

CORPORATE RISK MANAGEMENT - ANNUAL REPORT 2012/13

JOINT REPORT OF TREASURER TO THE POLICE AND CRIME COMMISSIONER AND DIRECTOR OF FINANCE TO THE CHIEF CONSTABLE

1 Purpose of the Report

- 1.1 To make the Committee aware of the arrangements that exist within both the Office of the Police and Crime Commissioner (OPCC) and the Force for managing risk, the impact that these have had and plans for further development of risk management arrangements.
- 1.2 To request the Committee to agree an opinion on the effectiveness of risk management structures and processes to inform the Annual Governance Statement for 2012/13.

2 Background

- 2.1 Risk is the uncertainty that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute successfully its strategies. An organisation's risk management framework provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. The risk management framework should be embedded within the organisation's overall strategic and operational policies and practices.
- 2.2 Risk management enables the Police and Crime Commissioner (PCC) to effectively manage strategic decision-making, service planning and delivery to safeguard the well being of stakeholders and increase the likelihood of achieving objectives. The aim is to manage risks that cannot be economically eliminated or transferred and contribute to effective systems of corporate governance.
- 2.3 CIPFA's, "Delivering Good Governance – Guidance Note for Police Authorities" states that PCCs have a dual responsibility for putting in place arrangements to manage their own risks, separate from those of the Force, and for monitoring that the Force has adequate risk management arrangements in place.

3 Review of 2012/13

- 3.1 Given the significance of the changes within the Police Service during 2012/13 a transitional risk register and shadow strategic risk register for the PCC were developed by lead officers from within the former Authority. These were considered on a regular basis by the Authority Members on the Transition Group, and contributed to the successful transition process.
- 3.2 Following the replacement of the Police Authority by the Police and Crime Commissioner in November, the Authority's Corporate Risk Management Policy and Strategic Risk Register was reviewed by the Advisers to the PCC and following some minor changes used on an interim basis to manage risk on the premise that the nature of the core business had not materially changed and the strategic risks identified were adequately mitigated by the existing controls.
- 3.3 Technical support, advice, guidance and training to the OPCC are included as part of the Support Services Agreement with Gateshead Council. This extends to procuring appropriate insurance cover, necessary to provide the OPCC with protection against loss. All activity undertaken under the Support Services Agreement is done so with the approval of the Treasurer to the PCC.
- 3.4 The Force has a risk management strategy in place which is supported by clear policy and procedures. Arrangements and guidance are also currently being reviewed to reflect the new arrangements. The review will consider a consistent corporate approach to the identification, management and reporting of risk and aligning processes with the OPCC.
- 3.5 The National Decision Model (NDM) is a tool developed by the ACPO Ethics Portfolio and the National Risk Coordination Group, and provides a simple, logical and evidence-based approach to making policing decisions. Northumbria Police has embedded the NDM into its operational training. The model assists police officers and staff to develop the professional judgement necessary to make effective policing decisions which consider and mitigate associated operational risks.

4 Current Position

- 4.1 The Financial and Contract Regulations approved by the PCC on 12th April 2013 state that, "The Treasurer, in consultation with the Chief Executive will be responsible for advising the PCC on insurance and risk management". The PCC and Chief Constable are jointly responsible for approving risk management policies and strategies and for reviewing the effectiveness of risk management.

- 4.2 The Joint Independent Audit Committee of the PCC and Chief Constable has within its terms of reference a requirement “To monitor the effective development and operation of risk management and corporate governance arrangements for the Police and Crime Commissioner and Chief Constable”.
- 4.3 The PCC and Chief Constable are currently developing a Joint Strategic Risk Register to include the risks that would prevent the achievement of their corporate objectives. This will build upon the strategic risks inherited from the former Authority and also highlight any areas of common risk that have the potential to impact on both bodies.

5 Future Developments for 2013/14

- 5.1 The following areas will form the basis of objectives to be delivered in 2013/14 and will be monitored on a quarterly basis by the Joint Independent Audit Committee:
- Finalise the Joint Strategic Risk Register covering both the PCC and Chief Constable and arrangements for its reporting to both senior officers and the Joint Independent Audit Committee.
 - Operational risks affecting the OPCC to be reviewed as a result of the change of location to Victory House.
 - Updated Corporate Risk Management policies for the PCC and Force are to be developed to reflect the new governance arrangements.
 - Business Continuity arrangements to be updated for the OPCC to reflect the transition from BS 25999 to ISO 22301 and to reflect the new governance arrangements.

6 Conclusion & Overall Opinion

- 6.1 The report outlines the arrangements for managing risk within the OPCC and Force, their effectiveness and the steps which are being taken to ensure continuous improvement of the function and minimisation of loss.
- 6.2 On the basis of these arrangements and evidence of their operation, it can be concluded that interim arrangements for managing risk within the OPCC and Force are effective.

7 Equal opportunities implications

- 7.1 It is considered that there are no equal opportunities implications arising from the report.

8 Human rights implications

- 8.1 It is considered that there are no human rights implications arising from the report.

9 Risk Management implications

- 9.1 There are no additional risk management implications arising directly from this report.

10 Financial implications

- 10.1 It is considered that there are no financial implications directly arising from the report.

11 Recommendation

- 11.1 The Committee is requested to note the contents of this report.