

Hampshire Fire and Rescue Authority

Risk Management Policy and Strategy

March 2017

Policy

Hampshire Fire and Rescue Authority (the Authority) provides a range of services to the people who live in, work in and visit the county, as well as providing support to other agencies and fire services. The nature of our work and our changing environment means that there is always potential for uncertainty. To actively manage risk, we apply a systematic approach by identifying, assessing, analysing and monitoring risks. This allows us to plan and implement risk reduction activities to ensure we provide an efficient and effective service to make life safer and make our service stronger.

The Authority will apply best practice to manage risks and deal with uncertainty. This will help ensure the continuity of our service, improve efficiency, support innovation and deliver value for money. We accept our responsibility to manage the risks associated with all areas of our activity to an acceptable level, according to our risk appetite. We acknowledge that some risks will always exist and can never be completely eliminated. Risk Management is not about being risk averse but managing threats and opportunities.

Risk Management is applied to ensure we improve internal controls in a cost effective way to support sound decision making to ensure our aims and priorities are met.

The Authority and its Senior Management Team are committed to ensuring that there is an effective risk management process and culture within the organisation.

Objectives

The objectives of the policy are to:

- Safeguard our employees, the public and others affected by the Authority's operations by preventing injury, damage and loss.
- Safeguard the resources and reputation of the Authority
- Anticipate and respond to changing social, cultural, environmental and legislative requirements
- Reduce the threat of service disruption
- Facilitate innovation and opportunity.

What is risk?

Risk is defined as an uncertain event or set of events that should it or they occur will have an effect on the achievement of objectives. The effect can be an opportunity to improve or threat to the delivery of the objectives.

By recognising uncertain event(s) and assessing the risk, we are able to identify possible actions to mitigate the likelihood and impact of it happening.

Risk Management Strategy

By identifying, assessing, analysing and monitoring the changing dynamics of risk we are able to ensure we are working towards making life safer for everyone living in, working in or travelling in Hampshire. It also helps us to better understand how to make best use of our resources and deliver the Service Plan.

Risks are dynamic and can change frequently. We look at how risk changes in response to many factors, such as demographic changes over time or the state of the economy. We look at these factors from several perspectives - from a national level to changes that are shaping individual communities, households or businesses. This enables us to ensure that our planned activities are appropriate to the individual needs of a specific community and also align with our corporate objectives.

Local Resilience Forum

Hampshire Fire and Rescue Service is a partner in the Local Resilience Forum which consists of representatives of representatives from emergency services, local authorities and any other organisations that potentially would be involved in an emergency. A Hampshire and Isle of Wight Community Risk Register is maintained as a requirement of the Civil Contingencies Act 2004. Its purpose is to assure the people of Hampshire and Isle of Wight that an assessment of potential risks has taken place and is informing the approach to joined up emergency planning both locally, at a regional and national level.

Health and Safety

The Health and Safety team support the assessment and control of risks affecting the safety, health and welfare of those employed by the Authority or who are under its duty of care. We have a clear Health and Safety Statement of Intent. The Health and Safety Committee monitor health and safety within the Service and to assist in the development of the Health and Safety Objective and Improvement plan.

Community risk

Analysis of data and information from a variety of internal and external data sources provides an understanding and identification of community risk. These risks include associated with demographic, urban, or socio-economic changes affecting the organisation's ability to deliver its services. Our Strategic Risk Assessment and more locally, 'Group' risk profiles help us to identify risk which is then managed by our planning processes. We design our services to reduce or remove community risks through the Integrated Risk Management Planning process.

