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**Report to:** Audit & Risk Assurance Committee  
**Agenda item:** 6.4  
**Date:** 31 May 2013  
**Subject:** Risk Management within BTP  
**Sponsor:** Deputy Chief Constable  
**For:** Information

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## 1. PURPOSE OF PAPER

- 1.1. To advise members of the arrangements for risk management within British Transport Police (BTP) as requested at Audit Committee on 19 March 2013.

## 2. BACKGROUND: RISK MANAGEMENT AND CORPORATE GOVERNANCE

- 2.1. Risk management is a statutory requirement for corporate governance for all public bodies in the United Kingdom. Accordingly, the identification and management of risk is a specific requirement of the BTPA Corporate Governance Code (CGC) which states that "*The Chief Constable and the Chief Executive will create and maintain operational risk registers*", and that "*The Chief Constable and the Chief Executive will maintain effective risk management arrangements in accordance with BTPA policies and will each maintain a strategic risk register. This will identify evaluate and describe mitigation and management measures in relation to all the key risks listed.*"
- 2.2. In addition, risk management is one of the business areas that BTP and BTPA are required to report on as part of the Management Assurance Return (MAR) for the Department for Transport (DfT). The BTP and BTPA responses to the risk management statements within the MAR, Risk Management Policies and Risk Identification and Management, are rated as providing full and substantial assurance respectively. In their audit of the 2011-12 half-year MAR in November 2011, the National Audit Office noted that '*In some cases, (the Risk Management and Risk Identification statements) the amount of evidence available suggested that, in our opinion, the BTPA could have awarded itself full rather than substantial assurance.*' Although an endorsement of the approach to risk management adopted across BTP and BTPA, the retention of a substantial rating reflects acceptance of the possibility that not all risks have been identified and recorded appropriately.



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2.3. Within BTP, the risk management framework is managed and maintained on a day-to-day basis by the Risk Management Coordinator (RMC) with oversight by the Temporary Head of Audit and Compliance. Both these roles sit within the Strategic Development Department and are part of the Deputy Chief Constable's portfolio.

### **3. RISK MANAGEMENT POLICY AND STANDARD OPERATING PROCEDURE**

3.1. Within BTP, the governance arrangements for risk management are supported by a policy and standard operating procedure (SOP) which was last updated in May 2012 to reflect the introduction of the National Decision Making Model. Between them the policy statement and SOP set out how BTP fulfils the requirement of the CGC, and provides guidance on the specific roles and responsibilities of key personnel within Areas and Departments. Both documents are available to all staff via the Intranet and have been published on the BTP Internet site.

3.2. The structure and content of the SOP is as follows:

- Introduction
- Knowledge – Includes terms and definitions of key terminology
- Roles and Responsibilities – Includes short descriptions of the role of Chief and Deputy Chief Constables, Area Commanders, Departmental Heads, Risk Champions and Representatives and the RMC in relation to risk management
- Procedures – Includes sections on Risk Identification, Risk Register content, Monitoring of Risk Management including review of the content of all risk registers, Risk Decisions: 'the 4 Ts', Risk Closure and ALARP, Reporting Requirements, Records Management and Compliance.

3.3. Supporting Documentation

3.3.1. The SOP in turn is supported by five appendices and an intranet site. The appendices are as follows:

- Glossary – Definitions of key terms
- Roles and Responsibilities – Definitions of key roles
- Sources of Risk – The acronym PESTELO standing for Political, Economic, Social, Technological, Environment, Legislative and Organisational is specifically



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mentioned in the SOP, the sources of risk document extends this to fifteen categories.

- Bow Tie Assessment – A type of risk assessment which allows planned and existing controls to be matched against causes and consequences of risks, helping to clarify the difference between mitigating and preventative controls
- Risk Assessment Matrices – BTP and BTPA, in common with most other police forces use a 4x4 risk assessment matrix whereby the numbers relate to likelihood and impact respectively. This document sets out the definitions for each of the four likelihood ratings from remote to almost certain, and for each impact level across four impact types: performance and service, health and safety, financial and reputation and public confidence.

