



**Lancashire  
Constabulary**  
police and communities together

## **INTERIM COMBINED AUDIT COMMITTEE**

**MONDAY, 1 JULY 2013 AT 1.30 PM  
IN CABINET ROOM C - COUNTY HALL**

NB If you have any queries regarding the Agenda papers or require any further information please contact Mrs Beverly A Wood on Tel: 01772 533486.

Dear Member

Please find attached outstanding items for the meeting on the 1 July 2013 s shown below. Please further note that Ms J Pratt has presented her apologies for this meeting.

Thank you.

Beverly A Wood

## **SUPPLEMENTARY AGENDA**

### **PART I (OPEN TO PRESS AND PUBLIC)**

**8 ANNUAL GOVERNANCE STATEMENT 2012 / 13 – OFFICE OF THE POLICE AND CRIME COMMISSIONER**

(Report attached)

**9 RISK MANAGEMENT ARRANGEMENTS - CONSTABULARY**

(Report attached)

**10 RISK MANAGEMENT ARRANGEMENTS – OFFICE OF THE POLICE AND CRIME COMMISSIONER**

(Report attached)

**Miranda Carruthers-Watt  
CHIEF EXECUTIVE**

**Steve Finnigan  
CHIEF CONSTABLE**





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**REPORT TO: JOINT AUDIT COMMITTEE**

**DATE: 1 July 2013**

**REPORT AUTHOR: Lisa Kitto, Office for the Police and Crime Commissioner**

**SUBJECT: POLICE AND CRIME COMMISSIONER'S ANNUAL GOVERNANCE STATEMENT**

**Appendix A refers**

## **1 Issue for Consideration**

The Annual Governance Statement (AGS) forms part of the statutory accounts. Following the change in the governance arrangements due to the election of Police and Crime Commissioners, group accounts are now required. Previously an AGS was produced for both organisations however for the first time separate AGS have been produced; one for the OPCC and one for the Constabulary.

## **2 Subject**

The OPCC has now completed its annual review of governance arrangements and has documented its findings. The OPCC has undertaken a similar process to previous years, which has included completion of comprehensive schedules of evidence and a Certificate of Assurance for each main area of business. A copy of the Commissioner's draft Annual Governance Statement is attached at Appendix A for consideration.

## **2 Recommendation**

In its role of reviewing the adequacy of the Commissioner's governance arrangements, the Joint Audit Committee is asked to consider the findings of the annual review of governance in the OPCC for 2012-13.

## 5 Implications

<b>Financial:</b>	There are no financial implications.
<b>Legal:</b>	None
<b>Equality Impact Assessment:</b>	N/A
<b>Risks and Impact:</b>	Low
<b>Link to Police and Crime Plan:</b>	Achieving Value for Money

## 6 List of attachments / appendices

- **Appendix A – Police and Crime Commissioner's final draft Annual Governance Statement 2012-13**

## 7 Background Papers

None

### Report Author

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## **ANNUAL GOVERNANCE STATEMENT 2012 / 13**

During 2012 / 13 the Police reform and Social Responsibility (PRSA) Act 2011 abolished Police Authorities and replaced them with Police and Crime Commissioners. Lancashire Police Authority was therefore abolished on 21 November 2012 and the office of the Police and Crime Commissioner was established on 22 November 2012. This annual governance statement reflects the governance framework arrangements in place for both organisations.

New interim governance arrangements were agreed on 22 November 2012 and applied to both the Commissioner's Office and the Constabulary. This sets out the broad framework to ensure effective financial management arrangements and enable both organisations to meet their statutory requirements in securing efficiency and effectiveness.

### **1 THE GOVERNANCE FRAMEWORK**

The Governance Framework comprises the systems and processes, culture and values by which the former Police Authority and the Office of the Police and Crime Commissioner are directed and controlled in order to discharge the two primary statutory duties:

- to secure an effective and efficient local police service; and

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- to hold the Chief Constable to account for the exercise of his functions and those of officers and staff under his direction and control.

The system of internal control is a significant part of that framework and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commissioner and Constabulary's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The former Lancashire Police Authority approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. This statement explains how to comply with the Code, and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2006 in relation to the publication of a Statement of Internal Control / Annual Governance Statement. The Code of Corporate Governance was adopted by the Commissioner.

The Chartered Institute for Public Finance and Accountancy (CIPFA) has identified the principles of good governance for public services and those specifically relating to policing services are;

- Focussing on the purpose of the PCC and the Force and on outcomes for the community, and creating and implementing a vision for the local area.
- Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values of the PCC and the Force and demonstrating the values of good governance by upholding

high standards of conduct and behaviour

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and the capability of the workforce to be effective in their roles.
- Engaging with community, partners and stakeholders to ensure robust public accountability.

## **2 OVERALL ASSURANCE SUMMARY**

No system of internal control can provide absolute assurance against material misstatement or loss.

However, on the basis of the review of the sources of assurance set out in this Statement, we are satisfied that former Lancashire Police Authority and the Office of the Police and Crime Commissioner have in place satisfactory systems of corporate governance and internal control which facilitate the effective exercise of their functions and which include arrangements for the effective management of risk.

## **3 THE GOVERNANCE FRAMEWORK**

### **3.1 Focusing on the purpose of the PCC and on outcomes for local people, and creating a vision for the local area.**

The Commissioner adopted the commitments and priorities for policing and crime that were set out in his election manifesto for the remainder of the 2012/13 financial year. All Commissioners are however required to have a Police and Crime Plan and a significant amount of work developing a plan that set out the Commissioner's key priorities was carried out during the year. The Police and Crime Plan was finalised at the end of March

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2013. The Plan also pays due regard to the national Strategic Policing Requirement and has been agreed, following significant consultation with stakeholders including the Chief Constable and the Police and Crime Panel.

The OPCC is currently working up a number of action plans and processes to support the delivery of the priorities set out within the Police and Crime Plan, including:

- Delivery and business plans to monitor the implementation of the Commissioner's priorities
- Decision making process - this is in place
- Forward Plan of key decisions
- Commissioning Framework

The OPCC team is working closely with the Constabulary in taking forward key areas of business and the Commissioner has monthly Strategic Planning Meetings both internally with senior members of the OPCC and jointly with Constabulary Chief Officers.

The Constabulary reported on areas of performance against targets in the Local Policing Plan to the Authority's Performance Review and Citizen Focus Committee, other Committees and the full Police Authority. A scrutiny schedule sat alongside the Local Policing Plan and laid out the specific areas to be monitored.

The Commissioner's website provides contact details so that members of the public are able to get in touch, raise issues or concerns direct with him. A "case management" team has been developed to respond to contact by members of the public and help the PCC focus on the outcomes for local people.

### **3.2 Working together to achieve a common purpose with clearly defined functions and roles.**

The Lancashire Police Authority's (LPA) Local Policing Plan was the central focus for the strategic direction of the Constabulary. This was supported by other plans e.g. a Costed Human Resources Plan and a Learning and Development Plan which were approved by the LPA. The LPA's medium term corporate and annual business plan sat alongside these plans.

The roles and responsibilities of each of the LPA's Committees, Panels and Working Groups were clearly defined in the individual terms of reference. The Scheme of Delegation and Standing Orders provided for the delegation of functions and decision making. LPA members had in place a statement of roles, responsibilities and expectations to help them in their role. Members of staff had job descriptions and regular one to one meetings with their line manager.

The LPA and Constabulary established a joint Programme Board to oversee the transition to OPCC and there was a clear communications strategy, with a range of associated tools and information, to inform the public about the impending changes and how they could have their say on the future of policing in Lancashire. The Programme Board comprised of key personnel both within policing and also included members from key partner organisations.

The governance arrangements for the OPCC have been developed in line with recommendations and requirements of the Police Reform and Social Responsibility (PRSR) Act 2011, statutory Policing Protocol, CIPFA and the Home Office. The governance arrangements comply with the Financial Management Code of Practice (FMCP), and other existing guidance on financial and governance matters which continue to apply. An interim scheme of governance, financial regulations and contract

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regulations were developed in accordance with the FMCP to enable effective accountability and to govern the relationship between the OPCC and Lancashire Constabulary. This framework was developed by a cross cutting group comprising representatives from the former Police Authority, Constabulary, Audit Committee and internal audit and was agreed by the Commissioner on 22 November 2012 .

There is a decision making framework which ensures that all OPCC decisions are published and available for public scrutiny, and that before any decisions are made appropriate financial, legal and HR advice is obtained. This approach ensures that all of the PCC's decisions are fully assessed for any implications and that the PCC is made aware of these before a decision is made.

It was agreed at the outset that review of the interim governance arrangements would be carried out by the end of the financial year to ensure that any amendments could be reflected and implemented for the new financial year. The OPCC and Constabulary reviewed the interim governance framework in March 2013 and found the new arrangements were fit for purpose. Some minor amendments have been proposed and will be reflected in the final set of governance documents.

In accordance with the requirements of the Financial Management Code of Practice, a joint combined interim Audit Committee has been established. It has agreed terms of reference and quarterly meetings and is held in public with papers published on the OPCC's website.

The Commissioner has appointed a Deputy and three Assistant Commissioners who have specific portfolios to support the Commissioner in fulfilling his role.

### **3.3 Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behavior.**

The LPA had a Code of Conduct for Police Authority Members which included the statutory provisions contained in the model code of conduct.

Police Officers, Police Staff and the LPA's Officers are/were all subject to policies and procedures covering discipline, grievance and standards of conduct.

The LPA, the Commissioner and the Constabulary have arrangements in place to address fraud and corruption and also have procedures in place to enable staff to report any issues of concern in confidence.

The Audit and Standards Committee had responsibility for considering allegations of LPA Member misconduct. The Standards regime was abolished under the Decentralisation and Localism Bill.