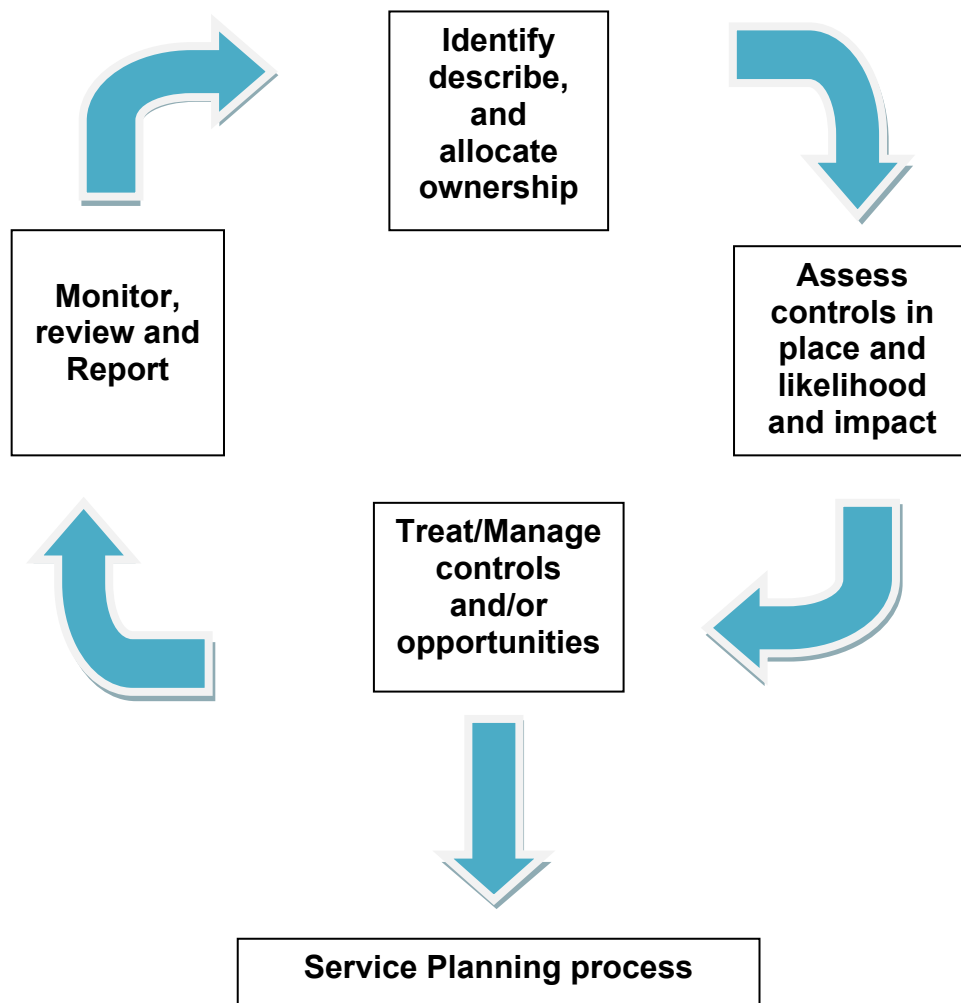
Our approach

Hampshire Fire and Rescue Service (HFRS) have a corporate risk management methodology. This strategy focussed on the way we manage our 'corporate' level risks which include project and partnership risks.

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

- embed risk management into our culture
- incorporate risk management in to the decision making and the overall performance framework
- promote a risk tolerant culture and support well thought through informed risk taking
- be responsive and adaptable to the changing external and internal pressures we face
- optimise opportunities that risks provide
- ensure that the cost of controls are always considered against the risk they are designed to manage
- provide assurance to stakeholders that potential risks are being managed
- be transparent about the risks we face and the actions we are taking to mitigate them
- continue to be a learning organisation to continuously improve

Risk Management Cycle



Risk Appetite

Risk appetite can be described as the amount of risk we are prepared to take when balanced with the related opportunities. We understand the importance of risk taking and accept that there is an element of risk in most of the activities we undertake. It has been agreed that our risk appetite should not be prescriptive but will depend on which of our objectives would be affected by the risk, and the impact the risk would have should it materialise. We see this approach as the best way to allow us to make informed decisions in each risk situation. Risks are dynamic, not static, it is therefore important to be responsive to any internal or external factors they may affect the risk appetite.

Embedding of risk management

Effective risk management is embedded into the organisation by everyone having a role to play and specific responsibilities to fulfil. All managers, staff, elected members should understand the nature of risk and accept responsibility for managing those risks associated with their area of activity. Identifying, assessing, controlling and managing risks are the responsibility of everyone within the organisation.

Identifying and describing risk

Identifying risk is key to ensuring that potential risks are not missed. The identification stage should include all risks whether they are under the control of the organisation or not. Risks should be described clearly so that the nature of the risk is understood and controls appropriate.

Risks can be considered against one or more of the following categories:

People: The ability of the Authority to provide sufficient numbers of skilled, competent, motivated and effective employees in a secure environment.

Financial: the ability of the Authority to meet its financial commitments, such as internal budget constraints or to provide value for money.

Environmental: the environmental consequences and issues of sustainability associated with pursuing the Authority's strategic aims and objectives.

