

Report of the Head of Operational Support

7. Strategic Risk Register

Purpose of report

1. To provide Audit & Standards Committee with an annual update on the Strategic Risk Register and to outline the new approach to managing the risk registers.

Recommendations

It is recommended that:

- i) **the Strategic Risk Register be approved; and**
- ii) **the actions taken following recommendations made in the recent audit by Worcestershire Internal Audit Shared Service (March 2016) be noted.**

Background

2. The Emergency Planning and Resilience Officer is responsible for co-ordinating Departmental Risk Registers, Directorate Risk Registers and the Strategic Risk Register. This annual review of the Strategic Risk Register meets the requirements of the Audit & Standards Committee's terms of reference to monitor and review the Authority's risk management arrangements.
3. The purpose of strategic risk management is to effectively identify strategic or large scale risks successfully for the organisation and to put in place effective control measures to mitigate their effect.

Audit of Risk Management Processes (March 2016)

4. On the 21st March 2016 an Internal Audit was conducted on the Services risk management systems by the Worcestershire Internal Audit Shared Service. The audit focussed on the risk registers and the processes by which these were populated, managed and archived.
5. The executive summary of the audit report gave the opinion of moderate assurance in this area. This level of assurance meant the auditors felt the Service generally has a sound system of internal control, with the need for some improvements in certain processes. In four areas recommendations were made by the auditors, which were further subdivided into specifics for each area (Appendix 2).

6. Following changes implemented that were based on the outcomes of the audit, the Service believes it has largely addressed all the main issues outlined by the auditors. A wider examination of this subject across the sector has highlighted some notable practice which has been incorporated into the new risk register process. Revised maintenance and recording systems have been developed which should fully meet the recommendations of the audit, and will be subject to a future review by the internal audit team in the near future. Additionally following the departure of the previous Emergency Planning and Resilience Officer, a new person has been employed in this role following a significant period of absence. This will bring a new approach and provide a resource into this subject area that will support the future maintenance of these improvements.

Risk Management Strategy

6. The Risk Management Strategy Policy is in place for recording a wide range of risks within the Authority. The overall objective of the strategy is to ensure that the Service identifies strategic risks, on behalf of the Authority, and applies the most cost-effective control mechanisms to manage those risks. This ensures that identified risks are either eliminated or managed to within an acceptable level and that systems are in place to monitor and report against such risks. This strategy is also currently under review to ensure it is aligned with the recent alterations to the risk management process.
7. Utilising a “bottom up” approach to risk management, Departments, Area Commanders and Directors all review the risks within their work areas. The highest and/or most prevalent risks are then elevated as appropriate to the Strategic Risk Register through the Service’s Senior Management Board (SMB).

Strategic Risk Register

8. The overall responsibility for ensuring risks are managed effectively lies with the Authority as professionally advised by Officers. The Strategic Risk Register is a dynamic document that outlines the risk scoring for both likelihood and impact of each significant risk along with recording of quarterly reviews and other relevant, salient information in its new format. Many other risks will be listed in departmental risk registers and whilst some of these risks may be significant in isolation they will not normally be noted on the strategic register unless they have a Service wide impact and/or cannot be controlled effectively.
9. Information on the register not only reflects local risks but also reflects the updated National Risk Register which is intended to capture the range of emergencies that may have an impact on all or significant parts of the UK, as well as internal risks. The National Risk Register drives the County and Community Risk Registers held by West Mercia Local Resilience Forum (WMLRF) and is recognised in the Service’s live Strategic Risk Register, as appropriate.

10. WMLRF is a multi-agency group comprising bodies within West Mercia such as Local Authorities, National and Local Health Agencies, the three Emergency Services and the Environment Agency.
The purpose of the LRF is to ensure effective delivery of the duties of the Civil Contingencies Act (CCA) 2004. This requires partner agencies to co-operate and co-ordinate information.
11. Risks are continually monitored and reviewed regularly by SMB. This was most recently conducted on the 31st May 2016, where SMB agreed the new format for the Risk Registers, which include a new methodology to record and monitor these risks. Notable practice from within the Sector will now steer SMB to consider strategic risks in the following broad risk headings, on a quarterly basis (not definitive):
 - Absence or loss of staff, including, widespread illness, severe weather and industrial action.
 - Death or serious injury of staff or the public from our activities.
 - Inability to respond to operational incidents
 - Financial governance and related risks
 - Loss or damage to assets
 - Failure to consult properly
 - Failure to have competent staff in the workplace
 - Guidance and Policy failures
 - Legislative failures including, H&S, Employment, Procurement, Data and Information Security etc.
 - Failure to manage Fire Safety enforcement appropriately
 - Safeguarding
 - Key supplier dependencies
 - Project related risks
 - Risks related to partners that could significantly impact the Service.
12. Appendix 1 currently demonstrates notable risks that SMB have agreed to log on the Strategic Risk Register. The assessment of these risks may alter as the environment around each risk changes. For this reason all registers are reviewed quarterly, and risks are re-evaluated, and new risks developed. Identified risks may escalate from Departmental level to Directorate level and then onto the Strategic Risk Register as appropriate at any time. Conversely when a risk is no longer deemed to be notable or active, it should remain on the register for the rest of the business year, and will be archived at the end of the annual review period for reference and assurance.
13. It should be noted that Business Continuity plans are directly aligned to the risk registers and are in place. It is not the aim of the risk register to duplicate or replace Business Continuity plans but to inform and compliment them. In many cases the Business Continuity plan will play a major role in the controlling of a specific risk.