LPA clearly outlined who was responsible for the discharge of its responsibilities within its Constitutional and Procedural Standing Orders, Scheme of Delegation, Contractual Standing Orders, Financial Regulations and formal constitution.

The Authority's Chief Executive acted as Clerk under Section 16 of the Police Act 1996 and Proper Officer under section 270(3) of the Local Government Act 1972. The Chief Executive was also appointed as the Monitoring Officer in 2012 in readiness for the transition to OPCC. This role has a statutory duty to highlight any proposals, decisions or omissions by the OPCC which constitute, have given rise to, or are likely to give rise to, either a breach of

the law, a breach of a statutory code, or which constitute maladministration or injustice.

In April 2012, a new Treasurer, distinct from the Director of Resources, took up post with the LPA. This arrangement ensured a period of stable governance whilst allowing a safe transition during a very challenging financial climate. This role transferred to the OPCC, as the PCC'S Chief Finance Officer on 22 November 2012 and the postholder is the OPCC's professional advisor on financial matters.

Following the creation of the OPCC, the PCC and Deputy PCC have signed up to a Code of Conduct which incorporates the 7 Nolan principles relating to Public Life. A Code of Conduct has also been agreed for the staff in the OPCC setting out what is expected from them in terms of their conduct.

Standards of professional behaviour are reinforced at every opportunity, including recruitment, induction and in meetings between officer / line manager. Robust vetting procedures are in place for all staff in the OPCC.

The Joint Audit Committee has been updated on the activity in relation to external inspections, including HMIC Integrity review.

### **3.4 Taking Informed and transparent decisions which are subject to effective scrutiny and managing risk.**

The LPA conducted its business based around a committee structure and a scheme of delegated powers. Within this framework the LPA had formal and informal mechanisms for the monitoring and scrutiny of the performance of the Constabulary which ensured that rules and procedures governing how decisions were made were followed; key decisions taken by the LPA / Committees were made in public meetings; committee

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papers were made available to the public unless exempt.

On 22 November 2012, the PCC approved and adopted a new governance framework. This was reviewed in March 2013 and complied with the OPCC governance framework and will continue to be reviewed annually to ensure it remains fit for purpose. The role of Monitoring Officer is the responsibility of the OPCC's Chief Executive

On 30 November 2012, the PCC and Chief Constable formally approved arrangements for an interim Combined Audit Committee which is responsible for enhancing public trust and confidence in the governance of the OPCC and Lancashire Constabulary. It also assists the PCC in discharging statutory responsibilities in holding the Constabulary to account.

The Committee is served by 4 independent Members who expressed an interest in the role whilst they were members of the former LPA audit and standards committee arrangements. This approach meant that an effective audit committee was available for the remainder of 2012/13 and that the statutory responsibilities of the committee could be effectively discharged. Work is currently underway to appoint permanent members to the Committee.

The OPCC decision making process requires oversight by both of the statutory officers, ie the Monitoring Officer and Chief Finance Officer. All decisions made are formally recorded and made available on the PCC's website for public information and scrutiny.

The Police and Crime Panel for Lancashire comprising local authority and other local representatives, maintains a supportive check and balance on the Commissioner's decisions and activity through the year. Part of the role of the Police and Crime Panel is

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to approve or veto the Commissioner's precept proposals and to consider the Commissioner's Police and Crime Plan. The Commissioner's statutory requirements in relation to the Police and Crime Panel were met in full for 2012/13.

A forward plan of key decisions is currently being developed in collaboration with the Constabulary. This will be embedded and developed over the coming months and will be available on the OPCC's website.

The LPA had in place a strategic risk register and an operational risk register. On a quarterly basis, senior managers reviewed both registers which were also considered both informally and formally through the LPA's committee process.

Transitional arrangements had been in place prior to the transition – these had been overseen by a Transitional Governance Board which was jointly chaired by the Chief Constable and the Chair of the LPA. A joint strategic transitional risk register was in place.

The OPCC is currently finalising revised risk management arrangements as reported to the combined interim Audit Committee in February 2013. Some of the risks from the LPA are still current, eg those relating to the current financial position, transition, collaboration, effective governance, partnership working; however a scoping / scanning exercise is currently underway to examine a number of key documents to establish the key strategic risks which could prevent the Commissioner achieving his priorities; risks associated with the new model and risks arising from public consultation on priorities / budget.

### **3.5 Developing the capacity and capability of all to be effective in their roles.**

All LPA Members were given the opportunity, through an annual

review process, to identify development opportunities and key areas of business interests. Members received regular briefings on key issues and were given prompt responses to any queries they raised. Individual one to one training / learning opportunities were designed to ensure Members were able to engage effectively.

A number of specialist briefings / training events were arranged for LPA staff in the period prior to transition. Continuous dialogue with key partners, including the Constabulary was ongoing. The staff structure remained throughout the transition period, with a number of vacant / temporary positions remaining. Training, development opportunities were sourced to meet individual staff members' needs. Evaluation is generally taken at the point of training.

On 1 October 2012, in preparation for transition and to contribute to the work of the OPCC, a senior strategic advisor was seconded from Lancashire Probation Trust with a specific role relating to criminal justice, crime and re-offending. Work commenced within the year on identifying shared areas of partnership working and resourcing with the Constabulary with a view to providing a single co-ordinated approach to working with a resourcing partner activity.

The OPCC holds fortnightly Planning Meetings for the Commissioner's senior team where there is opportunity to provide briefings on current issues; and a series of briefings and visits to partners is underway in relation to new areas of business (eg victims, criminal justice).

### **3.6 Engaging with local people and other stakeholders to ensure robust public accountability.**

The LPA had a statutory duty to consult with the public in relation

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to policing issues. The LPA and Constabulary had appropriate strategies for consultation, communication and marketing, designed to ensure effective engagement with all sections of the community and stakeholders. These strategies aimed to promote visible awareness and create a positive, informed and recognisable profile for both the LPA and the Constabulary. The LPA continued to involve local residents through a variety of channels to ensure that policing reflected and met the needs of residents during the transition process, through digital media, twitter feeds, facebook, signposting and establishment of a dedicated micro site relating to all aspects of the transition to the new regime.

A bespoke Lancashire wide public information campaign entitled 'Be part of it' campaign was created. This involved the production of media briefings, stakeholder information packs, creation of a micro website, partner toolkit alongside videos, posters, wallpapers and giveaways to inform Lancashire communities about the change in governance and to facilitate discussion and awareness.

A tactical media plan was developed to enable LPA to inform and educate journalists about the transition and to support accurate media reporting and heightened public awareness.

Telephone surveys were undertaken regarding policing priorities and what the public expected of the PCC regarding communication methods to help develop the communication and engagement programme for the incoming PCC and to help inform the development of the PCC's first police and crime plan.

The LPA led on the national procurement of PCC websites for incoming PCCs.

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The PCC's website was available from 16 November 2012 and serves as a front counter for information about the PCC. This is updated with information about role, functions and activity.

Twitter and facebook feeds are continually used to promote the role, functions and activity. An e-newsletter has been developed detailing the work of the OPCC and encouraging feedback from the public.

Public road show events were undertaken in January 2013 across Lancashire enabling direct PCC and public engagement within communities to help in the development of the PCC's first Police and Crime Plan for Lancashire.

The Authority was a statutory partner on the 13 Community Safety Partnerships (CSPs) and the Safer Lancashire Board with Member/Senior Officer level representation. Role statements were available for Members on CSPs and support and advice was available from the Chief Executive's Office.

Partnership working has continued to develop and Members have been supported in meeting the statutory obligations and in delivering agreed outcomes for partnership working, particularly with the 13 CSPs and the Safer Lancashire Board.

Core areas of business included policy development and implementation; research, briefing and guidance for Members; preparing consultation responses; maintaining oversight of partnerships' performance; sharing information with partners, especially performance information and community views and contributing to joint working with partners. The operation of the Authority's grant scheme for CSPs had been developed during 2012 to ensure that funding was delivered more efficiently, that outcomes supported both the LPA and CSP objectives, and that outcomes and achievements were better reported.

The Commissioner has committed to continuing attendance at a range of partnerships including the CSPs and the new Lancashire Community Safety Strategy Group.

On 1 October 2012, in preparation for the transition, and to contribute to the work of the OPCC, a senior strategic advisor was seconded from Lancashire Probation Trust with a specific role relating to criminal justice, crime and re-offending.

Work commenced within the year on identifying shared areas of partnership working and resourcing with the Constabulary with a view to providing a single co-ordinated approach to working with and resourcing partner activity.

#### **4 REVIEW OF EFFECTIVENESS**

The OPCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and the systems of internal control.

The governance framework was developed by the OPCC in conjunction with the Constabulary, internal audit and representatives from the audit committee. The scheme of governance is currently being reviewed to ensure it is effective and that there are no difficulties in applying the framework. The work is currently underway but is not envisaged to identify any significant issues. The work also forms part of an Internal Audit review that is looking at the governance arrangements post the election of the Commissioner.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below:

### **LPA / OPCC**

The LPA and now OPCC has overall responsibility for the discharge of all the powers and duties placed on it and has a statutory duty to 'maintain an efficient and effective police force'. The review and maintenance of the governance framework was previously undertaken by the LPA's Audit and Standards Committee. The joint OPCC / Constabulary interim Audit Committee has now taken on this responsibility and will continue to discuss the majority of governance issues, referring reports to the PCC when it is felt necessary.

### **Lancashire Constabulary**

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within the Constabulary at least on an annual basis. This review is informed by the work of the Chief Finance Officer, Head of Internal Audit, and the Risk and Assurance Managers within the Constabulary who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2012 /13 the officers of the OPCC have placed reliance on this review and the Constabulary's resulting Annual Governance Statement.

### **Audit and Standards Committee / Joint Interim Combined Audit Committee**

LPA had delegated responsibility for reviewing and maintaining the effectiveness of the governance framework to the Audit and Standards Committee.

