

AUDIT PANEL

Friday, 30 June 2017

Met Risk Management Report

Report by: The Deputy Commissioner

Report Summary

Overall Summary of the Purpose of the Report

This report sets out the process and findings of the Met's annual corporate risk register refresh and the decisions taken by the Met's Risk and Assurance Board on 06 June 2017 in this regard. It presents the Met's revised risk register and plans to continue to mature the Met's risk management processes in the coming months.

Key Considerations for the Panel

Three key new risks are brought to the attention of the Panel around leadership insight and governance. The Panel are asked to review these and the decisions made by the Met's Risk and Assurance Board and endorse the revised risk register and plans for developing action plans over the next quarter.

Interdependencies/Cross Cutting Issues

- The new governance risk discussed in this report arises in part from the annual governance review discussed in the Met's AGS paper.
- Information from this report was also used to inform the Joint Met/MOPAC risk paper.

Recommendations

The Audit Panel is recommended to:

- a. Review the decisions made by the Met's Risk & Assurance Board and the revised risk register and endorse the next steps to develop action plans for corporate risks.
- b. Consider plans for the development of the Met's risk management process and comment on these.

1. Supporting Information

- 1.1. Work this quarter has focussed on refreshing the corporate risk register. This is an annual review which this year follows the introduction of the 2017/21 Police and Crime Plan and the drafting of the Met's business plan.
- 1.2. The refresh was carried out through a series of interviews with Board members and selected individuals at DAC and equivalent rank. We have also taken account of performance, risk and assurance information from a wide range of sources and information from our annual review of governance.
- 1.3. On 06 June the Met's Risk & Assurance Board discussed the outcomes from the annual refresh and made a number of decisions around key corporate risks which are shown in appendix 1.
- 1.4. Significantly three new risks were added to the risk register around leadership, insight and governance which were discussed at some length. (A fourth risk was also added around capability which is yet to be scoped). These are set out below and more information on each one can be found in appendix 2.
- 1.5. **Leadership:** The Board discussed the "gulf" between senior leaders and the front line (which has been described by both the Commissioner and HMIC) and how we could resolve this issue. The Board agreed that a new risk "**poor leadership behaviours that result in a low engagement score, poor performance, a lack of empowerment, wellbeing and morale risks**" will be added to the corporate risk register and requests made to cascade the risk to business group level registers for further discussion at that level.
- 1.6. **What are we doing to fix this?** A significant programme of work is ongoing to improve the Met's leadership across the Met as set out in appendix 2 including our £10 million Leading for London programme planned for rollout from the Autumn. Further discussions will take place at business group level to develop local action plans where needed.
- 1.7. **Insight:** Discussion focussed on how we get the right information to the right individuals for decision making. The Board agreed to add the following risk to the risk register "**failure to invest in developing our insight capability resulting in missed opportunities to deliver effective information for decision making**".
- 1.8. **What are we doing to fix this?** Whilst we are starting to understand some of the issues, we are just beginning to develop a solution initially by exploring how other forces have made use of smart analytics, streamlining and making more accessible our current performance products and scoping a change project to develop a "strategic brain" function for the Met. An action plan will be developed for this risk.
- 1.9. **Governance:** Our annual review of governance (as set out in the AGS paper submitted to the Panel) has identified a number of improvement areas. Without an effective annual governance cycle that takes the Met from strategy

to delivery and ensures that individuals are held to account, the Met will not be as efficient as it should. The Board agreed that **“failure to ensure effective governance of the Met that results in a lack of accountability, effective assurance and empowerment of leaders”** will be added to the risk register and

- 1.10. **What are we doing to fix this?** Our governance controls are set out in the Annual Governance Statement however, action plans will be developed for the identified governance improvement areas. The existing assurance risk remains significant and will continue to be reported on as part of this broader risk. We are currently exploring the possibilities for a Met wide level 2 assurance resource and improving our understanding of outstanding recommendations.
- 1.11. Appendix 3 sets out the revised corporate risk register as agreed by the Risk & Assurance Board on 06 June 2017. Work over the next quarter will focus on ensuring that appropriate action plans with key milestones are in place to address the risks.
- 1.12. Audit Panel members are asked to review the decisions made by Risk & Assurance Board and the revised risk register and endorse the next steps to develop action plans for corporate risks.

Audit Panel Action from March

- 1.13. At its March meeting the Audit Panel asked for updates on the following risks: vulnerability, finance, investigation, and technology. The trend of these risks remains static this quarter although good progress has been made against the vulnerability risk in particular. A summary update for each risk is given in appendix 4. There are no significant concerns to raise to Panel members although management of the finance and technology risks remain challenging.

Risk Management Processes

- 1.14. During the risk register refresh we discussed with Board members whether the risk management process worked.

