BRITISH TRANSPORT POLICE

RISK MANAGEMENT STANDARD OPERATING PROCEDURE (SOP)

STANDARD OPERATING PROCEDURE	
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PROTECTIVE MARKING	NOT PROTECTIVELY MARKED
PORTFOLIO	Finance and Corporate Services
OWNER	Director of Finance and Corporate Services
START DATE	22 July 2010
REVIEW DATE	April 2013
THIS POLICY REPLACES:	This Policy and SOP updates the former Risk Management Policy (Policy/038/06 Version 1.1)

VERSION	DATE	REASON FOR AMENDMENT	AMENDED BY
1.0	June 2010	Changes in the reporting structure for risk management within BTP	Doug Hanley Kay Black

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RISK MANAGEMENT PROCEDURES

1. INTRODUCTION

1.1 This document sets out procedures for identifying, assessing, monitoring, managing and reporting risk within British Transport Police (BTP).

1.2 These procedures reflect the aims of BTP's Risk Management policy for the management of identified risks at Strategic, Corporate, Area and Portfolio level.

1.3 These procedures apply to England, Wales and Scotland, and apply to all BTP employees.

2. KNOWLEDGE

2.1 Terms and Definitions

Risk: An event or set of circumstances, with an uncertain likelihood or outcome, which would have a negative impact on BTP should it be realised.

Opportunity: An event or set of circumstances, with an uncertain likelihood or outcome, which would have a positive impact on BTP should it be realised.

Impact: What the consequences of a risk happening would be.

Probability: An estimate of the likelihood of a risk happening once identified.

Risk Rating: The process by which the impact and probability of a risk are combined to give an overall risk rating.

Risk Assessment: A summary of the causes and consequences of a risk which include an initial risk rating, and potential courses of action.

Risk Register: Document recording identified risks.

Controls: Those measures already in place to manage risk.

Actions: Actions planned to manage risk.

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More complete definitions of these terms are included in the glossary.

(Please see Appendix A)

2.2   Roles and Responsibilities

2.2.1   The Chief Constable is ultimately responsible for the management of business risk within BTP. However, in practice, responsibility for risk in specific business areas is delegated to members of the Strategic Command Team (SCT) who may in turn delegate risk management responsibilities. The key purpose of risk management is to enable BTP to anticipate and respond to current and emergent threats through the active identification, assessment and monitoring of risk.

2.2.2   The Director of Finance and Corporate Services (F&CS) is the SCT member with lead responsibility for Risk Management matters within BTP.

2.2.3   The Head of Risk Management and Insurance has responsibility for the BTP Risk Management Strategy, and reporting progress to SCT and the British Transport Police Authority (BTPA).

2.2.4   The Risk Management Co-ordinator (RMC) is responsible for implementing the BTP Risk Management Strategy. The RMC maintains the Corporate and Strategic Risk Registers.

2.2.5   Area Commanders and Departmental Heads are responsible for implementing risk management arrangements in their respective Areas and Departments including the nomination of risk champions and representatives.

2.2.6   Risk Champions are members of their respective SMT with responsibility for ensuring that risk management issues are given due consideration and ensuring acceptable progress is made in managing risks. They should normally be a Superintendent or police staff equivalent.

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2.2.7 Risk Representatives are responsible for maintaining and updating Area and Departmental risk registers.

More complete definitions of these roles are included in the glossary. (Please see Appendix A)

3. PROCEDURES

3.1 Identification of new risk

3.1.1 Risk management starts with the identification of a risk to BTP. In this context, risks are defined by their impact on the level of service BTP delivers to stakeholders, on the reputation of BTP, the financial position of BTP and the safety both of BTP employees and those people affected by the activities undertaken by BTP in relation to policing the rail network.

3.1.2 Risks to BTP can emerge from any number of sources. The mnemonic 'Pestles' (political, environmental, social, technological, legislative, economy, stakeholders) is a useful way of identifying possible risks and additional sources of risk are included as Appendix B.

3.1.3 Once a risk has been identified, a risk assessment should be completed detailing the causes and likely effects of that risk. BTP uses a 'bow tie' assessment to consider possible causes and effects of risks. Appendix C is a blank bow tie. The information from the bow tie should then be used to complete a risk assessment form. Appendix D is a blank risk assessment form.

3.1.4 The initial risk assessment should also identify where responsibility for that risk lies where this is possible. For early drafts of risk assessments, it is acceptable to nominate a risk as being specific to an Area or a Department, or affecting BTP across departmental boundaries. Advice on assessing the scope of a new risk may be sought from the RMC at any stage of the risk management process.

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3.2   Risk Assessment

3.2.1   Once a risk to BTP has been identified, it is necessary to assess the scale of the risk to allow the priority with which it should be managed to be agreed. BTP uses a four-point scale for both likelihood and impact against the criteria described in 3.1. These scores are combined by simple multiplication to give a score from 1 for low risks to 16 for very high risks. The initial assessment should estimate the likelihood and impact without anything being done to prevent the risk from occurring. This gives the inherent risk rating, which allows subsequent review of the efficacy of controls. The risk matrices currently used by BTP are described in Appendix E.

3.2.2   Where existing work that reduces either the likelihood or impact of the risk is already in place, it should be listed as existing controls. The effect of these on the initial risk rating should be considered to give the current risk rating, which may change as more controls are established. Work that is planned to reduce the likelihood or impact of the risk should be listed as an action or actions. The effect of these on the inherent risk rating should be considered to give an estimate of the likely final or target risk rating.

3.2.3   Initial risk assessments should be sent by email to the relevant Risk Champion for Area or Departmental risks, or to the RMC for risks that cut across Area and Departmental boundaries. The risk assessment will be held by this person until the risk can be considered for addition to the relevant risk register.