A joint interim Combined Audit Committee has now replaced the Audit and Standards Committee and will continue to receive regular reports on governance issues, including the review of the

Annual Governance Statement for inclusion in the Annual Statement of Accounts and update reports on progress made in addressing any significant governance issues included in it.

### **Head of Internal Audit**

Internal audit provides an independent and objective opinion to the OPCC on the control environment by evaluating its effectiveness in achieving the organisational objectives. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. The Head of Internal Audit reports regularly to the Chief Executive and Chief Finance Officers.

Regular monitoring reports and an annual report are received from the Internal Auditors, providing the interim combined Audit Committee with an opportunity to challenge the assurances that have been obtained over the operation of key controls.

The responsibility for updating, maintaining and reviewing the systems of internal control rests with the OPCC, but it takes significant assurance from the work of internal audit. In fulfilling this responsibility, each year it receives an opinion on the overall adequacy and effectiveness of the OPCC's internal control environment, which provides details of any weaknesses particularly relevant to the preparation of the Annual Governance Statement.

In maintaining and reviewing the governance framework, the PCC's Chief Finance Officer places reliance on the work undertaken by Internal Audit and in particular the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control. For 2012 /13 the Head of Internal Audit is of the opinion, that taking into account all available evidence, the OPCC and Lancashire Constabulary internal control environments are generally sound and that, based on the internal

audit work undertaken during the year, they are able to give substantial assurance on the internal control environment. In their annual audit report, the Audit Manager states 'there was a generally sound system of internal control during the year, adequately designed to meet the Constabulary's, the former Police Authority's and the newly formed OPCC' s objectives and controls were generally applied consistently, although we identified areas where control needs to be strengthened'.

Recommendations arising from audit reports are reviewed and action plans developed in order to address these. These are followed up throughout the year by internal audit and are reported through to the Joint Audit Committee.

### **External Audit**

External Audit are an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the OPCC's services, with their annual letter particularly providing comment on financial aspects of corporate governance, performance management and other reports.

The external auditor's most recent annual audit letter gave an unqualified opinion on the LPA accounts for the year and recorded that they had not identified any significant weaknesses in the overall control framework. The external auditors also concluded that the LPA had proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

### **Other areas for consideration:**

In addition to the above, other review / assurance mechanisms such as Her Majesty's Inspectorate of Constabulary, the

Independent Police Complaints Commission who are charged with promoting the effectiveness and efficiency of policing, improving performance and sharing good practice nationally and the Health and Safety Inspectorate are also relied upon.

The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the OPCC and the Constabulary who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

As part of the assurance gathering process for this statement, certificates of assurance have been signed by the OPCC's Deputy Chief Executive and Chief Finance Officer.

### **5 PROGRAMME OF IMPROVEMENT FOR GOVERNANCE ISSUES**

Key strategic risks, such as delivering an effective financial strategy, are monitored and reviewed throughout the year and form part of the Commissioner's risk register. Other emerging governance issues that will be addressed during the year are;

#### **Stage 2 Transfers**

Stage 2 transfers must be agreed by the Home Secretary and implemented from 1 April 2014. A considerable amount of work is required in meeting the timescales in delivering the Stage 2 transfers and a working group has been established to carry out this role. Both the OPCC and the Constabulary are involved as are the appropriate union representatives. The Stage 2 transfer will have an impact on both staffing and governance arrangements and will also have some financial implications.

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These issues will be reviewed and managed throughout the Stage 2 process. Currently, guidance from the Home Office and other bodies is still emerging and arrangements are in place to ensure the Commissioner complies with these; both the Commissioner's Chief Executive and the Chief Finance Officer are members of professional groups that discuss key emerging issues and set out the new requirements placed on Commissioners..

### **Procurement**

A recent internal audit review identified some issues of weakness over current procurement activity within the constabulary. A review of all recommendations has been carried out and new processes put in place to overcome the problems identified. Some work is also underway to develop a strategic approach to procurement that will see the development of a corporate contracts register and more detailed analysis of spend. This will enable the OPCC and the Constabulary to consider all procurement activity and develop approaches that maximises the level of procurement savings achievable.

We propose over the coming year to take steps to address the above matters to enhance our governance arrangements further. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

**Signed:**

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**Clive Grunshaw**  
**Police and Crime Commissioner**

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**Miranda Carruthers-Watt**  
**Chief Executive**

**Date:**





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Constabulary**

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**REPORT TO: INTERIM COMBINED AUDIT COMMITTEE**

**DATE: 1 July 2013**

**REPORT AUTHOR: Leah Watson, Lancashire Constabulary**

**SUBJECT: Constabulary Risk Management Arrangements**

## **1 Issue for Consideration**

An update on the Constabulary's review of risk management arrangements and relevant documentation.

## **2 Recommendation**

In its role of reviewing the adequacy of the Constabulary's risk management processes, the Committee is asked to consider the revised arrangements for risk management in the Constabulary.

## **3 Background**

The Constabulary has recently undertaken a review of its risk management processes, with a view to streamlining and reducing the associated bureaucracy, whilst providing improved assurance around the governance offered in respect of this area.

At its meeting in February 2013, the Committee received a report on the progress made by the Constabulary and requested a further update to the next meeting in July.

The review has now been completed, in consultation with Internal Audit to ensure appropriate assurance. The revised arrangements and supporting documents are outlined below.

## **4 Subject**

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The Constabulary has revised the way in which it manages risk and demonstrates effective risk management processes, in order to reduce bureaucracy and streamline processes whilst providing relevant assurance. In undertaking the review, the Constabulary has taken the view that:

- it manages risk effectively within the context of its standard operating framework, through established management structures and practices and internal governance arrangements.
- Managers have a good understanding of their own business areas and are able to adequately identify and mitigate against the risks therein.
- The value added to the effectiveness of the organisation from documenting every conceivable risk is negated by the investment required in maintaining that process.
- There may be an opportunity to create capacity by removing the requirement to prepare documentation which serves only to demonstrate effective management processes (e.g. multiple risk registers), rather than supporting or enhancing them.
- Assurance on the risk management process and on specific risk areas is provided through Internal Audit and the Audit Committee, and is evidenced in the annual review of governance arrangements.

As a result, the Management Team has now approved and endorsed the risk management principles outlined below.

- The Management Team is confident that, through its internal governance arrangements, the Constabulary will continue to ensure that the identification of risk and implementation of relevant controls are appropriately considered.
- Key strategic risks are already identified and documented on the Strategic Forecast (Appendix 1). These are reviewed by the Management Team and PCC at least monthly.
- Current organisational risks will be identified chiefly through the monitoring of items submitted through the Constabulary's strategic board meetings and included on the Strategic Forecast, which are considered to be adequate in identifying the Constabulary's key risks. These will be documented on a single Organisational Risk Register (Appendix 2) which will be reviewed on a regular basis and reported to the Committee on an annual basis, or as requested.
- It is accepted that there are a number of risks which, although considered to have been mitigated to their optimum level due to controls already put in place by the Constabulary, continue to present a risk to the organisation. These 'residual' risks have been identified through review of pre-existing divisional and departmental risks registers and have now been recorded in a new, single, Residual Risk Register (Appendix 3). The Residual Risk Register will be remitted to the Committee on an annual basis, or as requested.

## 5 Implications

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Equality Impact Assessment:</b>	N/A
<b>Risks and Impact:</b>	Low
<b>Link to Police and Crime Plan:</b>	Achieving Value for Money

## 6 List of attachments / appendices

- **Appendix 1 – Constabulary Strategic Forecast**
- **Appendix 2 – Constabulary Organisational Risk Register**
- **Appendix 3 – Constabulary Residual Risk Register**

## 7 Background Papers

None

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## Business Management Model - Strategic Forecast



The Strategic Forecast records the key issues impacting upon the work of the Constabulary from the present day through the next five years. It includes a wide range of organisational and operational issues, which are monitored through scanning, planning and implementation phases, to ensure appropriate oversight and governance is maintained. Issues are included on the Forecast based on an assessment of the potential risk they pose to the performance of the Constabulary, to the wellbeing of its people, its financial health and to public confidence in Lancashire.