14. The 2020 project board have highlighted risks around both transformational bids projects regarding the HQ move to Hindlip and the Wyre Forest proposal, which are now noted on the register, but require regular review and development as more detail emerges.

Conclusion/ Summary:

15. A robust process is now in place and resourced to ensure that there is a process of continual monitoring and reviewing taking place across the Service at all appropriate levels. This will ensure that identified risks are being used to drive business and actively managed to reduce or eliminate notable risks where possible.
16. The Authority's Strategic Risk Register will be formally reported to Members annually, with significant changes being reported to the Audit & Standards Committee in a risk update, as appropriate.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	The improvement to this area of work requires additional capacity in terms of resources from across all departments in the Service which can be managed locally.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	This area of work directly support the aims of the Service and has links in to every area of strategic policy, with the aim of identifying and where possible mitigating risk to strategic policy.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	This report is made through the process of risk management.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information:

Appendix 1 – Strategic Risk Register 2014/15

Appendix 2 - Internal Audit Report Recommendations and Actions (21st March 2016)

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Appendix 1 - Overview of Strategic Risk Register. (Full Risk Register provided as a separate document.)

Reference No	Risk Descriptor	Trigger	Consequence
SRR1	A widespread event or situation that leads to a significant loss of workforce in the workplace	An event that in its nature means that a large part of the workforce are either unable or not willing to attend the workplace	Inability to deliver core purpose and over a longer term the inability to maintain core systems and/or deliver Service infrastructure and obligations (e.g. financial, legislative, departmental such as Fleet and ICT)
SRR1A	Major ill health epidemic affecting service levels	1) A contagious disease or virus that affects a % of the workforce 2) A contagious disease or virus that affects the communities bound by Hereford and Worcester Fire and Rescue Service	Loss of a percentage of front line and/or support staff resulting in a reduction or loss in the ability to deliver the service that Hereford and Worcester Fire and Rescue Service provides, including but not exhaustive to Prevention and Service Delivery
SRR1B	Severe weather event(s) affecting service delivery	1) Severe weather including but not limited to: a) Snow/Ice b) Flooding c) Heatwave	1) Loss of a percentage of staff due to several factors including, but not limited to a) Inability for staff to travel into work b) School closures leading to a reduction in service delivery
SRR1C	Industrial disputes	1) Disputes with union(s) regarding a number of topics with an inability to reach an agreement either nationally or locally	1) Strike action for an unknown period of time of a percentage of frontline and or support staff 2) A period of action short of strike for an indefinite period of time which may result in a loss of extra activities such as but not limited to overtime. These may potentially result in an inability to provide services to the public as outlined in the FRSA 2004

SRR1D	Inability to recruit or retain key parts of the workforce.	<p>This could be either in suitable numbers or those bespoke staff with key skills in risk critical areas:</p> <ul style="list-style-type: none"> • Depts such as Fleet, Finance or ICT. • Fire Control • RDS On-Call staff resulting in numerous fire stations with reduced availability. • Volunteers for resilience duties. • Loss of support from key partners 	An inability to deliver and maintain core functions and systems, and/or significant impact on service delivery in core areas.
SRR2	Death or serious injury of Member of Public through Service activities	An event whereby the Services activities (operational or non-operational) result in or is suspected to have caused the death (or serious injury) to a member of the public. This could be through any activity undertaken by a member of staff in their normal work or an operational incident.	<p>1) Impact on other employees carrying out similar duties (e.g. Driving).</p> <p>2) Reputational loss</p> <p>3) Investigations, legal proceedings and prosecutions.</p> <p>4) Financial implications of claims made</p> <p>5) Departmental resilience issues</p>
SRR3	Death or serious injury of a member of staff whilst at work as a result of their work activities.	Where a member of staff dies or is seriously injured (or suspected to have been) as a result of undertaking their work based activities.	<p>1) Impact on other employees carrying out similar duties (e.g. Driving).</p> <p>2) Reputational loss</p> <p>3) Investigations and legal proceedings and prosecutions.</p> <p>4) Financial implications of claims made</p> <p>5) Departmental resilience issues</p>