3.3.2. The risk management Intranet page links directly to all of the documents related to the policy and SOP and includes additional information to support risk champions and representatives. It also contains links to other departments that interface with risk management including Business Continuity, Information Security and Wellbeing as well as providing a direct link to the BTPA CGC on the BTPA website. The additional documents and pages linked are:

- Risk Management Guidelines – A narrative version of the policy statement and SOP, designed to be used as an easy reference guide
- Terms of Reference for Risk Champions and Representatives
- A list of contact details for Area and FHQ Departmental staff
- Risk Management Communication Strategy
- Risk Reporting Tool
- The Risk of Pandemic Flu and other Illnesses – A summary of the current disease threats to BTP, which was created following the 2009 Flu outbreak and which is updated regularly.
- Information Security Risks – A summary of the framework by which information security risks should be managed within BTP including a link to the Information Security homepage and specific examples of action taken by the Information Commissioners Officer that are relevant to BTP.



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#### **4. HIERACHY OF RISK REGISTERS, RISK REGISTER INFORMATION REQUIREMENTS AND REPORTING ARRANGEMENTS**

- 4.1. BTP collate risk registers at two levels, operational and strategic as required by the BTPA CGC. Operational risk registers are maintained by and for each Area and Strategic Command Team (SCT) portfolio with the exception of the DCC portfolio where registers are maintained by and for the Professional Standards and Strategic Development Departments respectively. Larger portfolio risk registers are subdivided further to allow grouping of risks at Departmental level on individual tabs to mirror the organisational structure.
- 4.2. The entries on the Strategic Risk Register (SRR) are collated from operational risk register entries. This arrangement prevents an unnecessary split between operational and strategic risks and allows strategic risks to be updated and reviewed alongside operational risks.
- 4.3. All BTP risk registers share a standard format which require the following fields to be populated:
- Risk reference number
  - Risk description and date opened
  - Department
  - Risk Owner
  - Initial risk rating
  - Current controls
  - Planned actions including estimated completion date, action owner and summary of progress
  - Current risk rating
  - Latest update information including the date of the latest rating change, when changes have been made to the risk entry.
- 4.4. The reporting requirements for risk management are for Area and Departmental risk registers to be reviewed at Senior Management Team (SMT) meetings, with a minimum of one review a quarter being in detail. Progress with the management of strategic risks is reviewed by Service Excellence Board (SEB) quarterly. The register reviewed by SEB also includes a summary of all operational risk entries held on operational risk registers. Following review by SEB, the SRR is submitted to BTPA's Audit & Risk Committee.



#### 4.5. Escalation and Transfer of Risks

4.5.1. One of the advantages of the arrangements outlined in paragraph 4.4 is that they provide a simple path for the escalation of risks in both directions between operational and strategic levels, and between BTP and BTPA where this is required. Where it is unclear whether a risk should be considered strategic or operational, the relevant SCT member takes the decision which can be challenged at SEB meetings or by BTPA's Audit & Risk Committee.

4.5.2. Risks can also be transferred laterally between operational risk registers. This most commonly happens to reflect organisational changes within BTP but there have been occasions where a risk has been identified in one department, but where ownership of the work required to manage it is the responsibility of another department. Where transfer of a risk has been identified as being appropriate, the RMC liaises with both the originating and recipient departments to ensure that the transfer is agreed and that a suitable risk owner is identified before the risk entry is transferred to the recipient register.

#### 4.5.3. Closure or ALARP

Following the completion of action plans for identified risks, risks owners have several options including the identification of additional actions. However, it is recognised that this will not always be appropriate, particularly where management of a risk has become business as usual. When this happens a recommendation may be made to close the risk and move it to the closed risks tab of the register. On occasion, neither closure nor new actions are deemed appropriate and the risk is retained under the categorisation of being As Low As Reasonably Practicable (ALARP). In both cases, justifications for the closure or retention of the risk are required and in the case of ALARP risks, review periods identified.