Key	Scanning	Denotes that the full details and impact of an issue on resources are not yet fully known or understood - the Constabulary is monitoring and/or researching the issue.									
	Planning	Denotes that further details of an issue are known and the Constabulary is working to understand the impact on resources and how the demand is best met.									
Timescale	Implementation	Denotes that the details and likely impact on resources are known and understood - the Constabulary has a plan in place and has agreed to move to implementation.									
	Shaded	Denotes new issues that have recently been added to the Strategic Forecast.									
Date(s)	Subject	Status	Impact				Owner	Dept	Chief Officer Lead		
			Perf	Ppl	Mon	PC					
0 - 4 months	Suspended	Joint inspections of multi agency child protection arrangements - unannounced	Scanning	Corp Dev	✓			✓	Supt Wilson	Corp Dev	ACC Rhodes
	Due	HMIC Thematic Review 'From Street to Strategic' - report publication	Scanning	Corp Dev	✓			✓	Supt Wilson	Corp Dev	ACC Rhodes
	TBC	Winsor Part 1 Negotiation - Police Staff	Scanning	HRP		✓	✓		Ashley Judd	HRP	ACC White
	TBC	Winsor Part 2 Negotiation - Police Officers	Scanning	HRP		✓	✓		Ashley Judd	HRP	ACC White
	TBC	Winsor Part 2 Negotiation - Police Staff	Scanning	HRP		✓	✓		Ashley Judd	HRP	ACC White
	Feb - Jul 2013	Dale Cregan Trial - Preston Crown Court	Implementation	H Div		✓	✓	✓	T/CS McMahon	H Div	ACC Rhodes
	June 2013	G8 Summit - Belfast	Scanning	H Div	✓	✓	✓	✓	T/CS McMahon	H Div	ACC Rhodes
	26 June 2013	Spending Review Announcement - 2015 onwards	Scanning	Corp Dev	✓	✓	✓	✓	Supt Wilson	Corp Dev	DoR
	July 2013	LASPO Act Implementation	Planning	OB	✓			✓	Tim Ewen	CJS	ACC Bates
	July 2013	Single Control Room	Planning	Cont Mgt	✓	✓	✓	✓	T/CS Oldham	Cont Mgt	ACC Bates
	July 2013	VtP 3 Inspection - Reports	Scanning	SE	✓			✓	Ch Supt Lee	SE	DCC Weigh
	July - Sept 2013	Shift system implementation	Implementation	SE	✓	✓		✓	Supt Woods	SE	ACC Bates
	Summer 2013	HMIC inspection of child rape and CSE	Scanning	Corp Dev	✓	✓		✓	Supt Critchley	PPU	ACC Rhodes
	Summer 2013	HMIC Inspection of SPR arrangements	Scanning	Corp Dev					Supt Wilson	Corp Dev	ACC Rhodes
	Summer 2013	HMIC Inspection of PSD capacity and capability - Reports	Planning	PSD	✓	✓	✓	✓	Supt Giles	PSD	ACC White
	Summer 2013	Crime and Courts Bill	Scanning	Corp Dev	✓	✓	✓	✓	DCS Tattum	G Div	ACC Rhodes
	Sept 2013	Review of multi-agency working and information sharing - report	Scanning	Corp Dev	✓			✓	Supt Spedding	Corp Dev	ACC Rhodes
	TBC	Electronic Case Files	Planning	RB	✓	✓	✓	✓	Tim Ewen	CJS	ACC Bates
	Suspended	Multi-agency child protection inspection framework and timetabling	Scanning	Corp Dev	✓	✓	✓	✓	Supt Critchley	PPU	ACC Rhodes
	Ongoing	Stage 2 Transfer of Police Staff	Scanning	Corp Dev	✓	✓	✓	✓	Ashley Judd	HRP	ACC White

## Business Management Model - Strategic Forecast



Timescale	Date(s)	Subject	Status		Impact				Owner	Dept	Chief Officer Lead
					Perf	Ppl	Mon	PC			
4 - 12 months	TBC	Stevens Review of Policing	Scanning	Corp Dev					Supt Wilson	Corp Dev	DCC Weigh
	TBC	Joint Inspection of Sec 136 detentions - final report	Scanning	Corp Dev	✓			✓	Tim Ewen	CJS	ACC Bates
	TBC	Transforming Rehabilitation Consultation Findings	Scanning	G Div	✓		✓	✓	Supt Critchley	G Div	ACC Rhodes
	Nov 2013	Funding Announcement	Scanning						Alan Brown	Finance	DOR
	Nov 2013	Draft ASB Bill	Scanning	Corp Dev	✓			✓	C/S Eastwood	Force Lead	ACC Bates
	Jan 2014	Joint inspectorate thematic review of High Demand Families	Scanning	Corp Dev	✓			✓	Supt Wilson	Corp Dev	ACC Rhodes
	March 2014	£9.6m funding gap	Scanning	SE	✓	✓	✓	✓	Ch Supt Lee	SE	DCC Weigh
	March 2014	College of Policing Licensing Strategy	Scanning	L&D	✓	✓	✓		Victor Robinson	L&D	ACC White
	March 2014	PCSO Partner Funding	Scanning						CS Lee	SE	ACC Bates
	April 2014	Budget	Scanning						Alan Brown	Finance	DOR
	April 2014	Force Restructure	Scanning	Corp Dev	✓	✓	✓	✓	CS Lee	Corp Dev	DCC Weigh
	April 2014	EU Data Protection Regulation Changes	Scanning	Corp Dev					Supt Giles	PSD	ACC White
	May 2014	Local Elections	Scanning	Corp Dev							
1 - 2 years	Summer 2014	Commonwealth Games - Glasgow	Scanning	OSS					TCS McMahon	H	ACC Rhodes
	Nov 2014	Funding Announcement	Scanning						Alan Brown	Finance	DOR
	March 2015	PCSO Partner Funding	Scanning						CS Lee	SE	ACC Bates
	April 2015	Budget	Scanning						Alan Brown	Finance	DOR
	May 2015	Local Elections	Scanning								
	May 2015	General Election	Scanning								
	April 2015	Airwave Contract	Scanning	ICT	✓		✓		Supt R/shaw	ICT	Mr Cosh
2 - 3 years	Nov 2015	Funding Announcement	Scanning						Alan Brown	Finance	DOR
	March 2016	PCSO Partner Funding	Scanning						CS Lee	SE	ACC Bates
	April 2016	Budget	Scanning						Alan Brown	Finance	DOR
	TBC	Western DHQ	Planning	SB	✓	✓	✓	✓	Tim Ewen	Estates	Mr Cosh
	May 2016	PCC Elections	Scanning								
	May 2016	Local Elections	Scanning								
3 - 4 years	Nov 2016	Funding Announcement	Scanning						Alan Brown	Finance	DOR
	March 2017	PCSO Partner Funding	Scanning						CS Lee	SE	ACC Bates
4 - 5 years	Nov 2017	Funding Announcement	Scanning						Alan Brown	Finance	DOR

## Business Management Model - Risk Register



The Constabulary uses its organisational Strategic Forecast and operational Strategic Assessment to identify emerging issues that present a risk to the organisation. Having assessed these, in conjunction with a range of associated factors, the following risks have been identified:

Risk	Summary	Risk Assessment		
		Likelihood	Impact	Rating
Performance	Ability of the Constabulary to sustain good performance and quality of service delivery around crime reduction and detection, protecting people, tackling ASB, KSIs, satisfaction and confidence. Although performance is currently being sustained, the emphasis will be on matching resource to risk, which is likely to prove challenging in the environment of reducing resources.	3	5	15
Money	Recent announcements by the Government of an extended period of austerity, is likely to mean that Lancon will face increasingly significant financial challenges over the next four years. Financial modelling indicates that this could be in the region of £20m, however, there is a significant degree of uncertainty around assumptions within those models. The impact on delivery and sustainability of services is likely to be significant going forward.	5	5	25
People	Police Officers are currently facing a significant amount of uncertainty around their career and financial security, with challenges to their terms and conditions, pay and pensions arising from both internal and external reviews. Aligned to this are concerns arising from the internal changes being made to the Constabulary as a result of the budget cuts, including redeployment and restructuring of posts and deployment. It is the cumulative impact of these changes that is, potentially, so significant.	5	5	25
	Police Staff are facing increasingly uncertain futures due to the changes that have been implemented across the Constabulary, particularly with the threat of redundancies arising from the on-going reviews and in the reduction in opportunities for progression. Staff are also affected by the proposed changes to pensions, pay and conditions arising from both external and internal reviews, as well as the on-going Stage 2 Transfer process.	5	5	25
Public Confidence	There have been a number of recent revelations regarding the integrity of the Police Service, particularly around honesty and transparency in respect of significant investigations, relationships and receipt of gifts and hospitality; whilst not directly relating to Lancashire, the stories may have an impact on confidence locally. In addition, the Constabulary is facing the dual challenges of sustaining its traditional high levels of performance and quality of service, in a context of significantly reduced budgets and organisational and service transformation. There is a risk that the collective impact of these factors on the Constabulary and its people, if not appropriately managed, will have a negative impact on public confidence.	3	3	9
<b>Last Review</b> Review Board - May 2013		<b>Next Review</b> Review Board - June 2013		



# Corporate Risk Register



Risk Ref	Risk Title and Details	Risk Owner	Risk Assessment			Controls and Notes
			Prob	Impact	RAG	
1	<b>BCU Restructure</b> Restructure of basic command units will significantly alter the organisational structure of the force, presenting risks to our people, performance and public confidence.	ACC Territorial Operations	5	4	20	SE Programme project and risk management processes. Consultation and engagement with communities and workforce. Dedicated workstream leads to ensure effective transition.
2	<b>Single Contact Centre</b> Moving the Constabulary from its six existing contact centres to a single room for the force is a significant logistical operation, which will alter how the Constabulary delivers its Contact Management function. It presents a risk to our people, performance and public confidence.	ACC Territorial Operations	5	4	20	SE Programme project and risk management processes. Consultation and engagement with communities and workforce. Dedicated workstream leads to ensure effective transition and uninterrupted service to the public. Tested contingency plans.
3	<b>Stage Two Transfer</b> Legal requirement to complete Stage 2 Staff Transfer creates uncertainty around future make-up of the Constabulary, and potentially presents a risk to our people and performance.	ACC People	5	4	20	Joint OPCC and Constabulary Stage 2 Transfer Group with governance at executive level. Monitoring of national developments. Consultation and engagement with unions and workforce.
4	<b>ICT Sustainability</b> Demand on ICT services exceeds capacity and this has been exacerbated by the impact of the recent organisational review. There is a risk to people and performance as a result.	Director of Resources	4	4	16	ICT Prioritisation Plan, with monitoring and governance via BMM. ICT Programme Risk Register.
5	<b>Integrity and Standards</b> Recent high profile national reports have highlighted concerns around integrity and standards issues across the Service, including vulnerability to corruption, inappropriate relationships and acceptance of gifts and hospitality. These threats present a risk to our people, performance and public confidence. The potential transfer of PSD-related resources to the IPCC exacerbates this risk.	ACC People	3	4	12	Proactive PSD investigative capability (IACT), supported by enhanced IT auditing capability in place throughout the organisation (3AMI). Counter Corruption Strategy underpinned by specific policies (e.g. gifts and hospitality, media relationships, use of social media, reportable associations etc.). Identified risks monitored and managed through quarterly Risk Management Meetings with Divisions. Electronic gifts and hospitality register to enable improved monitoring and auditing.





