the day to day delivery of this Risk Management Strategy a Force Strategic Risk Register (FSRR) will be maintained on behalf of the DCC by the Corporate Governance and Planning team. The FSRR will meet the following specific requirements in accordance with the Risk Management Policy:

- The Force Strategic Risk Register will clearly identify those risks that are above the tolerance threshold and those which are below it.
- Closed risks will be recorded separately at the back of the Force Strategic Risk Register.
- A new Force Strategic Risk Register will be created at the start of each financial year, with all current risks being transferred to the new document and the previous version archived.
- Archived Force Strategic Risk Registers can be disposed of after 2 years.

A separate NOPCC Strategic Risk Register will also be maintained as above, on behalf of the Chief Executive. The same specific requirements will be kept in accordance with the Risk Management Policy.

### **Risk Reporting**

The following risk management reports will be produced within the Force and NOPCC:

- The Force Executive Board (FEB), chaired by the Chief Constable, will receive a quarterly Force Strategic Risk Progress Report; this report will include an update on the application of this strategy, a summary of current strategic risks and will also highlight any decisions which need to be made by the board to address specific risks.

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- . The independent Joint Audit and Scrutiny Panel will receive a copy of the Force and NOPCC Strategic Risk Progress Report every 6 months, as per the Policy.

## Risk Assessment

All risks that are recorded on the Risk Registers will be assessed using common criteria for probability and impact. These are described on the tables within this section.

### Probability assessment

The following table should be used when describing and assessing the probability of a risk occurring:

Probability	Description	Score
Very High	>75% chance, almost certain to occur	4
High	51-75% chance, more likely to occur than not	3
Medium	26-50% chance, fairly likely to occur	2
Low	<25% chance, unlikely to occur	1

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### Impact assessment

The general impact scoring definitions and criteria, which can be applied to the majority of risk categories, are as follows:

Impact category	Impact score			
	Low (1)	Medium (2)	High (3)	Very High (4)
<b>Performance / Service Delivery</b>	Minor, brief disruption to service delivery.  Minor impact on performance indicators.	Significant, sustained disruption to service delivery.  Noticeable impact on performance indicators.	Serious, protracted disruption to service delivery.  Substantial impact on performance indicators.	Major, long term disruption to service delivery.  Major impact on performance indicators.
<b>Finance / Efficiency</b>	Force: <£50,000  Business Area: <£10,000	Force: £51,000 - £250,000  Business Area: £11,000 -£40,000	Force: £251,000 - £1,000,000  Business Area: £41,000 - £150,000	Force: >£1,000,000  Business Area: >£150,000
<b>Confidence / Reputation</b>	Complaints from individuals.  Little or no noticeable local media coverage.	Significant public concerns / investigations.  Significant reputational damage / adverse local media coverage.	Substantial stakeholder / public concerns / investigations.  Substantial reputational damage / adverse national media coverage < 7 days	Major stakeholder / public concerns / investigations.  Major reputational damage / adverse national media coverage >7 days



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<b>Community impact</b>	Minor impact on a specific section of the community	Significant impact on a specific section of the community.  Minor impact on the wider community.	Substantial, prolonged, impact on a specific section of the community.  Significant impact on the wider community.	Major, prolonged impact on the wider community.
<b>Health &amp; Safety</b>	An injury or illness involving no treatment or minor first aid / care with no time off work	An injury or illness requiring hospital / professional medical attention and / or between one day and three days off work, with full recovery	An injury or illness requiring over 24 hrs hospitalisation and / or more than 3 days off work, or a major injury as defined by the RIDDOR Regulations	Death, or a life changing injury or illness.
<b>Environment</b>	Little or no noticeable natural resources used, pollution produced, or biodiversity affected.	Moderate amount of natural resources used, pollution produced, or biodiversity affected.	Substantial amount of natural resources used, pollution produced, or biodiversity affected.	Major amount of natural resources used, pollution produced, or biodiversity affected.
<b>Strategic direction</b>	Little or no noticeable change to one strategic objective.	Noticeable change to one or more strategic objectives.	Substantial changes to one or more strategic objectives.	Complete change to strategic direction.

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### Confidence

A Confidence rating should also be applied to each risk assessment, representing an evaluation of the reliability of the source information used to assess the risk, as follows:

- Substantial – based on a significant amount of reliable data and / or intelligence.
- Reasonable – based on some data and / or intelligence, but there are gaps or issues with reliability.
- Limited – based on professional judgement alone.

### Proximity

As part of each risk assessment 'proximity' should be added. This allows the focus on certain risks that may occur soon, making risk management more efficient.

The overall Risk Score is arrived at by multiplying the Probability by the Impact to give a result between 1 (Low) and 16 (High). The full range of possible risk scores, and the Red (High) / Amber (Medium) / Green (Low) risk rating, is shown on the following table:

Impact	Very High	4	8	12	16
	High	3	6	9	12
	Medium	2	4	6	8
	Low	1	2	3	4
		Low	Medium	High	Very High
Probability					

### Risk Appetite

The concept of a "risk appetite" is key to achieving effective risk management. When considering threats, the concept of risk appetite embraces "The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time".

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The Force and NOPCC have an 'open' risk appetite –

'willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward'.

'We are risk averse on reputation impact and adopt a 'zero by choice' approach for loss of like or ethics breaches'.

'We have a zero tolerance to loss of life, compliance breaches and ethical concerns. There is a low appetite for 'off strategy risks'.'

## Risk Tolerance Threshold

The risk tolerance threshold is a description of the level of risk which must be escalated to a higher level of authority within the organisation. This is set by the DCC and Chief Executive to inform operational managers of the level of risk that they are expected and authorised to manage themselves. Any risks above that level should be escalated to the relevant strategic lead.

The reason for establishing a risk tolerance threshold is to enable decisions regarding risks to be taken at the appropriate level, so that not all decisions regarding risk are the responsibility of the strategic lead. Consequently, risks that are above the threshold are described as Strategic; risks below are Operational.

The Force's tolerance threshold for risk has been set at **VERY HIGH**. In practice this means that risks with a current rating of High, Medium or Low should be delegated to the relevant operational manager, whilst all other risks should be escalated to the strategic lead via the Governance and Planning Team. However, it should always be borne in mind that the risk assessment and scoring system is merely a guide to managing risks and is not intended to restrict or override the professional experience and intelligence of knowledgeable individuals. Common sense is an invaluable tool for all aspects of risk management.

If an operational manager believes that the strategic lead should be informed about a particular risk to Force objectives then they should inform them at the earliest opportunity, in relation to risks concerning protecting those most vulnerable, these should be presented and assessed by the DCC/Chief Executive on a regular basis to ensure the risks are being sufficiently managed.