Reputation: the impact upon the reputation of the Service within the local, or wider, community and the need to meet the current or changing needs and/or expectations of customers.

Service Delivery: the impact upon the Authority's ability to deliver its strategic objectives to respond to changes in demographic, residential or socio-economic trends.

Physical: the impact upon the Authority's ability to maintain a safe working environment.

Legal and Litigation and compliance: the impact of failing to comply with, or adequately enforce, national or European law.

Information Communication Technology and Systems: the impact of technology used within the Authority or upon which it is reliant. Also risks associated with the malfunction or obsolescence of technological equipment (IT systems, equipment etc.).

Describing risks

Risks are best understood and managed in the first instance if they are framed as scenarios, broken down into three component parts:

- the root cause or source
- the events or triggers that lead to the consequence arising
- the likely impact or consequences

Ownership:

An essential requirement in the management of any risk is to make sure that the correct people are identified and that they take on responsibility for that risk. Specific roles in the management of risk are the:

Risk Owner:

the person with overall responsibility for monitoring the progress being made in managing a given risk. In relation to corporate level risks this is normally a member of Service Management Team (SMT).

Control Owner:

those people responsible for implementing the agreed control measures to manage the risk and informing the Risk Owner of the effectiveness of those control measures. In relation to corporate risks this is normally a member of SMT.

Assessing and analysing the risk

After risks have been identified, they need to be assessed and analysed.

The analysis and assessment of risks involves a consideration of information to determine how often specified events may occur and the impact of their consequences. This entails determining the cause, consequence and impact of the risk and identifying controls measures currently in place and those that are proposed.

This results in the calculation of:

- the likelihood that it will occur
- the impact if it does occur

The analysis and scoring of risks gives an overall picture of minor risks compared with more significant ones.

Risk Treatment

Whilst assessing and analysing the risk consideration should be given to identify if the risk should be avoided, eliminated, reduced, transferred, or accepted. A useful framework for considering these questions is detailed below.

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| AVOID | Decide not to proceed with the activity likely to generate the risk, where this is practicable. |
| REDUCE | Take action to control the risk by identifying mitigating actions and implementing them. For most of the risks on the corporate risk register this is what we are doing. |
| TRANSFER | this involves another party bearing or sharing some part of the risk by the use of contracts, insurance, outsourcing, joint ventures or partnerships to a third party. |
| TOLERATE | If we cannot reduce the risk in a specific area (or if doing so is not proportionate to the risk we can decide to accept it. |

Controls

A control is any action, procedure or operation undertaken to either contain a risk to an acceptable level, to mitigate the risk completely or to decrease the likelihood and impact if the risk were to occur.

When identifying controls, an owner and target date should be identified.

Scoring

A scoring matrix is used to assess a risk score. Appendix 1 details the approach for Strategic risks.

Risks are scored on a 5x5 matrix. An initial and target score should be determined for both likelihood and impact using these criteria.

If we wish to reduce the risk then we should commence the process of identifying control measures to minimise the likelihood of the risk occurring and/or reducing the severity of the consequences should it occur.

It is important that:

- any proposed control is SMART – Specific, Measurable, Achievable, Realistic and Time-bound and has a nominated control owners
- The proposed control is proportionate to the risk.
- any new risks caused by the control are identified
- There is clarity around which dimension of the risk is being considered – i.e. likelihood or impact
- A regular review is undertaken to ensure that controls are being progressed and that they are working.

Types of Risk and Registers

Strategic Risks

Strategic risks can be defined as the uncertainties and untapped opportunities which may affect the Authority's ability to reach its overall vision and values.

Strategic risks which are identified are analysed in the first instance with the assistance of the Knowledge Management Team. They are then reviewed and evaluated by the Risk and Assurance Board. The Strategic Risk register is maintained by Knowledge Management. It is overseen by the Risk and Assurance Board and reported Service Management Team and the Authority for consideration and approval.

The Register will be regularly monitored and reviewed until the risk is felt to be under an acceptable level of control. Once at this stage, the risk will stay on the Register until its removal is approved by the Fire Authority. These discharged risks are still monitored and revisited to ensure that they are still adequately controlled.

Directorate Risks

Directorate risks are those that may affect our ability to achieve our Priority end states.

Directorate risks which are identified are analysed in the first instance with the assistance of the Knowledge Management Team. They are then reviewed and evaluated by the Risk and Assurance Board. The risk register is maintained by Knowledge Management. It is overseen by the Risk and Assurance Board and reported Heads of Service Team and Service Management Team.