# Residual Risk Register

This register records the risk areas that are deemed by the Constabulary to have been mitigated to a level which provides sufficient assurance that routine review is no longer necessary. These will be reviewed at least annually to ensure that appropriate controls remain in place and that relevant assurance can be maintained.

Ref	Risk Title and Details	Initial Risk Rating			Controls and Notes	Residual Risk Rating		
		Prob	Impact	RAG		Prob	Impact	RAG
1	<b>Death on Duty</b> Death of a police officer or staff member in the course of their duties.	2	5	10	Risk assessment and grading ensure appropriately trained officers and staff are deployed to incidents. H&S legislation is complied with. Relevant Constabulary policies (e.g. training, deployment etc) make workforce safety a primary objective. Frontline officers and staff have relevant personal safety training. Appropriate personal protective equipment (PPE) is issued to relevant frontline staff.	1	5	5
2	<b>Death of Member of the Public</b> Death of a member of the public whilst subject of police attention / action / investigation.	2	5	10	Risk assessment and grading of incidents ensure known vulnerabilities are communicated. Constabulary policies (e.g. road pursuits) make safety of the public a primary objective. Compliance with H&S, PACE, ECHR and other relevant legislation. Independent Custody Visitors routinely make unannounced visits to custody suites. Custody suite design, transport arrangements, staffing, policies and procedures ensure that the safety of the public and custody staff is paramount.	1	5	5
3	<b>Information / Data Security</b> Information data quality, unauthorised access to and sharing / loss / use / disclosure of information from Constabulary ICT systems.	5	4	20	Regular and routine audit of data quality and systems provides relevant assurance around security, compliance and breaches. The Constabulary has stringent security arrangements for both hard and software systems, overseen by a dedicated security manager. Constabulary policies and procedures outline the required standards for officers and staff and these are regularly refreshed and communicated. MOPI and FOI requirements are complied with.	2	4	8
4	<b>Health and Safety</b> Health and safety failure affecting safeguarding of workforce and members of the public visiting Constabulary buildings, including risks presented by legionella, asbestos etc.	4	4	16	Regular routine maintenance and testing of relevant systems takes place (e.g. power, water etc). An asbestos register exists for all premises affected to ensure that appropriate notifications are made. A network of First Aid and Fire Wardens are in place and trained across the Constabulary and routine fire testing takes place. H&S representatives are in place across the Constabulary and regular audits are conducted.	1	4	4



## Residual Risk Register

This register records the risk areas that are deemed by the Constabulary to have been mitigated to a level which provides sufficient assurance that routine review is no longer necessary. These will be reviewed at least annually to ensure that appropriate controls remain in place and that relevant assurance can therefore be maintained.

Ref	Risk Title and Details	Initial Risk Rating			Controls and Notes	Residual Risk Rating		
		Prob	Impact	RAG		Prob	Impact	RAG
5	<b>Major Unplanned Incident / Event</b> Significant unplanned major incident / accident / event impacting on resource availability and service delivery.	3	5	15	Divisional, regional and national mutual aid arrangements are in place and are tested. Emergency procedures and plans exist and are tested. Bronze, Silver and Gold Command procedures are well established. Silver and Gold Command Room facilities are available as and when needed and can accommodate multi-agency requirements.	3	3	9
6	<b>Loss of Services</b> Impact on ability of Constabulary to deliver key services as a result of interruption to supply of utilities etc.	3	5	15	BC Plans are in place and tested. Back-up supply systems are available at critical sites.	3	3	9
7	<b>Estate / Asset Security</b> Risk to Constabulary assets arising from a range of factors, including poor maintenance, criminality, significant defect, climate change (e.g. flooding, coastal erosion) etc.	4	4	16	Maintenance plans ensure necessary work is undertaken. Physical protections are in place at critical sites. BC Plans are in place and tested. Back-up supply systems are available at critical sites.	2	3	6
8	<b>Partnership Working</b> Withdrawal of partner agencies from significant shared working / funding arrangements.	3	5	15	Governance of partnership arrangements sits at executive level with the LCCSSG. Shared priorities and objectives are identified and documented in the Lancashire Strategic Assessment. Partnership working arrangements are increasingly well-integrated, with co-location offering tangible opportunities and savings to all partners invested.	1	5	5
9	<b>Inspection Findings</b> Potential for adverse inspection findings due to lack of preparedness for, and effective co-ordination of, inspection activity.	3	5	15	SPOC monitors inspection plans to predict when inspection activity might take place. SPOC for inspections within force ensures that relevant departments and individuals are aware of, and briefed in respect of, inspection activity. Thematic and Force inspection reports are reviewed to ensure that areas of improvement are identified and actioned.	1	5	5
10	<b>Contract Security</b> Commissioning, procurement and purchasing are non-compliant with the law and Constabulary policies.	2	5	10	Due diligence is conducted in all procurement / contractual negotiations. A central log of all contracts is maintained and monitored. Contractual agreements are published in accordance with relevant legislation. The PCC is informed of all significant contract renewals due.	2	2	4



**Lancashire**  
**Constabulary**  
police and communities together

**REPORT TO: INTERIM COMBINED AUDIT COMMITTEE**

**DATE: 1 JULY 2013**

**REPORT AUTHOR: POLICY AND PERFORMANCE OFFICER (OPCC)**

**SUBJECT: RISK MANAGEMENT ARRANGEMENTS**

**(Appendices A and B refer)**

## **1 Issue for Consideration**

- 1.1 Update on the current status of the Police and Crime Commissioner's risk management arrangements since the last meeting of the Committee in February.

## **2 Recommendation**

- 2.1 That the Committee note the update and comment on the revised draft risk management arrangements for the OPCC as now presented.

## **3 Background**

- 3.1 On 22 November 2012, the Office of the Police and Crime Commissioner (OPCC) for Lancashire was established. This presented an opportunity to review risk management arrangements for the OPCC.
- 3.2 The terms of reference for the Interim Combined Audit Committee include:
- Providing independent assurance of the adequacy and efficiency of the risk management framework and the associated control environment within the OPCC and the Chief Constable.

## **4 THE OPCC POSITION**

- 4.1 Since the last meeting, a draft risk management framework has been developed, which is presented for the Committee's consideration at Appendix A. The proposed arrangements reflect the new regime and provide a more simplistic and streamlined approach to risk management.

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- 4.2 The OPCC will maintain two separate risk registers, one for strategic risks (which is attached at Appendix B) and the other covering operational risks to the OPCC which is still under development.
- 4.2 Details of the different levels of responsibilities and an overview of the process are identified in the Policy Statement.
- 4.3 The revised arrangements seek to assist with the management of risk associated with likely events that could undermine the achievement of the priorities within the Police and Crime Plan and the Constabulary's ambition.
- 4.4 Members views are welcomed on the draft framework arrangements and strategic risk register as now attached.

## 5 Implications

<b>Financial:</b>	Resource requirements to enable development and implementation of the above can be found from existing budgets.
<b>Legal:</b>	In order to comply with the Financial Management Code of Practice, the OPCC must establish a risk management strategy / register.
<b>Equality Impact Assessment:</b>	None
<b>Risks and Impact:</b>	None
<b>Link to Police and Crime Plan:</b>	See 4.3 above

## 6 List of attachments / appendices

- None

## 7 Background Papers

- None

### Report Author

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# CORPORATE RISK MANAGEMENT STRATEGY

## Introduction

The Police and Crime Commissioner's (PCC) duties for risk management are twofold. Firstly, the Office of the PCC (OPCC) has a responsibility for putting in place arrangements to manage the risks it faces, separate from those of the Constabulary; and, secondly for ensuring that the Constabulary itself has adequate arrangements in place for risk management.

The aim of this strategy is to detail how risk management will be embedded into the governance structure and business of the OPCC.

This strategy refers to the management of risk within the OPCC and its immediate operating environment and the way in which the OPCC will monitor the management of risk in the Constabulary. This document should be read in conjunction with the PCC's Risk Management Policy Statement.

## Objectives

The objectives of the strategy are to:

- Increase the likelihood of achieving the PCC's vision and strategic aims and priorities<sup>1</sup>;

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<sup>1</sup> The PCC's vision is: "I want to be a strong voice for Lancashire when it comes to policing and crime, both with local residents and protecting Lancashire's interests".

The PCC's aims are to:

- **REASSURE** our communities – improve trust and confidence in policing
- **REDUCE** crime
- **REDUCE** re-offending
- **WORK TOGETHER** with partners to deliver better services and ensure that resources are used effectively

The PCC's priorities are:

- **Defend frontline policing**
- **Champion the rights of the victim**
- **Protect vulnerable people**
- **Targeted initiatives to tackle crime and re-offending**

## Agenda Item 10 – Appendix A

- Prevent or reduce the potential consequences of events which could have been reasonably foreseen;
- Prevent or reduce events or actions that could be damage the reputation of and public confidence in the PCC;
- Improve decision making;
- Assist with the allocation of resources;
- Integrate risk management into the culture of the OPCC and its processes;
- Raise awareness of risk management for all staff, so that it becomes an integral part of everyday activity;
- Safeguard the public, our service users, staff and all other persons to whom the OPCC has a duty of care
- Preserve and enhance service delivery
- Support the quality of the environment
- Exploit opportunities;

### Definitions

**Risk** is defined as an uncertainty of outcome (whether positive opportunity or negative threat) which might affect the achievement of the PCC's vision, strategic aims and priorities.

**Risk management** is the culture, processes and structure that are directed towards effective management of potential opportunities and threats to the PCC achieving his vision, strategic aims and priorities.