#### 4.5.4. Review of Risk Register Information and Feedback on Register Content

The RMC reviews all risk registers on a monthly basis, and provides feedback on the content of risk entries to ensure that the standard of them is the same as that required of Strategic Risk entries when they are reported to the Audit & Risk Committee. As well as reviewing the content, the RMC uses the feedback to ensure that no action or risk closure dates have lapsed, and suggests alternative actions and controls where this is appropriate.



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## 5. RISK IDENTIFICATION

5.1. All BTP employees have access to a risk reporting tool via the intranet. This is a spreadsheet that encourages people identifying a risk to identify potential controls or actions alongside a basic risk description. This can be forwarded to the Risk Management email address where the RMC will review the information submitted and either ask for more information or refer the assessment on to the relevant risk representative for inclusion on a risk register.

5.2. More commonly, risk representatives will be approached directly by an SMT member to add a risk to their local risk register and the risk assessment will take the form of an email correspondence chain or notes of a conversation. Allowing this level of flexibility encourages engagement in a process that could otherwise be seen as a bureaucratic burden.

### 5.3. Strategic Assessment

BTP produce an annual Strategic Assessment which is mapped against existing risk entries by the RMC at strategic and operational level to ensure any significant risks are adequately captured. The most recent Strategic Assessment included 20 themes, of which:

- Four mapped directly to three of the entries on the SRR in relation to Scottish Independence, Public and Private Debt and Public Sector Spending Cuts, and World Copper Prices respectively.
- Two of the entries relate to specific changes in the Criminal Justice landscape which could impact on the workload of Area Criminal Justice Units (CJU). With CJU performance regularly monitored, managing these changes may be considered business as usual.
- A theme that cuts across several of the Strategic Assessment entries (Increased Victim Focus, Cyber-Crime and Social Media) is BTP's ability to share information with partner agencies and the public. The management of the architecture by which BTP shares information is an inherent requirement of the Information Assurance, and



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the newly appointed Information Manager has been invited to consider whether a Strategic Risk entry is warranted in relation to Information Assurance.

- The increasing globalisation of crime was not considered for inclusion on any level of BTP risk register as it is not a threat that BTP can address in isolation.
- The remaining entries on the Strategic Assessment either describe opportunities rather than risks, or social changes which would be inappropriate to include on a risk register.

#### 5.4. **Strategic Plan**

BTP sets out its strategy for delivering a police service for the rail network in its multi-year strategic plan which is updated annually. There is ongoing activity to map the new Strategic Plan against current risk entries to ensure threats are adequately identified and appropriate prevention or mitigating strategies are developed. This exercise is likely to result in the addition of a number of risks to the family of risk registers across the organisation at both strategic and operational level.

## 6. **RECORDS MANAGEMENT**

- 6.1. BTP risk information is stored on the shared G-drive in nested folders for which access is restricted to Risk Champions and Representatives. Where required, the RMC will grant read-only access to personnel with an agreed business need to access risk information. The access list is reviewed quarterly to ensure that it remains relevant. However, requests for updated access rights are typically granted in 72 hours or less via the Technology Service Desk.
- 6.2. As well as reviewing the access list quarterly, the RMC reviews the files held in the folders to ensure that all of the information in the folder is relevant and needs to be kept in line with the Records Management policy. The retention rules for risk information fall into two categories, working information (feedback and updates to meetings) and risk records (risk assessments and registers). Working information is retained for the period for which it may be audited (current financial year) plus twelve months, and risk records for the audit period



plus six years. The retention of risk records for this length of time mirrors the record retention schedule for financial information published by National Audit Office.

## **7. CASE STUDIES**

### **7.1. Strategic Risk**

7.1.1. The most recent risk to be taken off the SRR was SR62 which related to the amalgamation of police services in Scotland. There were concerns that the legislation would have effectively limited police powers to members of the new police service, with obvious implications for BTP and led to a risk rating of probable with a significant impact if BTP chose to do nothing.