The Register will be regularly monitored and reviewed until the risk is felt to be under an acceptable level of control after which it will be monitored and revisited to ensure that is still adequately controlled.

Project risks

Every project will set its own risk tolerance at the outset. The project manager will maintain a risk register which is monitored by the Project Board. Key risks to projects within the Service's Portfolio are reported to the Safer Stronger Board within the regular highlight report. If it is identified that a project risk poses a Strategic or Directorate risk, this will be escalated to the Risk and Assurance Board.

Partnership risks

Partnership arrangements should include the maintenance of a shared risk register which is regularly reviewed.

Monitoring, review and reporting

Risk are evaluated and reviewed periodically. Risk owners continually review and update their risk ensuring an evaluation of the current control measures and scoring

is carried out. This part of the process is important as it ensures that the appropriate control measures are being applied to the risk. During this process it may be necessary to re-assess the scoring. Risks are not static and it is important to note that risk scores may increase or decrease depending on a variety of factors.

The Performance Review and Assurance Team in the Knowledge Management Department is responsible for ensuring owners of strategic or corporate risks regularly review them and record any changes as a result of the review.

Roles and Responsibilities

Key roles and responsibilities related to risk management are detailed in appendix 2. Risks can be escalated where appropriate. The Knowledge Management team will always provide help and support.

Transparency

We have an open approach to managing risks. Staff and other stakeholders have access to information on risks and how we are managing them.

The Strategic Risk register is available to internal staff and a copy published on our website annually after reporting to the Fire Authority.

Project risk registers are available to all members of the project team. The project risk register forms part of the governance of the project. A highlight report including the risk status of the project is shared with the Safer Stronger Board.

Group and Station profiles are available to internal staff and are published on our website. The Group and Station Profiles illustrate People and Community risk. Our Service, Group and Station plans are available on our website and outline our risk reduction activities.

Strategy and Policy – Review and Audit

The management of risk within the organisation and the effectiveness of the risk management strategy will be subject to an ongoing review process.

Risk Management is a component of the Internal Audit plan and strategy.

Any comments or feedback in respect to this document or our risk management process are always welcome and should be addressed to the Performance Review and Assurance Team in the Knowledge Management Department.

Appendix 1

Risk scoring matrix

Likelihood

| Risk | Score | Likelihood | Chance of occurring |
|-----------------------------|--------------|---|----------------------------|
| Very Low Rare | 1 | Most improbable that this will occur | Less than 5% |
| Low Unlikely | 2 | Very unlikely to occur | 5% to 20% |
| Medium Possible | 3 | Likely to occur chance of occurrence The risk will occur at some time. | 21% to 50% |
| High Likely | 4 | Will probably happen - more likely to occur than not | 51% to 80% |
| Very High Almost certain | 5 | Almost certain to occur The risk is expected to occur | 81% to 100% |

| Impact score | Description | Impact on delivery of Service/aims and objectives | Financial | Safety of people | Reputation | Legislation/statutory duty |
|---------------------|--------------------|---|---|---------------------------|--|--|
| 1 | Very low | No service disruption | Insignificant financial loss Below £25k | No obvious harm or injury | No external interest | No or minimal impact or breach of guidance/statutory duty |
| 2 | Low | Slight impact on service delivery | Moderate financial loss Between £25k and £100k | No obvious harm or injury | Localised short term media coverage – short-term recovery Elements of public expectation not being met Some complaints | Breach of statutory/legislation - reduced performance rating if unresolved |
| 3 | Medium | Service delivery is disrupted | Unplanned significant financial loss Between £100k and £400k | Injury | Adverse local publicity and some longer term loss of confidence | Single breach in statutory duty - external recommendations |
| 4 | High | Permanent and/or significant impact on service delivery Priorities/aims negatively impacted or not met | Unplanned major financial loss Between £400k and £800k | Fatality | Major loss of public confidence National publicity service well below reasonable public expectation | Enforcement action/ multiple breaches in statutory duty - Investigation/Improvement notices/ critical report Low performance rating |
| 5 | Very high | Unable to function or deliver services Objectives/priorities not met | Unplanned financial loss Over £800k | Fatalities | Highly damaging severe loss of public confidence National publicity | Multiple breaches in statutory duty Prosecution Complete systems change required Severely critical report |

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|------------|--------|---|---|---|---|---|
| Likelihood | 5 | | | | | |
| | 4 | | | | | |
| | 3 | | | | | |
| | 2 | | | | | |
| | 1 | | | | | |
| | | 1 | 2 | 3 | 4 | 5 |
| | Impact | | | | | |

Risk scoring – this table illustrates how we categorise risks using Red, Amber and Green status.