### Responsibilities

**All members of staff are responsible for recognising and managing risks within their area of activity and for reporting any risks that may not have been previously recognised and recorded.**

Particular responsibilities for risk management are set out within the PCC's Risk Management Policy Statement.

### Corporate Governance

Risk management is central to effective corporate governance and relies on the production, maintenance and utilisation of realistic and robust risk registers.

CIPFA guidance<sup>2</sup> states that 'good governance requires that risk management is embedded into the culture of the organisation'. Corporate governance is the system by which an organisation is directed and controlled at its most senior levels, in order to achieve its objectives and meet the necessary standards of accountability, probity and openness.

The Financial Management Code of Practice<sup>3</sup> states that the Audit Committee will advise the PCC and the Chief Constable according to good governance principles and to adopt appropriate risk management arrangements in accordance with proper practices.

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<sup>2</sup> Delivering Good Governance in Local government

<sup>3</sup> Home Office – [www.official-documents.gov.uk/document/other/9780108511332/9780108511332.pdf](http://www.official-documents.gov.uk/document/other/9780108511332/9780108511332.pdf)

# Agenda Item 10 – Appendix A

In setting up the Interim Combined Audit Committee, the PCC and the Chief Constable have given regard to the CIPFA Guidance on Audit Committees.<sup>4</sup>

The Annual Governance Statement is produced on an annual basis to review the effectiveness of the governance framework.

The commitment to developing and maintaining the risk register is based on the principle that the PCC should be able to review strategic risks (and their management) as part of the proper exercise of the PCC's responsibilities in holding the Constabulary to account.

## Process

### Strategic and Operational Registers

The OPCC will maintain two separate risk registers, one for strategic risks and the other covering operational risks to the OPCC. The operational risk register is co-ordinated by the OPCC's Resources Manager.

An overview of the process is presented at Appendix 1.

### Clarifying our Outcomes / Objectives

This is straightforward. Establish what the priority is aiming to achieve and link these outcomes / objectives with what the organisation is aiming to achieve.

### Identification

Based around the outcomes / objectives / benefits identified, the next step is to identify the key risks that can hinder or enhance the achievement of those outcomes / objectives. Risks may be identified by the PCC and / or members of staff in a number of ways, including:

- Discussions at governance meetings with the Constabulary
- Internal Management Meetings
- Scrutiny meetings
- Through the PCC and the OPCC activity
- Gauging community needs / through public consultation
- Financial and performance risks
- Tracking national agenda
- Partnership working
- Environmental / horizon scanning
- General working practices
- Strategic Policing Requirement
- Development / review of the Police and Crime Plan
- Risks associated with the new model (commissioning, the Police and Crime Panel)

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<sup>4</sup> CIPFA's Audit Committees – Practical Guidance for Local Authorities

## **Analysis / Evaluating Risks – Appendix 2 refers**

Once all the possible key risks and / or opportunities have been identified, it is then necessary to analyse and evaluate the risks so that you may distinguish between minor acceptable risks and major risks.

Two criteria are to be used to determine the scale of threat associated with each risk:

- The **likelihood** of the threat occurring
- The severity or **impact** of the consequences should the threat occur

## **Risk Mitigation/Control (risk treatment)**

Risk treatment is the process of selecting and implementing measures to modify the inherent risk.

A document should list the key controls, systems and processes (policies, actions, measures) that are currently in place to manage the inherent risks identified.

## **Re-assess the Risk**

Assess the risks after your existing mitigations / controls have been evaluated. This provides a residual score and overall risk rating level.

## **Is there a need for further action?**

Determine if any actions are required to reduce further the risks identified and nominate a risk owner who will take responsibility to ensure that these actions are addressed. No further action may be required if the risk is acceptable based on the control measures in place.

Before deciding what action to take to further mitigate risks, consider how much risk the organisation is prepared to accept / tolerate.

Appropriate mitigation and control strategies will be identified by the Deputy Chief Executive in respect of risks included on the Strategic and Operational Risk Registers and discussed with the Chief Executive / Chief Finance Officer / Resources Manager as appropriate.

### Monitoring and Review

Progress in managing risks will be monitored and reported as part of a continuous cycle to ensure losses are minimised, gains are maximised and intended actions are achieved.

The Constabulary's Strategic Forecast will be reviewed by the Constabulary / OPCC on a monthly basis.

OPCC Strategic Risk Register to be reviewed quarterly at OPCC Strategic Planning Meetings (OPCC internal meeting).

OPCC Strategic Risk Register to be reviewed at the Joint Constabulary / OPCC Strategic Planning meetings (quarterly).

The Interim Combined Audit Committee will review the Authority's Strategic Risk Register and the Constabulary's Corporate Risk Register at least once per year. In addition, the Committee will undertake a review of the overall processes and arrangements for risk management and be responsible for considering the effectiveness of the processes for assessing and managing key risk to the Commissioner (and the Chief Constable).

**MIRANDA CARRUTHERS-WATT**  
**CHIEF EXECUTIVE**

### **POLICE AND CRIME COMMISSIONER'S STRATEGIC AIMS AND OBJECTIVES (linked to the Police and Crime Plan)**

#### **IDENTIFICATION**

- Discussions at governance meetings with the Constabulary
- Internal Management Meetings
- Scrutiny meetings
- Through the PCC and the OPCC activity
- Gauging community needs / through public consultation
- Financial and performance risks
- Tracking national agenda
- Partnership working
- Environmental / horizon scanning
- General working practices
- Strategic Policing Requirement
- Development / review of the Police and Crime Plan
- Risks associated with the new model (commissioning, the Police and Crime Panel)

#### **ASSESSMENT**

PPO notified – undertakes initial assessment and inform Deputy Chief Executive (DCE)

DCE to evaluate type of risk, undertake assessment, rank and appoint a risk owner.

#### **CONTROL**

If the level of risk is unacceptable, CE / PPO / CFO must agree a control strategy.

#### **MONITORING AND REVIEW**

The Interim Combined Audit Committee will review the OPCC's Strategic Risk Register and the Constabulary's Organisational / Residual Risk Registers at least once per year. In addition, the Committee will undertake a review of the overall processes and arrangements for risk management and be responsible for considering the effectiveness of the processes for assessing and managing key risk to the Commissioner (and the Chief Constable).

The Constabulary's Strategic Forecast will be reviewed by the Constabulary / OPCC on a monthly basis.

OPCC Strategic Risk Register to be reviewed quarterly at OPCC Strategic Planning Meetings (OPCC internal meeting).

OPCC Strategic Risk Register to be reviewed at the Joint Constabulary / OPCC Strategic Planning meetings (quarterly).



## Appendix 2

### STRATEGIC RISK - ASSESSMENT FRAMEWORK

#### TYPES OF STRATEGIC RISK

Strategic risks need to be considered alongside the medium and long-term objectives of the OPCC. They fall into the following types of areas:

##### **Political**

Example: failure to deliver either local or central government policy.

##### **Economic**

Example: ability of the OPCC to meet its financial commitments.

##### **Social**

Example: changes in demographic, residential or socio-economic trends.

##### **Technological**

Example: capacity of the OPCC to deal with the pace or scale of technological change.

##### **Legislative**

Example: current or potential changes in national or European law.

##### **Environmental**

Example: energy efficiency, pollution, recycling, emissions.

##### **Competitive**

Example: cost and quality and / or ability to deliver value for money / collaborative working.

##### **Customer/Citizen**

Example: failure to meet the current and changing needs and expectations of customers and citizens

##### **Reputational**

Example: poor or negative press coverage.



## STRATEGIC RISK - ASSESSMENT FRAMEWORK INDICATORS FOR LIKELIHOOD AND IMPACT ASSESSMENT

LIKELIHOOD ASSESSMENT			IMPACT ASSESSMENT		
EVALUATION	INDICATORS	SCORE	EVALUATION	INDICATORS	SCORE
<b>Remote</b>	<ul style="list-style-type: none"> <li>Has not occurred.</li> <li>May occur in exceptional circumstances.</li> <li>Less than a 2% chance of occurrence.</li> </ul>	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>Negligible impact on internal / external targets or objectives.</li> <li>No external publicity / reputational risk.</li> <li>Financial/budget impact &lt; £100k</li> </ul>	<b>1</b>
<b>Unlikely</b>	<ul style="list-style-type: none"> <li>Unlikely but may occur over a ten year period.</li> <li>Less than a 10% chance of occurrence.</li> </ul>	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>Minor impact on internal targets</li> <li>Adverse external publicity or reputational issues unlikely</li> <li>Financial/budget impact &gt; £100k but &lt; £250k</li> </ul>	<b>2</b>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>Could occur more than once in ten years.</li> <li>Could be difficult to manage due to external influences.</li> <li>History of occurrence or near miss.</li> <li>Less than a 50% chance of occurrence.</li> </ul>	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Minor impact on organisational objectives and / or targets.</li> <li>Significant impact on internal targets.</li> <li>Some adverse but short-lived external publicity or reputational impact likely.</li> <li>Financial / budget impact &gt; £250k but &lt; £1m</li> </ul>	<b>3</b>

LIKELIHOOD ASSESSMENT			IMPACT ASSESSMENT		
EVALUATION	INDICATORS	SCORE	EVALUATION	INDICATORS	SCORE
<b>Likely</b>	<ul style="list-style-type: none"> <li>• Potential of occurring several times in 10 years or has occurred recently.</li> <li>• Between 50% and 75% chance of occurrence.</li> </ul>	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>• Significant impact on organisational objectives and / or targets.</li> <li>• Substantial but short-lived adverse external publicity unavoidable.</li> <li>• Major scandal involving key partner / contractor.</li> <li>• Substantial impact on recruitment and retention policy.</li> <li>• Financial/budget impact &gt;£1m but &lt; 5m</li> </ul>	<b>4</b>
<b>Almost certain</b>	<ul style="list-style-type: none"> <li>• Expected to occur in most circumstances.</li> <li>• More than a 75% chance of occurrence.</li> </ul>	<b>5</b>	<b>Catastrophic</b>	<ul style="list-style-type: none"> <li>• Radically impacts on organisational objectives and / or targets.</li> <li>• Sustained and / or ongoing adverse media coverage likely.</li> <li>• Very significant ongoing adverse impact on recruitment and retention policy.</li> <li>• Significant political / parliamentary / audit criticism likely.</li> <li>• Financial/budget impact &gt; £5m</li> </ul>	<b>5</b>



