

**Standards and Governance Committee**

**30 November 2012**

**Corporate Risk Policy and Register**

**Report of the Chief Officer**

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**1 Summary**

1.1 The Corporate risk register is presented to Members annually.

**2 Recommendations**

That the Committee:

2.1 Approve the refreshed version of the Corporate Risk policy.

2.2 Approve the current version of the Corporate risk register.

2.3 Agree that the following risks be removed from the 'active' Register:

2.3.1 Failure to respond effectively following an extensive disruption to normal methods of working (ref 01)

2.3.2 Failure to adequately fund and deal with the increasing burden and cost of repairing, maintaining and improving the Authority's properties (ref 12)

2.3.3 Failure to develop, implement, and maintain information communications technology systems that:

- are resilient and support the achievement of the Service objectives, and
- capitalise on the benefits in terms of efficiency, economy, and effectiveness of our systems (ref 15).

**3 Introduction**

3.1 The Risk Management Policy and Strategy was first presented to the Authority on 9 February 2005. The Register is regularly reviewed by Service Management Team (SMT) and was last reported to this Committee in November 2011.

- 3.2 SMT has recently agreed to rename the Strategic risk register the Corporate risk register. The primary reason for this was possible confusion with the Strategic Assessment, a new element of our corporate planning process, which addresses community risk.
- 3.2 The corporate risk management process aims to identify, prioritise, and manage any risks to the Authority's ability to achieve its objectives and targets, and manage its business. Continual review of the Register is a key part of our corporate planning process.

#### **4 Risk Management Policy and Strategy**

- 4.1 We have taken the opportunity to refresh the Authority's Corporate Risk Policy and Strategy. The draft new version was reviewed by SMT on 5 November 2012 and is attached in appendix A for Members' comment and approval. The policy was last reviewed in 2008, and although no major changes have been made we have ensured that it remains compliant with current best practice.
- 4.2 The objectives of risk management at Hampshire Fire and Rescue Service are to:
- anticipate and respond to changing external and internal pressures and requirements before they occur so there are fewer unwanted surprises
  - manage risk cost effectively and in accordance with best practice. The cost of controls should always be considered against the risk they are designed to manage
  - reduce the overall cost of risk
  - support well thought through informed risk taking to ensure opportunities for improvement and development are not lost and to avoid a risk averse culture
  - enable sound decision making and planning, and better focus on what needs to be done
  - provide assurance to stakeholders that potential risks are being managed
  - ensure that staff have the relevant skills and support to identify and manage risks
  - integrate risk management into the culture of the organisation
- 4.2 The approach taken is that Members and senior managers are responsible for identifying and managing any significant corporate risks to

the Authority's ability to achieve its corporate aims and objectives. Operational risks are identified and managed within the Service Delivery and support departments, both as part of their planning processes, and on a day-to-day basis.

- 4.3 Issues of corporate significance identified at operational levels are escalated to the Service Management Team (SMT) for further assessment. Horizon scanning exercises are carried out annually to ensure that strengths and opportunities are considered as well as emerging threats and risks.
- 4.4 SMT examines and evaluates the strategies and controls put in place to mitigate or manage the identified risk to the required level. A current and target risk score are determined, which comprise a score between one to five, and which relate to the perceived likelihood of the event occurring. This score is multiplied by the perceived impact or consequence relating to that risk. SMT review the risk entries on the Register, and their scores, formally on a regular basis. It should be noted that members of SMT are also informed by their teams, who also review the Register regularly.
- 4.5 Risks remain on the Register until they are given a score of ten or less which equates to low or very low risk, and have been reported to the Authority. When a risk is taken off the 'active' Corporate risk register, it is retained in a separate 'Green risk register' which itself is reviewed periodically by SMT to ensure that the low score is still appropriate. If necessary it can be returned to the active Corporate risk register.
- 4.6 A key element of the corporate risk strategy is the monitoring of the progress against the action plans to prevent and mitigate the risks. These are monitored and reviewed formally by SMT as part of their regular review.

## **5 Review of the current Register**

- 5.1 The summary of the Corporate risk register, shown in Appendix B, illustrates the direction of travel of the risk score since it was last presented to this Committee in November 2011. It gives a summary of the key controls in place, and those planned and being worked on for each entry.

### **5.2 'Low' or 'green' risks**

- 5.2.1 Members will note that there are currently four risks classified as low/green on the 'live' Register. It is proposed that three are removed after this report has been accepted, whilst one is retained for further monitoring for the reasons detailed below.

### **5.2.2 Entry number 01 – ‘failure to respond effectively following an extensive disruption to normal methods of working’**

This risk relates to our arrangements in place to respond in the event of an extensive disruption, rather than the risk of any disruption occurring. It has had a score of 6 (low) since it was reported to the Committee last year. The view of Service Management Team is that sufficient work has been undertaken to drive the risk score down and it should now be removed from the ‘active’ register.

### **5.2.3 Entry number 12 – ‘failure to adequately fund and deal with the increasing burden and cost of repairing, maintaining, and improving the Authority’s properties’**

The view of Service Management Team is that sufficient work has been undertaken to drive the risk score down. A programme of building condition surveys is carried out. Identified work is then prioritised and scheduled to inform an annual analysis of financial risk. The Property Management Strategy and Register takes information from condition surveys and also reviews each property from ‘operational needs’ and ‘resources’ perspectives. Work continues to identify opportunities to share accommodation with partner organisations in order to reduce the maintenance burden on the Service. This forms part of our efficiency proposals. It is therefore proposed that the entry be removed from the ‘active’ Corporate risk register.

### **5.2.4 Entry number 14 – ‘failure to plan and react to the implications of the Comprehensive Spending Review 2011/14 and beyond’**

This entry has been given a score of 10, and considerable work has been done to prepare the Authority for the implications of the Comprehensive Spending Review (CSR). The Financial Challenge Programme Board oversees the entry and reviews it regularly. The risk description has been amended to ensure that it considers beyond the current CSR period. Due to the fact that there is uncertainty in terms of future funding and that our plans need to be monitored closely, it is proposed that the entry remains on the Register.

### **5.2.5 Entry number 15 – ‘failure to develop, implement, and maintain information communications technology (ICT) systems that:**

- **are resilient and support the achievement of the Service objectives**
- **capitalise on the benefits in terms of efficiency, economy and effectiveness of our systems’**

The controls detailed in this entry have been centred on the resilience of our ICT systems. The implementation of the new Hampshire Public Sector Network is complete to meet the growth in demand and provide added technical resilience to our infrastructure. A new entry detailed below has

been developed to deal specifically with ensuring that our ICT meets the needs of the business. It is therefore proposed that this entry be removed from the 'active' register.

### **5.3 Risks that have increased in score**

5.3.1 No risks have increased in score since last year.

### **5.4 New risk entries**

5.4.1 Members will note that there is one new entry since last year as alluded to in paragraph 5.2.5 above. This entry, ref number 17, has been developed to manage the specific risk of 'the provision of information and communications technology that does not meet the needs of the business to promote and support improvement and innovation'.

5.4.2 More detail relating to the individual risk entries, the controls in place and proposed can be found on the Corporate risk register itself, the latest copy of which can be accessed from the link mentioned in paragraph 11 of this report.

## **6 Assurance**

6.1 The Performance Review Team maintains and updates the Corporate risk register. The Acting Performance Review Manager is a member of the Fire Sector Group of Alarm, the Public Risk Management Association. The Group is used to benchmark our risk management processes against other fire and rescue services and ensure that we are working towards current best practice. It has also been a useful vehicle to detect new and emerging risks, and to discuss and benchmark proposed control measures with other services.

6.2 It is pleasing to note that a recent internal audit of our risk management processes resulted in an audit opinion of 'substantial assurance'.

## **7 Contribution to corporate aims and objectives**

7.1 We want to be the best fire and rescue service in the country and make life safer for everyone by reducing risks in the community. Sound risk management processes – that are embedded throughout the organisation – are critical to sound decision making, especially in the current financial climate. The process (which is an integral part of our planning process and performance management framework) helps to identify new and emerging issues which could impact on existing corporate aims and objectives, and provide a focus for new ones.

## **8 Risk Analysis**

8.1 It is essential that a risk management policy and strategy is in place across the organisation to ensure that there is a consistent and robust

approach to the identification, analysis, and treatment of corporate risks. This in turn ensures that major threats are considered and managed appropriately with adequate control measures, and equally that opportunities are identified and considered.

## **9 Resource implications**

- 9.1 The Authority has a corporate membership with Alarm, the Public Risk Management Association, and staff involved with the function have attended training courses and seminars in order to develop their knowledge, and keep up to date with best practices. These costs are met from existing training and departmental budgets.

## **10 People Impact Assessments**

- 10.1 Carrying out people impact assessments will strengthen our risk management practices by ensuring that the consequences of our proposed policies and actions comply with current legislation and expectations for improving equality and diversity in the workplace and in the delivery of services to the public.
- 10.2 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

## **11 Background information (Section 100D of Local Government Act 1972)**

- 11.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

The Risk Management Policy and Strategy and a full copy of the Risk Register (version 33 – November 2012) can be found, and is accessible from, the Authority's web site at [www.hantsfire.gov.uk/thesevice/corporateplan/corporateplan-strategies/corporateplan-policiesplans.htm](http://www.hantsfire.gov.uk/thesevice/corporateplan/corporateplan-strategies/corporateplan-policiesplans.htm)

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.

Appendix A – Corporate Risk Management Policy and Strategy

Appendix B – Corporate Risk Register – Summary