Risk and Issue Management Framework and Process

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1.0 Risk Management Framework and Principles

Effective management of risk (which for the purposes of this document also includes issues) is essential to assist Staffordshire Police in planning, setting strategy, achieving objectives and making informed decisions. The forces risk management framework looks to follow the nationally recognised structure (as shown below) to support the consistent and robust identification and management of risk across the organisation through the effective use of the force's governance and decision-making mechanisms and leadership skills at all levels.

1.1 Risk Management Framework (Source: The Orange Book-Management of Risk-Principles and Concepts 2023)

The management of risks across the force should be applied at strategic, operational, programme and project level and should identify risks whether or not the sources are out of the organisations control.

The assessment and management of risk should be an embedded part of, and not separate from:
- Setting strategy and plans
- Evaluating options and delivering programmes, projects or policy initiatives
- Prioritising resource
- Supporting efficient and effective operations
- Managing performance
- Managing tangible and intangible assets
- Delivering improved outcomes

1.2   Risk Management Principles

The following **principles** are the foundation for managing risk and have been considered to ensure the forces framework and processes enable the organisation to manage the effects of uncertainty on its objectives:
- **Integrated**: is an integral part of all organisational activities, everyone has a responsibility for managing risk
- **Structured and comprehensive**: contributes to consistent and comparable results
- **Customised**: is in line with an organisation's context and objectives
- **Inclusive**: has appropriate and timely involvement of stakeholders
- **Dynamic**: Is able to respond to changes and events in an appropriate and timely manner
- **Informed**: uses most relevant, timely and clear information
- It should also be noted that **organisational culture** significantly influences all aspects of risk management.

2.0   Risk Management Process (Source: The Orange Book-Management of Risk-Principles and Concepts 2023)

The forces risk management process follows the structure as set out below:

a) *risk identification and assessment* to determine and prioritise how the risks should be managed;

b) the selection, design and implementation of *risk treatment* options that support achievement of intended outcomes and manage risks to an acceptable level

c) the design and operation of integrated, insightful and informative *risk monitoring*; and

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

2.1   Risk and Issue Identification

A **risk** is a situation or circumstance with a ***realistic likelihood of occurring*** and an ***unfavorable consequence should it occur*** which could result in either financial or other loss, or an unfavorable impact on strategic, programme, command, department or team objectives.

An **issue** is a situation or circumstance which ***is occurring*** or has occurred, and which has an unfavorable consequence impacting on either financial or other loss, or an unfavorable impact on strategic, programme, command, department or team objectives.

Risks / issues may be initially identified in a variety of ways, including for example day to day processes, operational reviews and debriefs, transformation programme and project management, force management statements, environmental scanning, and external scrutiny. Risks / issues usually fall under specific categories e.g. strategic, operational, financial, reputational (see annex A for full risk categorisation).

Each risk / issue should have a record of how it has been identified along with a clear description of the cause and unfavourable consequences should it occur. Categorisation of the risk / issue should also be recorded.

2.2   Risk Assessment and Analysis

In order to evaluate the significance of each risk or issue to support appropriate decision making, a consistent assessment methodology will need to be applied. This is based on a common set of criteria to assess likelihood and impact against each identified risk or the impact only for issues that are already occurring. The tables and scoring matrix as set out below indicate the standardised force methodology.

Where appropriate / required (see p7), the scoring should also be accompanied by a detailed analysis of the likelihood and impact including available evidence, level of complexity, connectivity to other business areas, time related factors and effectiveness of current control measures via a supporting risk / issue pro forma document.

Likelihood score definitions

Score	Probability %age chance	Description
1 Highly unlikely	0 to 5 %	Not foreseen to occur
2 Unlikely	6 to 20%	May occur in exceptional circumstances
3 Possible	21 to 50 %	Realistic chance of occurring
4 Likely	51 to 80%	Will probably occur
5 Highly Likely	Over 80 %	Expected to occur or occurs regularly