## STRATEGIC RISK - ASSESSMENT FRAMEWORK MATRIX TO DETERMINE LEVEL OF THREAT

		Impact				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	Almost certain (5)	5 (20%)	10 (40%)	15 (60%)	20 (80%)	25 (100%)
	Likely (4)	4 (16%)	8 (32%)	12 (48%)	16 (64%)	20 (80%)
	Moderate (3)	3 (12%)	6 (24%)	9 (36%)	12 (48%)	15 (60%)
	Unlikely (2)	2 (8%)	4 (16%)	6 (24%)	8 (32%)	10 (40%)
	Remote (1)	1 (4%)	2 (8%)	3 (12%)	4 (16%)	5 (20%)

Low Risk	Medium Risk	High Risk	Critical Risk
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## **OPERATIONAL RISK - ASSESSMENT FRAMEWORK**

### **TYPES OF OPERATIONAL RISK**

Operational risks need to be considered in relation to service delivery. They fall into the following types of areas:

#### **Professional Risks**

Examples: achievement of the OPCC's Business Plan; demonstration of value for money; managerial issues such as adherence to employment procedures and staff development.

#### **Physical**

Example: accident prevention, health & safety, property protection and travelling.

#### **Financial Risks**

Example: those associated with financial management.

#### **Legal Liability**

Example: possible breaches of legislation.

#### **Environmental Risks**

Example: pollution noise or energy efficiency.

#### **Contracts / Contractors**

Example: failure of contractors to deliver services or products.

#### **Technological**

Example: operational equipment (eg IT systems).



**OPERATIONAL RISK - ASSESSMENT FRAMEWORK  
INDICATORS FOR LIKELIHOOD AND IMPACT ASSESSMENT**

LIKELIHOOD ASSESSMENT			IMPACT ASSESSMENT		
EVALUATION	INDICATORS	SCORE	EVALUATION	INDICATORS	SCORE
<b>Remote</b>	<ul style="list-style-type: none"> <li>Has not occurred.</li> <li>May occur in exceptional circumstances.</li> <li>Less than a 2% chance of occurrence.</li> </ul>	<b>1</b>	<b>Insignificant</b>	<ul style="list-style-type: none"> <li>Negligible impact on internal / external targets or objectives.</li> <li>No external publicity / reputational risk.</li> <li>Financial/budget impact &lt; £20k</li> </ul>	<b>1</b>
<b>Unlikely</b>	<ul style="list-style-type: none"> <li>Unlikely but may occur over a ten year period.</li> <li>Less than a 10% chance of occurrence.</li> </ul>	<b>2</b>	<b>Minor</b>	<ul style="list-style-type: none"> <li>Minor impact on internal targets</li> <li>Adverse external publicity or reputational issues unlikely</li> <li>Financial/budget impact &gt; £20k but &lt; £30k</li> </ul>	<b>2</b>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>Could occur more than once in ten years.</li> <li>Could be difficult to manage due to external influences.</li> <li>History of occurrence or near miss.</li> <li>Less than a 50% chance of occurrence.</li> </ul>	<b>3</b>	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Minor impact on organisational objectives and I or targets.</li> <li>Significant impact on internal targets.</li> <li>Some adverse but short-lived external publicity or reputational impact likely.</li> <li>Financial / budget impact &gt; £30k but &lt; 50k</li> </ul>	<b>3</b>

LIKELIHOOD ASSESSMENT			IMPACT ASSESSMENT		
EVALUATION	INDICATORS	SCORE	EVALUATION	INDICATORS	SCORE
<b>Likely</b>	<ul style="list-style-type: none"> <li>• Potential of occurring several times in 10 years or has occurred recently.</li> <li>• Between 50% and 75% chance of occurrence.</li> </ul>	<b>4</b>	<b>Major</b>	<ul style="list-style-type: none"> <li>• Significant impact on organisational objectives and / or targets.</li> <li>• Substantial but short-lived adverse external publicity unavoidable.</li> <li>• Major scandal involving key partner / contractor.</li> <li>• Substantial impact on recruitment and retention policy.</li> <li>• Financial/budget impact &gt;£50k but &lt; 100k</li> </ul>	<b>4</b>
<b>Almost certain</b>	<ul style="list-style-type: none"> <li>• Expected to occur in most circumstances.</li> <li>• More than a 75% chance of occurrence.</li> </ul>	<b>5</b>	<b>Catastrophic</b>	<ul style="list-style-type: none"> <li>• Radically impacts on organisational objectives and / or targets.</li> <li>• Sustained and / or ongoing adverse media coverage likely.</li> <li>• Very significant ongoing adverse impact on recruitment and retention policy.</li> <li>• Significant political / parliamentary / audit criticism likely.</li> <li>• Financial/budget impact &gt; £100k</li> </ul>	<b>5</b>



## OPERATIONAL RISK - ASSESSMENT FRAMEWORK MATRIX TO DETERMINE LEVEL OF THREAT

		Impact				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	Almost certain (5)	5 (20%)	10 (40%)	15 (60%)	20 (80%)	25 (100%)
	Likely (4)	4 (16%)	8 (32%)	12 (48%)	16 (64%)	20 (80%)
	Moderate (3)	3 (12%)	6 (24%)	9 (36%)	12 (48%)	15 (60%)
	Unlikely (2)	2 (8%)	4 (16%)	6 (24%)	8 (32%)	10 (40%)
	Remote (1)	1 (4%)	2 (8%)	3 (12%)	4 (16%)	5 (20%)

Low Risk	Medium Risk	High Risk	Critical Risk
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# CORPORATE RISK MANAGEMENT POLICY STATEMENT

## Definitions

**Risk** is defined as an uncertainty of outcome (whether positive opportunity or negative threat) which might affect the achievement of the Police and Crime Commissioner's (PCC) vision, strategic aims and priorities<sup>1</sup>.

**Risk management** is the culture, processes and structure that are directed towards effective management of potential opportunities and threats to the PCC's vision, strategic aims and priorities.

## Policy

It is the policy of the Office of the PCC (OPCC) to ensure that:

- Risk management is used to protect and enhance the OPCC's activities
- Evaluation of risk is integral to all decision making processes
- Potential exposures are anticipated
- Threats and opportunities are fully documented
- Advantage is taken of opportunities
- Mitigating actions and controls are proportionate to the expected benefits
- Risk and business management processes are continuously improved in line with best practice
- Risk awareness and management is integrated into learning and development plans.

## Scope

This Policy applies to all areas of the OPCC's activities.

## Responsibilities

**All members of staff are responsible for recognising and managing risks within their area of activity and for reporting any risks that may not have been previously recognised and recorded.**

Particular responsibilities are:

**PCC**

As the legal corporate body, the PCC must maintain a sound system of internal control including a system for the management of risk.

**The PCC will be responsible for:**

- Approving the risk management strategy and any subsequent revisions
- Reviewing the Strategic Risk Register
- Agreeing and publishing the PCC Annual Governance Statement containing an assessment of the effectiveness of risk management and governance

***The Chief Executive, Chief Finance Officer***

- Will be responsible for overseeing the corporate approach to risk management.
- Will report to the PCC on the implementation process, including the development of the OPCC Annual Governance Statement.
- Will ensure that, where appropriate, all reports and decision making takes into account risks and how they will be managed.
- Will share information on risk management, as applicable, with the Constabulary at quarterly strategic scrutiny meetings.

***Deputy Chief Executive***

- Will review quarterly the Strategic and Operational Risk Registers with lead officers.
- Will evaluate, rank, and appoint a responsible owner for each risk identified on the Strategic and Operational Risk Registers.
- Will agree control/mitigation strategies for operational risks, and identify and consult the Chief Executive / Chief Finance Officer on control/mitigation strategies for Strategic risks
- Will review and agree the risk management strategy and any subsequent revisions.
- Will agree resources to be made available in connection with risk management including appropriate levels of assurance provision.
- Will agree action stemming from any reports in connection with the effectiveness of PCC / OPCC risk management.
- Obtaining and providing the Audit Committee with evidence-based assurances over the progress of risk management activities.
- Will report to the Chief Executive and Chief Finance Officer on matters relating to risk.

***Policy & Performance Officer (PPO)***

- The PPO will develop and co-ordinate the PCC's approach to risk management. This includes the review and maintenance of the PCC's risk management strategy, risk management policy, the risk registers and the co-ordination of risk management training when required.

### **Resources Manager (RM)**

The RM will develop and co-ordinate the OPCC's operational risk register in line with Risk Strategy and Policy and in consultation with the PPO as required.

### **OPCC Team**

- Will maintain a clear, up to date picture of the key risks, both strategic and operational, that the PCC / OPCC are exposed to, along with the existing and planned mitigation.
- Will respond to major risk management issues affecting the PCC / OPCC.
- Will engage with partner organisations to ensure they have effective risk management arrangements, therefore supporting collaborative risk mitigation and best use of resources.
- Will provide assurance as to the effective application of the above through putting in place monitoring during the year and completion of an annual assurance statement on risk management which will form part of the PCC / OPCC Annual Governance Statement.
- Will oversee the implementation of the risk management strategy.

### **All Staff**

- To alert PPO / RM of any risks identified.
- Responsible for gaining an understanding of risk, the benefits of its management and participating in risk management activities.

### **Audit Committee**

- Will be responsible for considering the effectiveness of the processes for assessing and managing key risk to the Commissioner (and Chief Constable).
- Will review the adequacy of the overall processes and arrangements for risk management.
- Will review the PCC's strategic risk register at least once per year.

### **Internal Audit**

- Will periodically review the effectiveness of the risk management arrangements and provide feedback to facilitate continuous improvement.

**Miranda Carruthers-Watt**  
**Chief Executive**

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<sup>i</sup> The PCC's vision is:

"I want to be a strong voice for Lancashire when it comes to policing and crime, both with local residents and protecting Lancashire's interests".

The PCC's aims are to:

- **REASSURE** our communities – improve trust and confidence in policing
- **REDUCE** crime
- **REDUCE** re-offending
- **WORK TOGETHER** with partners to deliver better services and ensure that resources are used effectively

The PCC's priorities are:

- **Defend frontline policing**
- **Champion the rights of the victim**
- **Protect vulnerable people**
- **Targeted initiatives to tackle crime and re-offending**

DRAFT



**OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR LANCASHIRE  
STRATEGIC RISK REGISTER**

Risk ID	Link to Police and Crime Plan	Risk Owner	Description of risk (and date identified)	Consequences (results in ... / Leads to ...)	Key mitigations in place	Residual Risk			Direction of Travel
						Likelihood	Impact	Exposure	
ST001	TBA	CFO	Failure by the PCC to ensure effective financial control and financial planning processes for the Chief Constable and Office of the Commissioner combined. (22 November 2012)	<ul style="list-style-type: none"> <li>Deterioration of performance and inability to safeguard service delivery standards</li> <li>Inability to achieve objectives in Police and Crime Plan</li> <li>Negative media coverage / reputational consequences</li> <li>Impact on resilience</li> </ul>	<ul style="list-style-type: none"> <li>PCC / Constabulary CFO in place</li> <li>Qualified finance staff in post and all key processes comply with relevant appropriate codes.</li> <li>Internal / external audit planning / reporting</li> <li>Joint Audit Committee established</li> <li>Financial regulations in place</li> <li>Good intelligence systems and liaison with external agencies</li> <li>VFM strategy in place incorporating the Sustaining Excellence efficiency programme within the organisational reviews, force restructure, systems thinking and collaboration will ensure OPCC / Force best placed to meet the challenge.</li> <li>Regular discussions with CFO / CE / Commissioner and Chief Constable take place as part of the process, including monitoring reporting</li> </ul> <p><b>Key Issues affecting mitigation:</b> none but needs regular review</p>	2	4	8	↔

## Agenda Item 10 – Appendix B

Risk ID	Link to Police and Crime Plan	Risk Owner	Description of risk (and date identified)	Consequences (results in ... / Leads to ...)	Key mitigations in place	Residual Risk			Direction of Travel
						Likelihood	Impact	Exposure	
ST002	TBA	CE / CFO / DCE	<p>Failure to manage the combined impact of the Comprehensive Spending Review and the subsequent reduction in funding and other national changes to police pay and conditions eg Winsor; organisational reviews and Stage 2 transfers</p> <p><b>(22 November 2012)</b></p>	<ul style="list-style-type: none"> <li>• Uncertainty around assumptions on funding</li> <li>• Impact on staff morale</li> <li>• Impact on resilience and viability of the service</li> <li>• Impact on delivery</li> <li>• Reputational consequences</li> <li>• Failure to put in place a fit for purpose longer term structure</li> <li>• Failure to ensure sufficient capacity to support the PCC</li> <li>• Failure to deliver the PCC's priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Long term Financial modelling in place</li> <li>• Regular monitoring of budgets carried out with formal reporting to the PCC on a quarterly basis.</li> <li>• Key emerging financial risks are identified and reported throughout the year.</li> <li>• Levels of reserves are monitored to ensure resilience to mitigate against any changes in funding</li> <li>• Involvement at national / regional and local level with regard to Stage 2 transfer arrangements</li> <li>• Clear strategy to deliver savings and OPCC involved in Constabulary organisational reviews</li> <li>• OPCC briefed in financial implicates on a regular basis and is involved in discussions around Winsor etc</li> <li>• Initial mapping work being undertaken</li> </ul> <p><b>Key issues affecting mitigation:</b></p>	3	5	15	↔
ST003		CE/DCE	<p>Stage 2 Transfers – Home Secretary letter dated 27 March 2013 regarding transfers – submission to Home Secretary by 16.9.13</p> <p><b>(27 March 2013)</b></p>	<ul style="list-style-type: none"> <li>• Failure to achieve agreement with the CC</li> <li>• Failure to achieve a Scheme acceptable to the Home Secretary</li> </ul>	<ul style="list-style-type: none"> <li>• Joint OPCC/CC Stage 2 working group</li> <li>• Engagement with national planning and working groups</li> <li>• Soft testing out line scheme with Home Office</li> <li>• Financial impact of Stage 2 is constantly monitored and reported as part of the working group</li> </ul> <p><b>Key issues affecting mitigation:</b></p>	2	3	6	↔

## Agenda Item 10 – Appendix B

Risk ID	Link to Police and Crime Plan	Risk Owner	Description of risk (and date identified)	Consequences (results in ... / Leads to ...)	Key mitigations in place	Residual Risk			Direction of Travel
						Likelihood	Impact	Exposure	
ST004		DCE	<p>Failure to ensure effective governance, transparency / compliance with statutory duties / overview mechanisms.</p> <p><b>(22 November 2012)</b></p>	<ul style="list-style-type: none"> <li>• Non compliance with legislation</li> <li>• Reputational risk</li> <li>• Financial risk</li> <li>• Increase in requests under FOIA</li> <li>• Negative impact on public confidence</li> <li>• Interventions from the Home Office / other bodies</li> <li>• Relevant legal duties are not met</li> <li>• Ability of PCC to be accountable to public and voters is compromised</li> </ul>	<ul style="list-style-type: none"> <li>• Joint Audit Committee established</li> <li>• Interim Governance Scheme agreed and currently being reviewed to ensure it remains 'fit for purpose'</li> <li>• Access to legal advice</li> <li>• Monitoring Officer role of CE</li> <li>• Chief Finance Officer role</li> <li>• Internal / External Audit</li> <li>• New risk managements arrangements in place</li> <li>• Assurance framework</li> </ul> <p><b>Key issues affecting mitigation:</b></p>	2	3	6	↔
ST005		CE / DCE	<p>Failure to put in place adequate processes to effectively hold the Chief Constable and the force to account for performance and use of resources as per statutory requirements.</p> <p><b>(29 March 2013)</b></p>	<ul style="list-style-type: none"> <li>• Poor police performance</li> <li>• Lack of delivery of aims and objectives in the Police and Crime Plan</li> <li>• Failure or dilution of scrutiny</li> <li>• Vulnerability of OPCC</li> <li>• Capacity and capability related performance issues</li> <li>• Inability to discharge statutory duties</li> <li>• Negative impact on local communities and partners and Police and Crime Panel</li> </ul>	<ul style="list-style-type: none"> <li>• Formal Scrutiny meetings established and first two meetings held</li> <li>• Business Planning currently being finalised linked to the Police and Crime Plan, with ultimate development of a scrutiny plan</li> <li>• Working together with the Constabulary</li> <li>• Regular one to one meetings between the PCC and CC and PCC CFO and DCE</li> <li>• OPCC (clarity of roles / functions) being developed</li> <li>• Consideration to capacity given as part of Stage 2 requirements</li> <li>• Officer group (comprising representatives from OPCC, Lancashire County, Unitary and District Councils) meet regularly and supports the Police and Crime Panel.</li> </ul> <p><b>Key issues affecting mitigation quality:</b> capacity, structure, partnership landscape</p>	2	3	6	↔

## Agenda Item 10 – Appendix B

Risk ID	Link to Police and Crime Plan	Risk Owner	Description of risk (and date identified)	Consequences (results in ... / Leads to ...)	Key mitigations in place	Residual Risk			Direction of Travel
						Likelihood	Impact	Exposure	
ST006		CE / PPO (Partnership)	<p>Failure to effectively commission services and work with partners generally to deliver the Commissioner's key aims and objectives.</p> <p><b>(22 November 2012)</b></p>	<ul style="list-style-type: none"> <li>Lack of strategic alignment with partners</li> <li>Failure to focus on the priorities on behalf of local communities</li> <li>Public confidence in PCC, force and criminal justice partners is undermined</li> <li>Poor use of resources</li> <li>Unable to deliver joint objectives and outcomes to the public</li> <li>Inability to secure VFM in relation to community safety</li> <li>Conflicting strategic objectives</li> <li>Ineffective management of interdependencies</li> <li>Failure of a collaborative arrangement between OPCCs and / or constabularies.</li> <li>Difficulty managing and maintaining a professional working relationship with the Police and Crime Panel</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships Officer in post</li> <li>Chief Officer seconded to the office from the Probation Trust to assist with the "and Crime" elements</li> <li>Community Engagement Strategy</li> <li>Proactive engagement with other agencies, eg local authorities, CSP, Criminal Justice, Fire and Rescue, health agencies.</li> <li>Work to be undertaken to develop a local "police and crime plan" for each local authority area</li> <li>Risk management</li> <li>Performance Management</li> <li>Governance Framework</li> <li>Regular informal and formal meetings at officer / elected member / leader / Commissioner level take place</li> </ul> <p><b>Key issues affecting mitigation quality:</b>                      reductions in public sector funding pose risk that partners will retreat to only delivering their core business. The situation is being closely monitored.                      A change in personnel at either officer or elected member level could fundamentally alter the relationship.</p>	2	3	6	↔

25 June 2013

20+	Critical – install control mechanism. Keep under review
12-16	High – as above
5-10	Medium – keep under review
1-4	Low – as above