SRR 3A	Death of a member of staff as a consequence of an operational incident	As above but directly related to an operational incident. This could have additional areas of scrutiny such as: 1) Service policy in this area 2) Training 3) Risk information 4) Lack of suitable and sufficient risk assessment. 5) Unexpected Hazards. 6) Terrorism/deliberate act	1) Impact on other employees carrying out similar duties (e.g. BA wearing). 2) Reputational loss 3) Governmental and HSE scrutiny 4) Investigations, legal proceedings and prosecutions. 5) Financial implications of claims made 6) Workforce loss of confidence in organisation 7) Media Scrutiny
SRR4	Reduction in real terms of grants and/or other income affecting service delivery	1) Change of Government 2) Governmental policy 3) Change in budget by Government/local council 4) Variations in funding mechanisms and local taxation changes	1) Unable to deliver the same level of service/ Reduction in service 2) Having to source funding from elsewhere 3) Potential redundancies/ voluntary redundancies
SRR4(A)	Loss of Section 31 National Resilience grant	Notification would be received with relatively short notice that funding will be changed nationally and then the local impact, up to removal of all funding, would subsequently be issued. It is likely that lead times on this matter would be limited.	Loss of funding causes: 1) Removal of assets and capabilities provide for NR incidents. 2) Inability to utilise these assets in local response plans a reduction in the services ability to provide an operational response to Local and National Section 31 incidents. 3) Additional staff paid for through NR funding would become over establishment and require removal from Service establishment 4) Interim funding would be required to manage these posts to avoid redundancy.

SRR5	Significant changes to national policy which mean local reaction outside of planned work loads	Significant changes to Policies which affect Hereford and Worcester Fire and Rescue Services' Service Delivery and Support functions. This may be related to a national event that requires immediate changes to training or equipment or major changes to national policy that change the current ways or working and resource allocation.	1) Not correctly adhering to national policy which could mean that Hereford and Worcester Fire and Rescue Service are not fulfilling statutory or legal or moral duties, under one or more national policies.
SRR6	20/20 Project Risk: Kidderminster Wyre Forest	Project risk to be highlighted through 2020 board	1) Inability to complete project with incurred abortive financial losses 2) Industrial Action 3) Reputational damage
SRR7	20/20 Project Risk: Hindlip	Project risks to be highlighted through 2020 board	1) Inability to complete project with incurred abortive financial losses 2) Reputational damage 3) Potential efficiency savings not met

Appendix 2 – Internal Audit Report Recommendations and Actions (21st March 2016)

Ref.	Finding	Risk	Recommendation	Management Response and Action Plan
1	<p>Risk Management Guidance</p> <p>The audit review highlighted that new risks are still not being fully considered for the individual risk registers.</p> <p>On review of the Senior Management Board (SMB) meetings there was little evidence of risk review in the recent meetings.</p> <p>Similarly, new risks are not being routinely considered in 1-2-1 meetings between the Directors and their Heads of Service</p> <p>The lack of new risks being added to the risk registers can be partly explained by the lack of any detailed information in the most recent 'Guide to Risk Management' on SharePoint explaining how to add new risks to the risk registers.</p> <p>Furthermore, this document was last reviewed by the Emergency Planning and Resilience Officer in August 2012.</p>	<p>Reputational risks if the risk registers are not kept up to date and used as a tool in everyday management of the Fire and Rescue Service.</p>	<p>Ensure all Management Board Meetings always include consideration of risks on their standing agendas.</p> <p>The 1-2-1 meetings to be recommenced between the new and departmental heads/directors.</p> <p>Update the 'Guide to Risk Management' on SharePoint and ensure it has sufficient detail to assist risk owners in adding new risks to the individual risk registers.</p>	<p>Responsible Manager: EPRO/GC Ops Policy</p> <p>Actions:</p> <ul style="list-style-type: none"> • Incorporated Risk Register review as a part of all Management Board Meetings • 1-2-1 meetings facilitated by EPRO for quarterly reviews of the Risk Register for each department and directorate • 'Guide to Risk Management' will be updated September 2016 <p>Implementation date: Recommendations to be in place by Sept 16</p>