What members said

- We don't spend enough time at Risk & Assurance Board discussing some risks so haven't really got under the skin of them.
- We're quite good at identifying risk, but less good at management and accountability and ensuring the risks get addressed.
- The Board should set a strategic direction and set of objectives around how a risk should be managed and hold owners to account. It doesn't need to get into the detail of how the risk is managed, doing so could lead to a lack of willingness to expose issues.
- Risks need to be managed in the right place. We can have corporate risks that aren't on the corporate risk register but we need to be clear about who is managing these e.g., Director HR & Change has oversight of the Health & Safety framework and oversees this through Health & Safety Board.

- We should remit corporate risks to individual business groups to manage their part in them e.g., every business group has a part to play in managing leadership risks.
- We need to make sure that we have the accountabilities around risk written down and understood.

1.15. A number of proposals were agreed by the Board which will be taken forward in the coming months. We will:

- Change the format of Risk & Assurance Board so that more time is dedicated to the “3 key things” the Board needs to know and the corporate risk register at the beginning of each meeting.
- Develop a risk “taxonomy” that sets out all of our key corporate risks and where these are managed with the “top 10” risks forming the corporate risk register.
- Update our guidance on accountability for risk at various levels and in various roles and circulate this for comment.
- Cascade some corporate risks to the business group level for discussion and management.

1.16. Audit Panel is invited to consider plans for the development of the Met’s risk management process and comment on these.

2. **Equality and Diversity Impact**

Individual control owners will ensure that their work to prevent and mitigate corporate risk has a positive race and diversity impact. Equality impact assessment will be undertaken on significant programmes of work.

3. **Financial Implications**

It is anticipated that the costs associated with the areas of work identified in this report will be met from the relevant unit’s staff and officer budgets. Any funding required over and above these existing budgets will be subject to the normal MOPAC/Met governance approval and planning processes.

4. **Legal Implications**

There are no direct legal implications arising from the recommendations contained in this report. Regulation 3 of the Accounts & Audit Regulations 2015 requires both the MOPAC and the Commissioner, as relevant authorities, to ensure that they have a sound system of internal control which includes effective arrangements for the management of risk.

5. **Risk Implications**

The corporate risk report assists the Met to manage and track risk to the achievement of organisational objectives focusing particularly on whether controls are fit for purpose and manage risk areas as intended.

6. **Contact Details**

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7. Appendices and Background Papers

Appendix 1 – Corporate risk refresh 2017 – Restricted

Appendix 2 – New risks – Restricted

Appendix 3 – Revised risk register

Appendix 4 – Action from March 2017 Audit Panel – Restricted

Corporate risk register

Ref	Risk Trend	Risk Description	Risk Owner	Working Lead(s)
1	↔	Failure to play our part to protect the most vulnerable members of the community and deliver an effective service to those most in need	AC TP	Cdr Richard Smith
2	New	Failure to ensure effective governance of the Met that results in a lack of accountability, robust and effective assurance and empowerment of leaders	Deputy Commissioner	Director of Strategy and Governance
3	↔	Failure to align our overall medium term resources to support the Police and Crime Plan and MPS strategic objectives	Director of Finance and Commercial	Ian Percival
4	↔	Failure to understand existing and new demand and meet and plan for the challenges in an effective, innovative and agile way	Director of Strategy and Governance	DAC Alison Newcomb
5	New	Insufficient capability to deliver a quality service	Director of People and Change	Head of Training
6	New	Failure to engender strong leadership behaviours resulting in a low engagement score, a lack of empowerment, wellbeing and morale risks	Deputy Commissioner	Heads of Business Groups
7	Amend	Failure to understand, plan for and manage the cumulative impacts of and the behavioural change required to implement the scale of change needed to make the One Met Model (OMM) a success	Director of People and Change	DAC Alison Newcomb
8	↑	Failure to design and deliver appropriate, business-led technology solutions that effectively support changing business operations and enable business transformation towards the One Met Model (OMM)	CIO	Georgina Eichenberger
9	↔	Poor information management and security leading to a lack of knowledge of what information we have and where it is stored, resulting in our information not being trusted, accessible, useable or legally compliant	AC Professionalism	Bob Farley
10	New	Failure to invest in developing our insight capability resulting in missed opportunities to deliver effective information for decision making	Deputy Commissioner	Director of Strategy and Governance
11	↔	Failure to identify swiftly and respond effectively to the impacts of significant criticisms of operational policing, past and present, from key sources such as inspection, public inquiries or independent scrutiny, resulting in a loss of confidence with key stakeholders including communities, our staff, politicians and the media	Deputy Commissioner	Roisha Hughes / Martin Fewell

