**Hampshire Fire and Rescue Authority**

**Standards and Governance Committee** **Item 7**

**7 December 2016**

# Strategic Risk Register

**Report by the Chief Officer**

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## 1 Summary

1.1 This paper is the annual presentation of the Strategic Risk Register to the Committee.

## 2 Recommendations

That the Committee:

2.1 Note the current status of the existing Strategic Risk Register entries and agree that the following entries remain on the Strategic Risk Register:

2.1.1 Entry number 22 – Due to a reliance on, or an association with, a third party, our ability to directly manage and control aspects of our business could diminish

2.1.2 Entry number 23 – Decrease in Organisational Performance

2.1.3 Entry number 24 – Failure to identify and capitalise on opportunities for investment (internally and externally)

2.2 Note that all risks that have been placed on the green list continue to be monitored by Service Management Team (SMT).

## 3 Introduction

3.1 The current Risk Management Policy is being reviewed and will be presented to the Standards and Governance Committee in March 2017.

3.2 The corporate risk management process aims to identify, prioritise, and manage any risks to the Authority's ability to achieve its priorities, aims, objectives, and targets, and manage its business. Continual review of the Register is a key part of our corporate planning process.

3.3 The Strategic Risk Register is presented to SMT every 6 months. As new risks emerge and have been cleared by Directors, they will be submitted via email to SMT for a virtual decision at which point they will be added to the Strategic Risk Register.

3.4 Risk Management was the subject of an internal audit in January 2016. The findings of this audit will be presented to the Service Management Team and this Committee in accordance with the usual reporting processes.

## 4 Risk Management

4.1 The objectives of risk management at Hampshire Fire and Rescue Service are to:

- Demonstrate how risk management can assist the Service to achieve its objectives and optimise decision making
- Highlight the relationship between risk management and governance, assurance and sustainability
- Recognise the importance of culture, communication and behaviour in effective risk management
- Respond and adapt to the changing external and internal pressures
- Promote a risk tolerant culture
- Manage the cost of risk effectively in accordance with best practice and ensure that the cost of controls are always considered against the risk they are designed to manage
- Support informed risk taking which will enable sound decision making and planning
- Provide assurance to stakeholders that potential risks are being actively managed
- Ensure that staff have the relevant skills and support to identify and manage risks

4.2 Identification of risks is not limited to senior teams. Any member of staff and Member of the Authority can identify a risk and raise it to senior management. Senior managers are responsible for identifying risks as part of the corporate planning process. Each manager leads on a Service Priority where risks to achieving this Priority are identified. If a risk poses a significant threat it will be escalated as a corporate risk to be added to the Strategic Risk Register.

4.3 Operational risks are identified and managed within Service Delivery and also within support departments, both as part of their planning processes and on a day-to-day basis. Operational Service Delivery specific risks are recorded, managed and monitored in the Service Delivery Risk Register.

4.4 Risks that affect the delivery of objectives set by the Professional Services Directorate are recorded, managed and monitored in a Professional Services Risk Register.

4.5 Risks affecting Directorates which have a significant effect on HFRS corporately are escalated to the Strategic Risk Register via Directors and SMT.

4.6 Risks remain on the Strategic Risk Register until they are given a score of ten or less (which equates to low or very low green risk). Once a risk entry reaches this score, it is reported to Directors and SMT and then the Authority, with the proposal to remove it from the live Strategic Risk Register. Occasionally, scores of ten or less will remain on the Strategic Risk Register to continue to be monitored. When a risk is taken off the live Strategic Risk Register, it is retained on a separate Green List which is monitored and reviewed periodically by Directors and SMT to ensure that the low score is still appropriate. If necessary, the risk can be returned to the live Strategic Risk Register.

4.7 It is important that decisions taken by the Authority’s elected members and management give full consideration to the risks associated with them. Risk management implications are included in all reports so that these can be taken into account in making decisions. As such, a separate section is inserted in all Fire Authority/Committee/Service Management Team reports in which the author states what, if any, risks have been identified and how these will be managed.