If the score is below 12 the risk is green, between 12 and 15 it is amber and over 15 it is red.

Appendix 2

Responsibilities and reporting lines

All members, employees, and partner organisations must understand the nature of risks and accept responsibility for managing those risks associated with their area of activity.

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| <p>Elected Members of the Fire Authority Hold the Service accountable for the effective management of risk throughout the organisation including the delivery of our services.</p> <p>Approve the Authority's risk management policy and reviews the Strategic Risk Register.</p> <p>Challenge senior managers to gain assurance that risks have been identified and addressed.</p> <p>Raise any potential new risks that they identify.</p> | <p>Directors</p> <p>Provide top level commitment to risk management.</p> <p>Set the appetite and tolerances for risk.</p> <p>Horizon scans to identify and assess new and emerging risks.</p> <p>Acknowledge potential risks that have been raised by Elected Members of the Fire Authority and Service Management and cascade them as appropriate.</p> |
| <p>Risk and Assurance Board</p> <p>Ensures that the Service manages risk effectively through a robust Risk Management Framework.</p> <p>Acts as the Strategic Risk Management Board ensuring that there are robust processes in place for the Service to identify, evaluate and treat risks and their related opportunities.</p> <p>Provides a challenge role to risk owners to ensure that identified</p> | <p>Service Management Team (SMT)</p> <p>Monitors strategic risk, ensuring that appropriate control mechanisms are in place and agrees the register before approval by the Authority.</p> <p>Forecasts and horizon scans the internal and external environment to ensure that appropriate issues are taken account of.</p> |

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| <p>risks are based on sound risk information and that risk prevention and mitigation measures are appropriate.</p> <p>Agree changes to the risk scores of all strategic level risks, including moving risks to the 'green register'.</p> | |
| <p>Heads of Service Team (HoST)</p> <p>Own individual strategic and directorate risks.</p> <p>Ensure that agreed control measures are maintained, monitored and implemented for corporate and directorate risks.</p> <p>Horizon scan to identify and assess new and emerging risks this includes corporate risk and also risk that affect the achievement of department objectives.</p> <p>Escalate any potential risks to the Risk and Assurance Board for consideration</p> | <p>Project and Partnership Managers</p> <p>Set risk tolerances for the project at the outset</p> <p>Conduct an initial risk assessment in accordance with the management methodology</p> <p>Maintain a risk register for the project/partnership at an appropriate level</p> <p>Own and take responsibility for specific risks</p> <p>Regularly review and update risks</p> <p>Report project risks to the Safer Stronger Board</p> <p>Escalate risks as appropriate</p> |
| <p>Line Managers</p> <p>Maintain an awareness of risk management, and its importance to the effective operation of the Service</p> <p>Carry out risk assessments and any action plan as a result of the risk assessment.</p> <p>Use all appropriate forums to regularly review risks and identify new risks as appropriate</p> <p>Communicate the importance of risk identification and management of risk to staff</p> | <p>All staff</p> <p>Are alert to risks in their own area and ensuring that action is taken to manage them.</p> <p>Escalate any perceived risk to a level where it can be dealt with effectively if they do not feel they can address it themselves.</p> <p>Carry out risk assessments and any action plan as a result of the risk assessment.</p> |

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| <p>Identify and manage risks to the achievement of department objectives.</p> | |
| <p>Knowledge Management</p> <p>Supports the management of foreseeable strategic risks.</p> <p>Develops and maintains the strategic assessment of risks in our community and influences the activity undertaken to reduce existing and potential risks.</p> <p>Ensures a systematic and consistent approach to managing, recording, updating and reporting risks within the project environment.</p> <p>Supports SMT/Directors and HOST by maintaining the Strategic Risk Register and providing constructive advice and challenge to risk and control owners.</p> <p>Ensures that there is effective version control on risk registers.</p> <p>Ensures that best practice is applied to the risk management process and advises managers and staff on matters relating to risk.</p> <p>Plays a key role on the Risk and Assurance Board and reports the Strategic Risk Register to the Risk and Assurance Board, Service Management Team and the Fire Authority.</p> <p>Provides clear guidance for management and recording risks.</p> | |