Impact score definitions

	Operational: Being accessible and responsive and preventing and detecting harm and criminality	Organisational: Developing an exceptional workforce and building an outstanding organisation (People, Assets, Finance and Culture)	Outcomes: Ensuring Confident Communities and maintaining high reputational standards
1 Negligible	0 to 2.5 % negative shift in key community safety and effective partnership metrics **and/or** negligible impact on related policing plan key focus areas	£ - hundreds against budget/cost savings **and/or** Negligible impact on workforce and organisation key focus areas (see policing plan)	0 to 2.5 % negative shift in key satisfaction, feelings of safety and fairness and respectful treatment metrics **and/or** negligible impact on related policing plan key focus areas **and/or** no external reputational impact
2 Minor	2.5 to 5 % negative shift in key community safety and effective partnership metrics **and/or** minor impact on related policing plan key focus areas	£ - several thousand against budget/cost savings **and/or** Minor impact on workforce and organisation key focus areas (see policing plan)	2.5 to 5% negative shift in key satisfaction, feelings of safety and fairness and respectful treatment metrics **and/or** minor impact on related policing plan key focus areas **and/or** low level localised media interest
3 Significant	5 to 10% negative shift in key community safety and effective partnership metrics **and/or** significant impact on related policing plan key focus areas	£ - tens of thousands against budget/cost savings **and/or** Significant impact on workforce and organisation key focus areas (see policing plan)	5 to 10% negative shift in key s5tisfaction, feelings of safety and fairness and respectful treatment metrics **and/or** significant impact on related policing plan key focus areas **and/or** some negative regional media coverage or public/political concern
4 Major	10 to 25% negative shift in key community safety and effective partnership metrics **and/or** major impact on related policing plan key focus areas	£ - hundreds of thousands against budget/cost savings **and/or** Major impact on workforce and organisation key focus areas (see policing plan)	10 to 25% negative shift in key satisfaction, feelings of safety and fairness and respectful treatment metrics **and/or** major impact on related policing plan key focus areas **and/or** Long term regional media coverage or public/political concern and limited national media coverage or public/political concern
5 Severe	Over 25% negative shift in key community safety and effective partnership metrics **and/or** severe impact on related policing plan key focus areas	£ - several hundred thousand and above against budget/cost savings **and/or** Severe impact on workforce and organisation key focus areas (see policing plan)	Over 25% negative shift in key satisfaction, feelings of safety and fairness and respectful treatment metrics **and/or** severe impact on related policing plan key focus areas **and/or** loss of credibility in organisation / international media coverage / public enquiry

Risk score matrix

Impact score		Negligible 1	Minor 2	Significant 3	Major 4	Severe 5
Likelihood score						
Highly likely	**5**	5	10	15	20	25
Likely	**4**	4	8	12	16	20
Possible	**3**	3	6	9	12	15
Unlikely	**2**	2	4	6	8	10
Highly unlikely	**1**	1	2	3	4	5
Risk level		Very low	Low	Med	High	Very high

Issue score

Impact score	Negligible 1	Minor 2	Significant 3	Major 4	Severe 5
Issue score and level	Very low	Low	Med	High	Very high

Risk appetite

As part of the assessment process, consideration should be given to the nature and extent of the risk that the organisation is willing to take i.e. risk appetite. The identified appetite and associated tolerable score (see table below) will determine for each risk / issue whether the actual score is sitting outside of the risk appetite which should in turn influence what level of additional action and escalation is required as set out in 2.4 below (also see annex B for detailed appetite matrix by risk category).

Classification	Tolerable Risk Score	Description
Averse	**Very Low**	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk
Minimal	**Low**	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	**Medium**	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	**High**	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Eager	**Very High**	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk

2.3   Risk Treatment

For each risk / issue the most appropriate treatment option should be selected ensuring a balanced approach against benefits, disadvantages, cost and effort. The following options should be considered:

Reduce/ Treat

- The majority of risks / issues will be addressed in this way, where controls are introduced that will reduce the impact of a risk or issue or enhance the realisation of a potential benefit. Controls should be proportional and apart from for the most extreme impacts (i.e. loss of life) should be designed to give 'reasonable assurances' in line with risk appetite.

Tolerate

- Where the degree of risk / issue exposure is acceptable or where the realisation of an opportunity is seen to require no further action i.e. where the ability to take action is limited or the cost of any action would be disproportionate to the level of benefit gained.
- This may be supplemented with contingency plans to minimise any impact that might arise if a risk or issue is realised.

Terminate

- Where the only way to address a risk / issue is by terminating the activity that generates this.
- This may not be appropriate for the majority of operational police activities, but can be of particular benefit in project management where anticipated outcomes or benefits are jeopardised by the risk.

Transfer

- Where a risk / issue, particularly relating to finance or other assets, may be addressed by transferring to a third party, either through conventional insurance or by the contracting out of a particular service or process.
- It is important to remember that some, particularly public confidence damage, cannot be fully transferred, so the relationship with the third party needs to be carefully managed and additional controls may be required to manage the residual risk.
- When taking the insurance option, it is important to remember that a degree of control will need to be maintained. This will ensure that insurance conditions and warranties are complied with and that claims costs do not get out of control with resultant increases in premiums.

2.4   Risk Monitoring and Reporting

Ongoing and continuous monitoring of risks / issues is required to support understanding of whether and how the profile is changing and the extent to which internal controls are operating as intended.

The force follows a 'three lines model' to set out and understand assurance functions against each risk (see below). The effective operation of the three lines contributes to the overall assurance level.

The Three Lines Model	
1st line	Business area controls – Day to day controls, processes and activities conducted by the function that own and manage the risk / issue

2nd line	Internal governance - Monitoring and reporting boards and functions that oversee or specialise in risk management compliance e.g. audit and scrutiny, governance team, change team
3rd line	Independent assurance - Functions that undertake internal and external audit, inspection, peer review

Risk Registers and escalation thresholds

Department / project level risks / issues
- Very low and low risks / issues within appetite should be reviewed and managed day to day via departmental / team / project business as usual.

Command / programme level risks / issues
- All risks / issues identified as sitting outside of risk appetite should be raised at command / programme board for initial review and agreement of any mitigation / treatment needed to address. Where appropriate these should be held on a relevant register

- Medium risks / issues within appetite should be raised at command / programme board for initial review and agreement of mitigation / treatment needed to address. These should then be held on the command / programme level register and reviewed and monitored regularly via command / programme board.

Force / strategic level risks / issues
- Medium risks / issues which exceed appetite should be flagged from a command / programme register to the Corporate Development Governance Team via the appropriate pro forma for initial review and potential escalation to the force register via the Executive Management Board .

- All high and very high level risks / issues irrelevant of associated appetite from a command / programme register should be flagged to the Corporate Development Governance Team via the appropriate pro forma for review and potential escalation to the force register via the Executive Management Board.

- All risks held on the force risk register will be assigned via the Executive Management Board to either a level 2 or 3 board for monitoring and reporting purposes and deep dive reviews undertaken periodically via EMB.

- Any risk / issue on the force register which is deemed to have been addressed or adequately reduced will also require a deep dive session to seek approval via EMB for either archive or de-escalation.

3.0   Risk Management Roles and Responsibilities

Executive Management Board: is responsible for reviewing and setting the force's risk management framework and process as part of the force's governance arrangements. The board should also take a strategic view and assessment of the principle risks across the organisation.

Senior Responsible Officer - DCC : is responsible for ensuring the force's risk management process is operating effectively. This should be in collaboration with the forces S151 officer as appropriate.

Force risk lead: is responsible for developing the forces approach to risk management and ensuring that mechanisms are in place and reviewed to ensure that the management of risk is part of the broader effective governance arrangements for the force. The lead should also facilitate adequate training arrangements to support delivery of the framework and process.

Risk identifiers: Every employee has a responsibility to consider risk as part of day to day activity and should be engaged with risk identification and reporting through team, department and command structures and processes.

Risk owners

- **Team leads / departmental heads:** will typically own lower scoring risks / issues operating within tolerable levels. These may be held on a departmental level register but in any case, should be reviewed regularly to ensure that any relevant escalations are made to the appropriate departmental head or command board.
- **Command leads:** will typically own medium scoring risks / issues which are operating within tolerable levels or where planned mitigations are projected to reduce high risks / issues to a tolerable level. These will be recorded onto a command risk register and owned by the relevant command lead(s). Monitoring will be undertaken regularly through command level boards ensuring any relevant escalations are made through the Corporate Development Governance Team.
- **Programme / project managers and SRO's:** will typically own medium scoring risks / issues or below which are operating within tolerable levels or where planned mitigations are projected to reduce high risks / issues to a tolerable level. These will be recorded onto a programme / project risk register with mitigations planned between the SRO (risk owner) and relevant project manager. Monitoring will be undertaken regularly through appropriate project and change review boards ensuring any relevant escalations are made through the Corporate Development Governance Team.
- **Chief officers:** will typically own strategic / cross cutting high scoring risks / issues which are operating beyond tolerable levels with no identified mitigations to reduce accordingly. These will be recorded / escalated onto the force risk register and owned by the relevant chief officer lead with mitigating actions driven by a nominated senior leader as appropriate. Monitoring will be undertaken through an assigned level 2 or 3 governance board (via Executive Management Board) with regular oversight and monitoring through the Executive Management Board including periodic deep dive reviews. The force register will also be subject to regular review by the Staffordshire Commissioners Office and Ethics Transparency and Audit Panel.

4.0   Links to Other Operational Assessments of Risk

The assessment of risk is part of day to day operational policing and decision making and the force's risk and issue framework and process is not a replacement of the tools and products which support how daily decisions around threat and risk are made (e.g. THRIVE or the NMD) at individual and team level.

The process does not replace organisational requirements or external / legal requirements to follow other forms of risk assessment. It should however provide the mechanism with which to ensure that matters which arise from such assessments and which may have an impact on the delivery of force priorities, are reviewed as part of a structured approach both within and across departments and commands.

5.0 Links to Force Governance Framework

The risk and issue framework and process are directly linked and integrated into forces governance structure in respect of ownership, decision making, accountability, assurance, escalation and review.

6.0 Related Tools and Products

- Risk register template - appropriate for departmental, command and force level registers
- Risk and Issue pro forma – which must be used for the escalation of a risk / issue from command to Force level but may also be used at other levels to undertake a more detailed assessment as required.
- Risk categorisation definitions (see annex A)
- Detailed appetite matrix by risk categories