7.1.2. ACC McCall quickly identified that the existing liaison between the BTP and the Scottish government together with his membership of ACPOS should be listed as significant preventative controls. He also noted that BTP and BTPA would respond to the consultation on the draft Bill and that it was probable that an order under Section 104 of the Scotland Act would be required to protect the powers of BTP officers in Scotland. Accordingly these were added to the register as actions.

7.1.3. The Police and Fire (Reform) Bill received Royal Assent in August 2012 and progress toward the going-live date of 1 April were made available to all BTP employees via the Intranet. With the completion of work to enact a Section 104 Order, ACC McCall authorised the lowering of the likelihood rating from Probable to Remote. He also noted that the risk would be able to be closed when the Section 104 Order received Royal Assent and the handover from eight police forces to one was complete on 1 April 2013.

### **7.2. Operational Risk Profile**

7.2.1. Throughout 2012-13, all papers to SEB included an overview of the operational risks held on Area and Departmental risk registers. A summary of changes to operational registers is shown in the table on the following page.



Report to SEB meeting	May 2012	September 2012	November 2012	March 2013
Number of new risks	9	9	15	10
Number of risks with increased risk ratings	1	1	5	5
Number of unchanged risk ratings	53	53	45	53
Number of risks with reduced risk ratings	7	7	9	10
Number of ALARP Risks	32	32	31	33
Number of risks with high ratings	6	5	13	16
Number of risks with moderate ratings	42	40	35	35
Number of risks with low ratings	28	25	26	27

## 8. ARRANGEMENTS FOR PROJECT RISK

- 8.1. The maintenance of risk records is also a requirement at Project level, with the expectation that all Project managers will maintain Project Risk Logs. The governance of Project Risk Logs together with wider oversight of Project Governance is the remit of the Portfolio Management Office (PMO) and is reported to Service Improvement Board. Project Managers have the option of escalating risks that cannot be managed within the scope of their projects to their departmental risk register, and have access to the same supporting documentation as other BTP employees. The content of the guidance available on the PMO and Risk Management intranet sites has been aligned to remove any inconsistencies, and was last updated in December 2012.

## 9. FUTURE DEVELOPMENTS

- 9.1. BTP has recently purchased a Risk Management software system called 4Risk which is pending installation by BTP's Technology Department. It has been successfully used by Cambridgeshire Police for five years and has delivered significant administrative savings for



them. Following installation of the software and training of key personnel, all current risk register entries will be migrated to the system and use of the current spreadsheets discontinued. Installation is scheduled to take place on 3 June 2013.

- 9.2. Compliance with BTP's existing Application Management policy has been designed during development of the system and will be included with future reporting of risk management progress.
- 9.3. Following migration of risk information data, the RMC will meet all BTP Areas and Departments to explain the changes and discuss what the future risk management policy will look like in order to support the requirements of policy users. All existing guidance will be updated to reflect use of the 4Risk application. This will entail the release of a new Policy Statement and SOP, which will comply with the updated arrangements for policy development when these are released.
- 9.4. Once use of the system is embedded within BTP, the BTPA will be invited to consider whether they should also use the system.

## **10. BENCHMARKING AGAINST OTHER POLICE FORCES**

- 10.1. BTP is a member of risk management groups at both national (ALARM) and regional level (SEEPRMG). These groups allow BTP to learn from and inform risk management practice in other police forces and the wider public sector. Examples of benefits that have been derived from these groups include the Custody circular on Excited Delirium that has been circulated to all BTP Custody Suites; and peer review of specific wordings used in the risk likelihood and impact definitions.
- 10.2. Arrangements for the governance of risk management in other police forces were generally similar to that in BTP prior to the introduction of Police and Crime Commissioners, and any new approaches to governance reported by partner agencies will be assessed for their relevance to BTP and BTPA.

## **11. RECOMMENDATIONS**

- 11.1. That Members note the update provided in this report.