

# A.3



## **Metropolitan Police Service**

### **Identifying and evaluating the Substantial Financial Business Risks facing the Service**

## **Introduction**

This section identifies the Substantial Financial Business Risks facing the Metropolitan Police Service (MPS) where "Substantial Financial Business Risk" is defined as any risk with budgetary cost implication of at least 5 million pounds that could manifest itself within the budget planning timeframe (four years). By definition therefore not all risks whether financially significant or not have been included.

This section forms part of the business-planning element of the Mayor's budget submission 2004-05. The complete business-planning package comprises:

1. The MPA's existing strategy ('Towards the Safest City 2003-2005'), with accompanying analysis and an updated financial annex.
2. The Step Change Programme Business Case For Growth.
3. A summary of MPS plans to increase the safety and security of women.
4. A paper identifying and evaluating the Substantial Financial Business Risks facing the organisation (this paper).

In developing the Substantial Financial Business Risk profile it is recognised that the risks are all linked to the overarching ability of the Service to make London a safer place for those who live in, work in and visit the capital." This is self-evidently in line with our Mission and Vision statements.

Account has been taken of the need to ensure effective processes are in place for adhering to the Home Office requirements under the Policing Performance Assessment Framework (PPAF) to mitigate the budgetary risks associated with non-adherence.

## **Substantial Financial Business Risks**

To ensure an appropriate focus on the significant risk issues facing the organisation it was essential for the MPS to develop a Corporate Risk Profile setting out the main risks to the achievement of our corporate goals. For the first time, the Mayor requires us to "identify and evaluate the main business risks to the organisation" as part of the Greater London Authority (GLA) business planning submission<sup>1</sup>. However it is understood that the GLA only require identification of the Substantial Financial Business Risks.

The GLA Group Budget Guidance Notes do not require us to advise as to the status of the risks identified. However we have provided a brief overview comment against each. More detail on the identified risks, and the complete Corporate Risk profile, can be accessed by appointment with the Director of Risk Management.

To prepare a Corporate Risk Profile the MPS Corporate Risk Management Group (CRMG) facilitated a series of meetings with key players, including the members of Management Board, to update work on the identification and evaluation of the Service's significant risks begun by the MPS risk management consultants, Willis.

Following these meetings, the main business risks identified were subjected to a detailed Impact Assessment. This involved each risk being scored on the basis of the impacts outlined in the table on the following page. The likelihood of the risk occurring was then scored and total risk scores produced by multiplying the impact and likelihood scores.

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<sup>1</sup> GLA Group Budget Guidance Notes for 2004-05, May 2003, Section 5.1

IMPACT ASSESSMENT CATEGORIES <sup>2</sup>
Loss of life / serious injury
Serious damage to property / resources
Loss / reduction of service to public
Loss / reduction of service to criminal justice system
Adverse impact on the MPA or on MPS reputation
Adverse impact on partnerships, community confidence
Adverse impact on security / intelligence
Breach of law or Police Regulations
Loss of key skills
Financial loss or liability

Although there is no "magic number" of risks for which the board of an organisation should be directly accountable, it is generally considered best practice for a board to 'own' between ten and twelve risks, certainly no more than fifteen risks. The MPS Corporate Risk Profile consists of eleven risks. Of these eleven risks, eight Substantial Financial Business Risks to the Service have been identified as set out at Annexe A.

Ownership and accountability are crucial to success in managing risk. Each risk on the Corporate Risk Profile, including the Substantial Financial Business Risks, is owned by an individual member of Management Board. Day-to-day management of these risks will generally be delegated under the supervision of the Management Board risk owner.

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<sup>2</sup> The impact categories are not in any particular order.

## **Annexe A**

### **MPS Substantial Financial Business Risks**

RISK	STATUS
1. Ability to protect the capital against terrorist attack	A key factor towards mitigation of this risk is an increased understanding of the threat. MPS activity is fully integrated with the national Counter Terrorist strategy including: focussed briefing, target hardening, pro-active operations and post-event planning, enhancing our ability to detect, deter and disrupt terrorist activity.
2. Ability to achieve successfully the change from Borough to centrally facilitated despatch of police officers in response to 999 calls through C3i	This risk is being addressed through the Change Co-ordination Board. The various programme / project boards, and general deployment of a PRINCE2 approach to programme / project risk management.
3. Ability to manage the impact of growth in police officer numbers on infrastructure (the Step Change Programme business case for growth)	This risk is being addressed through the Step Change Programme Business Case For Growth, and the general deployment of a PRINCE2 approach to programme / project management.
4. Ability of MPS/supporting external critical physical and ICT infrastructure to ensure resilience (impacts on service delivery)	Internal and external inter-dependencies are being reviewed and action taken to improve resilience. A Steering Group chaired by Assistant Commissioner Specialist Operations and Working Group chaired by Deputy Assistant Commissioner Territorial Policing are leading the MPS response to this risk.
5. Robustness of business continuity planning arrangements in the event of loss of critical infrastructure	A Business Continuity Framework has been developed and deployed. The framework is augmented by a Business Continuity High Risk Self Review and plan-testing regime.
6. Failure of insurance cover for property and liability exposures to cater for major and catastrophic events, including insurance of New Scotland Yard premises	The MPS risk management consultants Willis, have successfully renewed the liability and property insurance programme with support from the MPA Treasurer's team, Department of Professional Standards and Corporate Risk Management Group.
7. Insufficient cultural awareness of health and safety and local implementation of health and safety systems	The management of this risk is being driven by the Strategic Health and Safety Committee. The risk is being addressed through increased training and awareness, the appointment of a specialist Head of Health and Safety recruited externally, development of MPS health and safety policy by the Head of Health and Safety in conjunction with Willis, and deployment of a best practice health and safety management systems.
8. Major high visibility investigation or prosecution unsuccessful.	A Critical Incident Steering Group (CISG) meets bi-monthly to manage a comprehensive training programme to equip all levels in the MPS. The CISG has sponsored a suite of standard logs to ensure key decisions are properly recorded and audited with Human Rights Legislation. The work of the Murder Review Group also makes a significant contribution to organisational understanding and management of risk.