

JOINT INDEPENDENT AUDIT COMMITTEE**22 February 2016***Short Report – For Information*

STRATEGIC RISK MANAGEMENT**Paul Godden, Corporate Development Department**

1. PURPOSE OF THE REPORT

- 1.1 To provide members with an update on the management of strategic risk as contained within the Police and Crime Commissioner (PCC) and Chief Constable's Joint Strategic Risk Register.

2. BACKGROUND

- 2.1 The Office of Police and Crime Commissioner (OPCC) and Northumbria Police share a Joint Strategic Risk Register (Appendix A) which has been designed to ensure the effective management of strategic risk, whilst reducing the bureaucracy associated with historic practices.
- 2.2 Each strategic risk is assigned a Chief Officer and OPCC owner, who has responsibility for the management of controls and the implementation of new controls, where necessary.

3. CURRENT POSITION

- 3.1 Risk owners and associated heads of departments have reviewed the strategic risks for which they have ownership, and provided updates. Key changes are outlined as follows:

New Risk**Risk area – Finance**

Risk - Short term negative cash flow.

Consequence - Delayed payments or unplanned overdraft costs.

Controls:

- A treasury management policy is maintained and a four year strategy agreed annually.
- A comprehensive range of treasury management activities are completed including cash-flow forecasting, monitoring, temporary and long term borrowing and investing to ensure that sufficient working capital is available for our cash needs.
- Treasury management performance is reviewed by the JIAC at the half year end / year end.
- CFO monitors the treasury management function monthly.

Existing Risks

Additional controls have been identified or implemented for the following risks and will help reduce the likelihood or impact of the risk if it were to occur.

NOT PROTECTIVELY MARKED

Risk area - National Policy changes

Risk - Failure to recognise and adapt to the national Transforming Rehabilitation agenda.

Additional controls:

- The Integrated Offender Management (IOM) model has been reviewed, and a period of consultation is underway. A report will be submitted to the Chief Officer Team (COT) on completion.

Risk area – Finance

Risk - Further cuts to Home Office Police Grant Funding arising from the 2015 Spending Review.

- Flexibilities to increase precept could, if utilised by the PCC, reduce impacts.

The Home Office Police Finance Settlement for 2016/17 has cut the grant by £1.25m (0.6%) and a further £0.7m of capital. The settlement is for one year only, but for planning purposes, it has been assumed that the grant will continue to be cut at the same rate over the 4 years of the 2015 Comprehensive Spending Review (CSR) period. However, there is a risk that the CSR 2016 could include further cuts as reflected in the Strategic Risk Register.

Risk - Detrimental changes arising from the Home Office review of the Funding Formula

- Details are awaited of any further review of the funding formula. The Force will be fully engaged with any consultation process.

The Home Office failed to implement its proposed new funding formula for 2016/17 after a fundamental error was found in the data used for calculations. The 2016/17 settlement allocation method is therefore unchanged and the settlement is for one year only.

The Home Secretary proposes to begin the review process again, although a date for the implementation of a revised model has not been stated. Therefore, the 2016/17 budget and MTFs have been developed on the basis of current funding arrangements continuing. Any changes to the formula may need to be considered in future strategies.

Risk area – Business Continuity

Risk - Major disruption to use of key buildings/facilities.

Additional controls:

- All operational orders and business continuity plans are now assessed and allocated a RAG status. This is an on-going process to ensure all plans are up-to-date.

Risk area – People

Risk - Failure to maintain on-going recruitment of police officers.

NOT PROTECTIVELY MARKED

Additional controls:

- MTFS proposes an annual requirement to recruit from 2016.

Risk – Negative impact on staff morale from further significant government cuts to funding.

Additional controls:

- The Staff Survey is now complete. Results have been shared and individual action plans are being developed.
- 360 degree feedback is being developed for all senior managers. This will be introduced over the next few months and will commence with senior management.

Risk area – Health and Safety

Risk - Death in custody/ after police contact.

Additional controls:

- Lessons learned are shared, along with the dissemination of updates by functional leads, and awareness development sessions. Inspectors have also carried out attachments to PSD on a rolling basis.
- A Custody Strategy Group is to be convened, with the first meeting held on 8th February 2016.

Risk area – Equality

Risk - The force, OPCC or an associated individual acts in a discriminatory way

Additional controls:

- IPCC Discrimination Guidance is in place, which has been rolled out to PSD staff, area command officers/ staff and external partners. These will assist in the effective handling of allegations of discrimination (including discrimination based on race, sexual orientation, religious belief, age, or disability).

Risk area – Estates

Risk – ‘Failure to dispose of HQ site and other estate assets as valued within the MTFS and annual budget 2015/16.’

Additional controls:

- A preferred developer was appointed in November 2015. A completion plan is now in place, with completion estimated in August 2016.

4. CONCLUSION

- 4.1 Current risk management processes and procedures continue to help to ensure the effective management of those risks which have the potential to adversely affect the delivery of Force and PCC strategic aims and objectives.

5. RECOMMENDATION

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