2	<p>Effective Management of Risk</p> <p>Audit testing highlighted that although the Risk Management Strategy is fit for purpose, the strategy is not being strictly adhered to in relation to the population of the individual risk registers.</p> <p>There are a number of control issues identified:</p> <ul style="list-style-type: none"> a) The quarterly review dates are not being denoted in the 'Date Reviewed' column on the individual risk registers; the review date is often not the latest one. In addition, the name of the reviewer is not being stated. b) The review dates on the risk registers are not in line with those on the Risk Register Completion schedules. In fact, testing confirmed the Risk Register Completion schedule itself is not currently working effectively as a control. c) All the relevant boxes on the risk registers are not being completed for the individual risks in the majority of 	<p>Reputational risks if the risk registers are not kept up to date and used as a tool in everyday management of the Fire and Rescue Service.</p>	<p>Ensure that the Risk Registers are comprehensively populated with all the relevant boxes being completed.</p> <p>Analyse the current process of reviewing the risks and populating the risk registers to ensure it is fit for purpose.</p> <p>Consideration to be given to clearly denoting each quarterly review of the individual risks in the 'date reviewed' column. Then, every 2 years the risk registers to be rolled over and a full risk assessment to be undertaken.</p> <p>Analyse the effectiveness of the Risk Register Completion schedule to ensure it is fit for purpose.</p>	<p>Responsible Manager: EPRO/GC Ops Policy</p> <p>Actions : Formal presentation/training will be provided by EPRO for managers/risk owners to ensure correct completion of registers in each quarter</p> <p>Implementation date: Within next 12 months</p> <p>Columns added in the Risk Register relating to 'Date risk added' and the 'Date Reviewed' each quarter. The full risk assessment will be completed at the end of every financial year and any changes archived and a new copy of the Risk Register being made live</p> <p>Implementation date: September 16</p> <p>Risk register has been reviewed to include quarterly reviews with archiving functions at the end of the financial years by EPRO</p> <p>Implementation date: June 16</p>
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	<p>individual risk registers. Many of the risks on the risk registers do not have the actions in place to mitigate the risk or the outstanding exposures relevant to the risk noted in their respective columns.</p> <p>Similarly, not all the risks on the risk register have been assigned an owner.</p> <p>d) The Risk assessment date populated in the risk registers is haphazard, generally it is 2012/13 but this varies up to 2015. Currently, there is no routine risk assessment timetabled for each risk register.</p>			
3	<p>Risk Review and Monitoring</p> <p>Testing has highlighted a lack of an audit trail with sufficient supporting documentation throughout the whole current risk management process.</p> <p>Currently, there are just the current individual risk registers which are simply being overwritten when there are changes made to them.</p>	<p>Risks may be incorrectly scored if there is no archiving; this may lead to confusion and the potential for risks not to be mitigated appropriately which could lead to financial loss and reputation damage to the Fire and Rescue service..</p>	<p>Ensure that all aspects of the risk management process are supported by sufficient back up documentation.</p> <p>Consideration for archiving in order to provide transparency throughout the process.</p>	<p>Responsible Manager: EPRO/GC Ops Policy</p> <p>Actions: Review and re-design of BC SharePoint pages concerned with risk register review will to provide more audit information with the archived risk registers stored. Risk Management SharePoint will also be reviewed to be clearer to navigate</p> <p>Implementation date:</p>

	<p>There is presently no archiving of any of the relevant documents, such as the elevation of risks and the updating of risk scores for a risk when elevating the risk to another risk register.</p> <p>Equally, there is very little supporting documentation for the reasons behind the risk score populated.</p>			<p>Sept 16</p> <p>Creation of an archive facility where registers are periodically saved allowing retrospective viewing on the 'F' drive or SharePoint</p> <p>Implementation date: Sept 16</p>
4	<p>Embedding of Risk Management</p> <p>There is currently no regular training on risk management taking place.</p> <p>Initial training was given to staff in 2012/13 with the introduction of the new Risk Management Strategy.</p> <p>However, there have been a number of changes in staff responsible for risk since the introduction of the new strategy in 2012/13; therefore a number of risk owners have not received appropriate training on risk management.</p>	<p>The drive to embed risk management throughout the organisation and for officers to actively use it as a management tool may be hindered.</p>	<p>Consideration for undertaking further risk training (or workshop) to ensure risk management remains embedded, particularly after the current risk management documentation has been updated.</p> <p>This training should focus in particular on how to add new risks and how to escalate or de-escalate risks, and should be tailored according to the needs of the individual risk owner.</p>	<p>Responsible Manager: EPRO/GC Ops Policy</p> <p>Actions: Formal presentation/training to be provided for managers/risk owners to ensure correct completion of registers during the quarterly reviews with the EPRO</p> <p>Implementation date: Within next 12 months</p>