3.3   Risk Register

3.3.1   At its simplest, an organisational risk register is a list of the risks facing an organisation. BTP maintains these at four levels: Project, Area/Departmental, Corporate and Strategic. The highest level Strategic Risks are those risks, which directly threaten the achievement of the objectives of the Strategic Plan or are long term in nature (e.g. Pandemic Flu). Corporate risks are those, which while affecting multiple business areas within BTP, are considered unlikely to impact upon the objectives of the Strategic Plan or are likely to be shorter in duration than Strategic Risks.

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3.3.2 It is important that when risks are agreed for addition to a risk register, that the agreement of the committee or person sanctioning addition be recorded. For Strategic and Corporate Risks, this will usually be the Risk Committee (Terms of Reference) although members of the SCT have the authority to direct when risks should be added. Similarly, Area and Departmental management team meetings are the responsible body for agreeing additions to their risk register. Since an audit trail for good governance is required, it is good practice that the decisions of these meetings be recorded appropriately.

3.4   Monitoring of Risk Management and Review of the Risk Register

3.4.1 In addition to agreeing which risks should be added to risk registers, risk management meetings should also review progress against existing risks (including current risk ratings) and identify where changes to planned actions or current controls are required. These meetings must be held at least quarterly.

3.5   Risk Decisions

3.5.1 Following the identification of a risk the decisions that a risk owner or committee reviewing the efficacy of risk management may fall into four categories known as the four 'Ts':

- **Treat:** actions, which will reduce either the likelihood (controls) or the impact (mitigation) of the risk, are identified and combined into an action plan with clearly defined Risk and Action owners. Progress against these actions and changes to them should be recorded on the appropriate risk register. Depending on the nature of the risk, actions will either act to mitigate the risk fully or reduce it to being As Low As Reasonably Practicable (ALARP).

- **Tolerate:** risks which have limited impacts, risks for which everything practicable has been done but which still remain a possibility or risks which are judged impossible to do anything about can be tolerated and recorded on the risk register.

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- **Terminate:** risks which stem from an aspect of the behaviour of employees or business processes may be terminated by stopping the behaviour or process and recorded on the risk register.

- **Transfer:** risks where the capability to mitigate or control lies outside the capacity of the Department or where the financial consequences could have an unacceptable impact can be transferred to a more appropriate third party through insurance, contractual or partnership agreements. Where this option is taken, it is important to record the acceptance of the risk by the receiving party.

3.5.2 A special case of risk transfer is Escalation. BTP has a hierarchy of risk registers with individual Area and Departmental Risk Registers sitting below the Corporate and Strategic risk registers. Which register a risk should be recorded on depends on the 'Risk Appetite', which is determined by the ability of the individual area or portfolio to manage that risk successfully without recourse to other parts of the business, and an escalation process is in place for risks falling outside those limits. Where risks are identified with high scores, or have a wider impact than an individual Area or Department, consideration should be given to escalating that risk to the next risk register. This is an important process as it helps demonstrate that risk management decisions are being made at the appropriate level by the people with the required authority.

3.6   Risk Closure and As Low as Reasonably Practicable

3.6.1 Apart from transfer or escalation, the two ways that a risk captured in a risk register should come off the register is either via closure where there is no possibility of the risk occurring; or by the risk actually happening (variously described as either 'impacted' or 'realised' dependant on the nature of the risk). In both cases, descriptions of the reason for closure or realisation are required. In BTP, these are recorded on separate parts of the risk register to allow periodic review.

3.6.2 In some cases, the identification of adequate controls and mitigating actions cannot reduce the probability and impact of a risk beyond a certain level. These risks are then

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considered to be 'As Low as Reasonably Practicable' or ALARP. These risks should remain in view on the main risk register and be revisited at a frequency, which is appropriate to final risk rating, with higher scored risks being subject to more frequent and thorough review than lower scored ones.

3.7 REPORTING REQUIREMENTS

3.7.1 The adequacy of Risk Management arrangements within BTP is reviewed at a number of meetings. In order of seniority these are:

BTPA Meeting	Annual review of risk management in performance year.
BTPA Audit and Corporate Governance Meeting	Quarterly review of the Strategic Risk register and discussion of risk related topics.
Strategic Command Team	Quarterly review of the Strategic Risk register and discussion of risk related topics.
Risk Committee	Quarterly Review of the Corporate and Strategic Risk Register and discussion of risk related topics.
Corporate Assurance Group	Monthly meeting which reviews risk management arrangements at Area and Department level and acts to share best practice between all business areas of BTP.
Area/Departmental Management Meetings	Risk Management should be a monthly agenda item for these meetings with a detailed review of the Area or Departmental risk register at least quarterly.

3.7.2 Records of all these meetings must be kept to support the reasoning behind risk decisions. Area and Departments should keep these locally. Records of the other meetings are maintained by the Secretariat team in SDD.

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4 MONITORING AND COMPLIANCE

4.1 In common with other police forces and public bodies, BTP is subject to a significant level of audit. A commentary regarding the progress or otherwise of risk management issues is included in the Statement of Internal Control which is a key component of the accounts which BTP is required to lay before Parliament each year. To help Areas and Departments comply with this requirement, the RMC will conduct dip samples to assess compliance with the policy and report findings to CAG and Risk Committee.

5 FURTHER GUIDANCE: APPENDICES

Appendix A - Glossary

Appendix B - Sources of Risk

Appendix C - 'Bow Tie' Risk Assessment Tool

Appendix D - Blank Risk Assessment Form

Appendix E - Risk Assessment Matrices

Appendix F - Roles and Responsibilities

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