## 5 Review of the current Register

5.1 The current position of the Strategic Risk Register entries are shown in the risk matrix below.

| | | | | |
|---|---|---|---|---|
| Impact | High<br>4-5 | | 23, 24 | 22 |
| | Medium<br>3 | | | |
| | Low<br>1-2 | | | |
| | | Unlikely<br>1-2 | Likely<br>3 | Very likely<br>4-5 |
| | | Likelihood | | |

5.1.1 **<u>Key</u>**

22 – Due to a reliance on, or an association with, a third party, our ability to directly manage and control aspects of our business could diminish
23 – Decrease in Organisational Performance
24 – Failure to identify and capitalise on opportunities for improvement (internally and externally)

5.1.2

| Ref 22, current score of red (20) |
|---|
| Description<br><br>Due to a reliance on, or an association with, a third party, our ability to directly manage and control aspects of our business could diminish. |
| Comments<br><br>This risk entry is currently scored at red 20. The risk entry is in place to reduce the likelihood of negative impacts (example reputational, legal, provision of services contrary to HFRS values) associated with third party arrangements.<br><br>The key controls to this risk relate to the development and communication of a Partnership Policy and register which includes a gateway process. This will ensure that partnerships are entered into with the relevant governance processes in place. It will also help identify where one impacts another. The Policy and Register will be in place by March 2017. |

5.1.3

| Ref 23, current score of amber (12) |
| --- |
| Description<br><br>Decrease in Organisational Performance. |
| Comments<br><br>This risk entry is currently scored at amber 12. The risk entry is in place to prevent any potential increase in an unengaged workforce, resulting in high turnover, and increase in recruitment costs and/or loss of key skills within the organisation.<br><br>Controls for this risk include:<br>• a refreshed Performance Review system which is currently being piloted.<br>• the Professional Service Directorate Redesign, most of which has delivered, the remainder being in the process of being delivered. The planned savings targets are on track to be achieved in the time frames specified. The reporting of progress made continues through the Safer Stronger Board with the project closedown report will be due April 2017.<br>• A workforce development change programme and leadership offer is in place and team development is being supported.<br>• The refresh of the ‘Pathway to Progression’ process has addressed the causes of temporary chains and significant work has taken place to introduce permanency across various management levels in the organisation. |

5.1.4

| Ref 24, current score of amber (15) |
| --- |
| Description<br><br>Failure to identify and capitalise on opportunities for improvement (internally and externally). |
| Comments<br><br>This risk entry is currently scored at amber 12. The risk entry is in place to support the Service to improve and grow innovatively whilst ensuring that the activities undertaken do not duplicate with current business as usual activities and support the Service Plan and its Safer/Stronger Priorities.<br><br>The current control measures give assurance that the risk is being monitored and controlled adequately. Once embedded, the proposed controls for this risk will provide further resilience and assurance.<br><br>• A new Product Development process is in place and provides opportunity for creative and innovative ideas to be tested and potentially implemented.<br>• Our ICT Transformation project will help enable innovation.<br>• The Community Safety structure is being aligned to ensure a one team approach. New and emerging opportunities to more greatly engage with Health are being explored. This will ensure fire is featured as a health asset. This will include greater engagement across health at all levels. |

## 6 New risk entries

6.1 No new risks have been entered onto the Strategic Risk Register since the last report to this Committee.

### 6.2 Risks being developed

It is proposed that a risk entry be developed to consider governance of the Fire Authority in the context of the external factors affecting the future and the planned change in its structure. Once documented the risk will be evaluated against control measures and reported to this Committee at its next meeting.

## 7 Assurance

7.1 Knowledge Management maintains and updates the Strategic Risk Register. HFRS are also part of the Fire and Rescue Indemnity Company (FRIC). FRIC work collaboratively to recognise emerging trends related to risk and to apply best practice to mitigate the risk.

## 8 Contribution to corporate priorities and aims

8.1 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. Effective risk management processes that are embedded throughout the organisation are critical to ensuring thorough decision making, especially in the current financial climate.

8.2 Our planning processes, performance management framework and audit recommendations are an integral part of our ability to identify new and emerging risks and issues which could impact on existing corporate aims and objectives. The identification of risks and issues through the planning process also provides a focus for developing new corporate aims and objectives.

## 9 Risk analysis

9.1 It is essential that a risk management policy and strategy is in place. Therefore work is continuing to develop these and embed across the organisation to ensure that there is a consistent and robust approach to the identification, analysis and treatment of all risks. This, in turn, ensures that major threats are considered and managed appropriately with adequate control measures implemented. Equally, it ensures that opportunities are identified and considered.

## 10 Resource implications

10.1 The Authority has a corporate membership with Alarm, the Public Risk Management Association.

## 11 People Impact Assessments

11.1 Carrying out People Impact Assessments will strengthen our risk management practices by ensuring that the consequences of our proposed policies and actions and projects comply with current legislation and expectations for improving equality and diversity in the workplace and in the delivery of services to the public.

11.2 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

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

12.1 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: