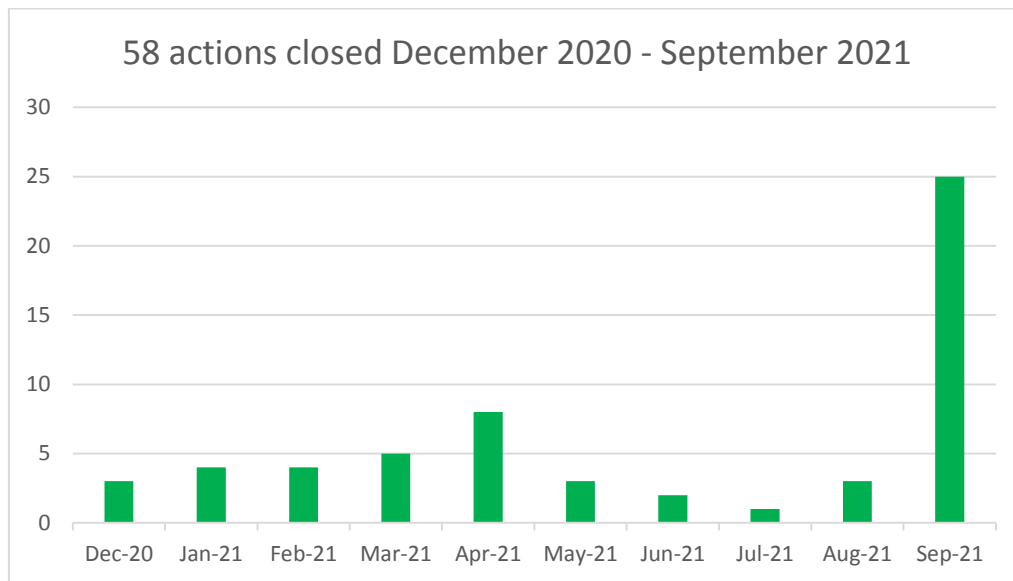| REPORT REFERENCE NO.	AGC/21/7
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	28 OCTOBER 2021
SUBJECT OF REPORT	CORPORATE RISK REGISTER
LEAD OFFICER	DIRECTOR OF GOVERNANCE & DIGITAL SERVICES
RECOMMENDATIONS	*That the report be noted.*
EXECUTIVE SUMMARY	Managing risks, both operational and strategic, is an important part of ensuring that the resources of Devon and Somerset Fire and Rescue Service are used to best advantage. Risk is inherent in most things that the Service does and much of its activity is already assessed and managed through the application of the operational risk management procedures and good common sense. The Corporate Risk Register sets out risks and mitigation to ensure that risk is managed appropriately and proportionately.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	A. Corporate Risk Register by risk category V36 B. Sharpcloud risk register view C. Sharpcloud risk direction D. High risk, impacts and actions E. Insurance costs and claims experience
LIST OF BACKGROUND PAPERS	APRC 5 March 2020 – Corporate Risk Register APRC 13 November 2019 – Corporate Risk Register APRC 10 May 2019 – Corporate Risk Register

1.   INTRODUCTION

1.1.   The aims of Risk Management for the Devon & Somerset Fire & Rescue Service ("the Service") are to:

- Protect the assets of the Service;

- Ensure service continuity; and

- Facilitate innovation and opportunity.

1.2.   Risk management does not mean risk avoidance. It is about encouraging officers and managers to identify, understand and control risk and to learn how to accept the right level of risk.

2.   CORPORATE RISK REGISTER

2.1.   The corporate risk register captures and describes the Service's most significant risks, with a focus on cross-cutting risks and major projects. It is formally reviewed and refreshed on a regular cycle. In order to embed the Service's approach to managing strategic and operational risks, risk management is integrated within the planning process so that it is part of direction setting, activity and resource planning and activity monitoring.

2.2.   The process includes the identification, assessment and recording of risks and mitigating activities which is incorporated into annual service plans. The final stage of the process, once risks have been reviewed by risk owners and directors, is for the Audit & Governance Committee (the Committee) to note the contents of this report.

2.3.   The Service risk profile has changed since the last report. The corporate risk register entries total twenty three risks with eight risks escalated from local risk registers, two de-escalated to local and thematic risk registers and no risks closed. The register is reviewed monthly by the Service Executive Board dependent on net risk score with high risks reviewed monthly and medium risks quarterly.

2.4.   Risk sources are both internal and external to Service activities, therefore establishing categories for risks provides a mechanism for collecting and organising risks as well as ensuring appropriate scrutiny and management attention for those risks that can have more serious consequences to meeting objectives. Risk categories consolidate risks into a two dimensional view, strategic process and directorate; either may exist in a single directorate or cut across multiple directorates.   Service corporate risks are aligned to HM Treasury Orange Book (2020) risk categories. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences.   The table in Appendix A provides clarification on the high and medium corporate risks, grouped by risk category, with a high level summary of effective mitigation and actions in development.

2.5. Over the last ten months 58 actions have been closed. The graph below illustrates actions closed per month.

58 actions closed December 2020 - September 2021

Month	Actions closed
Dec-20	3
Jan-21	4
Feb-21	4
Mar-21	5
Apr-21	8
May-21	3
Jun-21	2
Jul-21	1
Aug-21	3
Sep-21	25

2.6. As is normal, there have been minor changes to control measures across the risk portfolio. Risk owners are assigned to each risk with active mitigation in place. All risk register owners have reviewed and updated their risk mitigations and agreed new review dates. Overall, the Service Executive Board is satisfied with the adequacy of the risk mitigation progress.

3. AMENDED CORPORATE RISKS SINCE THE LAST REPORT TO THE COMMITTEE

3.1 The following risk has been amended and remains on the corporate risk register.

- July 2021: CR063 risk description was amended from Failure to reduce the Service's greenhouse gas emissions and carbon footprint to Failure to deliver Environmental Strategy and action plan.

4. RISKS DELEGATED TO LOCAL RISK REGISTER

4.1. The following two risks have been de-escalated to local risk registers now that they have been mitigated within a tolerable risk level.

- July 2021: CR076 Whole life critical equipment asset management approach is not in accordance with manufacturers guidelines; de-escalated to Health and Safety thematic risk register.

- October 2021: CR072 Supplier of three yearly medical assessment inability to provide a consistent service (HMI cause for concern); de-escalated to Human resources Organisational Development risk register.

## 5.	RISK HORIZON SCAN REPORTS

5.1.	The concept of horizon scanning aims to detect early warning signs of emerging risk in order to prompt the Service to make decisions to take action when needed.

5.2.	Many different external reports are used to compile a forward look, one being the UK Government Horizon Scan methodology. This recommends that everyone in the public sector has a responsibility to think about the future in the work they do. Decisions made today have long term consequences. However, the future in which these decisions have an impact is uncertain and making decisions is difficult.

5.3.	The horizon scan report aims to illustrate how strategic issues can change over time and the benefits that horizon scanning considerations can bring. The topics discussed relate to short term, medium term and long term risks.

5.4.	Quarterly reports offer general horizon scan updates with a deeper dive that explores specific topics such as how citizen data might change and to help decision makers form strategies that are resilient to future uncertainties.

5.5.	Future top organisational risks expected to significantly increase are digitisation, new technology and Artificial Intelligence, and climate change and environmental sustainability.

## 6.	COVID & CORPORATE RISK REGISTER INTERDEPENDENCIES

6.1	As a consequence of the Covid-19 business continuity arrangements, risk management focused on the development and implementation of a strategic Covid-19 risk register, to ensure that robust and effective control measures were operating as expected to deliver the strategic intents outlined in the Strategic Business Continuity Covid-19 Governance Arrangements.

6.2	The Covid-19 risk register is reviewed by Silver every month (Silver refers to the level of management within the Service; Gold is at Principal Officer level; Silver is at Area or Group Manager level). The monitoring frequency is monthly due to effectiveness of the internal test and trace process and existing Covid-19 control measures effectively mitigating risk.

6.3	From 24 September 2021 fuel supply chain disruption occurred. Local Resilience Forums (LRF) Science and Technical Advice Cell (STAC) stood up to coordinate agencies efforts, in the event of fuel disruption, such as those experienced in 2000, 2005 and 2007. It was expected that most of the fuel disruption would be managed locally. All LRFs held specific fuel disruption response plans including details of Designation Filling Stations. All category 1 and 2 responders (including local authorities) were expected to maintain 10 days of fuel supply in reserve. This is contained within the National Emergency Plan for Fuel (NEP-F). Where there are bunkered supplies, it is expected that emergency services and local authorities would enter mutual aid arrangement to share resources.

6.4   In June 2021, the Government announced details of the Downstream Oil Resilience Bill, providing new powers to improve monitoring the country's downstream fuel markets and pre-empt potential supply disruption. Fuel station closures occurred across the UK, then in the last week were concentrated in London and the South East. The event occurred due to 300 driver vacancies (out of 3000) for LGV drivers. Both the utilities and food production industries experienced business continuity events; gas price hikes, collapse of smaller energy suppliers and provision of food supplier gases has occurred during the last month.

6.5   The Service Contingency Response Team was stood up to review fuel plans and impact of national fuel shortages on the Service's ability to continue delivering critical activities. A task and finish group is updating existing fuel plans and monitoring LRF top line briefings.

6.6   The Executive Board and Contingency Response Team have exercised and confirmed business continuity plan adequacy against two scenarios, concurrent business continuity events and industrial action. Post exercise debrief and lessons learnt reports have been published which inform continuous improvement of business continuity plans.

6.7   Fleet and estates departments are maintaining a watching brief on supply chains and have experienced some delays in access to building supplies, motor parts, zips, neoprene and airwave products and in some instances costs quadrupling. Both departments are focusing on more than cost increases due to the complexity of supply chains and where appropriate relevant risk escalation to the corporate risk register will follow.

6.8   Executive Board receive quarterly updates against the business continuity exercise schedule as part of this report.

7.   HEALTH AND SAFETY THEMATIC AND CORPORATE RISK REGISTER INTERDEPENDENCIES

7.1.   On the corporate risk register there are six health and safety corporate risks. The Service Executive Board made a decision on 10 August 2021 to establish a thematic health and safety risk register.

7.2.   The strategic health and safety thematic risk register workshop took place on 18 August 2021 attended by Strategic Safety Committee stakeholders and chaired by CFO Howell. The risks are owned by Service Leadership Team leads and managers are the control and action owners.

7.3.   The register was published on the Service intranet on 20 September and will be reviewed every month for high risks, every quarter for medium risks and is a standing item on the Strategic Safety Committee meeting agenda.

8. RISK MANAGEMENT SOFTWARE - SHARPCLOUD

8.1. Until very recently the Service's risk registers have been managed using Microsoft Excel. This is labour intensive and does not facilitate effective risk management. Sharpcloud is a software product that supports the management and visualisation of risk across an organisation. The Service is currently trialling use of this product for 12 months.

8.2. From a risk management perspective Sharpcloud has given a much greater visibility across local, thematic and corporate risk registers and reduced duplication in risks, controls and actions. At a glance high, medium and low risks are illustrated by Red, Amber, Green (RAG) border colour and whether actions are on track or overdue; refer to Appendix B. Benefits realised this month are:

- Reduction of time spent in production of reports.
- Risk register visible on one page.
- Automated action tracking by date, priority and action owner.
- Ability to view relationships between different risks, controls and actions.
- Removes errors relating to manual processing.
- Is adaptable to fit the Service's risk management framework.
- Real time reporting of risk data.

8.3. It is hoped that this approach and integration of risk information enables senior management team to delve into the detail of risks, controls and controls in development and show independencies across the organisation thus supporting the ability to make informed decisions. Refer to Appendix C for this month's risk direction dashboard and Appendix D for the one high risk, impacts and open actions.

9. INSURANCE

9.1. The Fire and Rescue Indemnity Company (FRIC) is a "mutual" company limited by guarantee that opened for business with nine founding member authorities on 1 November 2015. Currently there are twelve Member authorities. Each FRIC Member contributes to a fund, which is used to pay for claims, claims handling, supporting insurance for higher value claims and the Mutual's business overheads. The Mutual aims to optimise each Member's risk transfer programme and reduce costs. FRIC Members also have a strong commitment to working together to improve their risk management arrangements and reduce incidents and the overall cost of claims.

9.2.   Since 2015 FRIC has generated a surplus of £1m with four new members joined. The external insurance market is hardening and underwriters are being pushed to improve efficiency and profitability. No longer are they able to rely on investment income to balance disappointing outcomes, the industry is now looking to adopt new technologies to save the day. However, improving underwriting processes is not a once and done project. There are a lot of moving parts to consider, new data will continue to accumulate, hence processes need to be monitored and optimised on an ongoing basis.

9.3.   The Service's insurance renewal figures have increased by a modest 1%. Annual renewal is based on external insurance market conditions, individual member loss ratios and claims experience. FRIC implemented a management information tool to better understand data to make informed decision for future costs and projects. Refer to Appendix E for FRIC and DSFRS loss ratios and claims performance.

9.4.   In summary the Service has a loss ratio of 13%, the 5th best in the mutual. Due to the size of the Service and number of vehicles, the Service's contributions are the largest. As this information is commercially sensitive the names of other Services have been removed from Appendix E.

10.   <u>NEXT STEPS</u>

10.1   The Corporate risk register will continue to be subject to monthly review by the Service Executive Board. The next formal review of the corporate risk register by the Committee is due to take place in six months' time date to be confirmed when the calendar of meetings is agreed.

MIKE PEARSON
Director of Governance & Digital Services

Corporate Risk Register October 2021 v36

The Service corporate risks are aligned to Her Majesty's Treasury Orange Book (2020) risk categories. Failure to manage risks in any of these categories may lead to adverse consequences. The table below provides clarification on the high and medium corporate risks, grouped by risk category, with a high level summary of effective mitigation and actions in development. Corporate, new, escalated and emerging risks are reported to Executive Board monthly and Audit and Governance Committee every 6 months.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation
1 high risk – EB monitor monthly		
Safety: Risks arising from safety deficiencies or poorly designed or ineffective/inefficient hazard management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.	CR073 Failure to assure that staff read and understand risk critical messages and apply required changes	• Risk critical messages issued with electronic acknowledgement. • Operational assurance monitoring process.
21 medium risks - EB monitor quarterly		
Safety: Risks arising from safety deficiencies or poorly designed or ineffective/inefficient hazard management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.	CR055 Failure to report and learn and take corrective action to prevent foreseeable accidents.	• Development of Safety Event Management System (SEMS). • Safe To interventions. • Occurrence review group.
	CR056 Failure to ensure that fleet and equipment is available and is fit for purpose.	• Phase 1 equipment review completed and phase 2 progressing. • Procurement of new vehicles in progress: ALP, MRP 4x4.
	CR070 Failure to operate an effective risk assessment framework.	• SLT leads review and update outstanding risk assessments and confirm status. • Development of a strategic risk assessment process. • Project scope development.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation
Governance: Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.	CR035: Failure to agree performance measures & inability to fully and immediately report against agreed measures which may reduce the ability to make informed decisions.	• InPhase performance, planning and risk management system procured with system due to be implemented and rolled out Q3 2021.
Information: Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.	CR062: Failure to operate an effective Information Governance framework.	• MS365 rolled out. • Development of document management system.
People: Risks arising from ineffective leadership & engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity & capability, industrial action, and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.	CR057 Covid results in significant staff absence. CR061 Failure to undertake adequate workforce planning in respect of number of firefighters due to retire before 1st April 2022. CR064 Failure to provide demonstrable consistent standards in firefighter competence. CR066 Failure to adequately plan and implement recruitment and promotion processes.	• Thematic Covid-19 risk register, reviewed monthly by Covid Silver. • Strategic, operational and tactical business continuity governance established. • Development of workforce planning strategy. • Workforce planning group. • Workforce planning reports. • Professional, Safe and High Performing' report; transformation of 6 themes: ▪ Station based training ▪ Setting standards ▪ Audit & assessment ▪ Central training/T4C ▪ Role Development ▪ Service Support • Workforce planning group. • Workforce planning reports.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation
	CR069 People structure does not support the needs of the organisation.	• Key elements of HR transformation plan implemented: HR business partners, Welfare capability, additional posts.
	CR071 Lack of assurance for 3 yearly medicals that staff are fit to carry out their duties at an operational incident (HMI cause for concern)	• Annual Fitness Assessment. • 3 yearly Fitness Test and Medical. • Internal audit.
	CR077 Industrial action, including withdrawal from voluntary agreements to do non-contractual working.	• Business continuity framework & plans. • Business continuity governance arrangements. • Desktop exercises & debrief report.
Reputational: Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.	CR058 Failure to identify organisational learning and respond to consultation / changes to complex buildings.	• Grenfell actions tracked. • MORI systems roll out.
	CR063 Failure to deliver Environmental Strategy and action plan	• Maintenance of environmental strategy.
Security: Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.	CR044 Cyber-attack on ICT services causes sustained ICT outage.	• Protective monitoring system implemented. • Business continuity plans and system resilience established. • MS365 rolled out. • Maintenance of Digital roadmap.
	CR065 Cyber-attack or accidental loss leads to data breach of sensitive operational and/or personal data.	• Protective monitoring system implemented. • Business continuity plans and system resilience established. • MS365 rolled out.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation
		• Maintenance of Digital roadmap.
Technology: Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.	CR037 Physical loss of ICT services causes sustained ICT outage.	• Business continuity plans and system resilience established. • MS365 rolled out. • Maintenance of Digital roadmap.
Financial: Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.	CR050 Failure to agree and set a balanced budget 2022/2023. CR068 Failure to capitalise on benefits of Apprenticeship levy.	• Value for money assessment completed. • Benefits realisation monthly report. • Rolling efficiencies review. • Apprenticeship working party. • Development of workforce planning strategy. • Implementation of apprenticeship strategy.
Legal: Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets and people (for example intellectual property).	CR075 Failure to assure that staff are complying with the requirements of the HASAW Act 1974 and Management of H & S Regulations and associated legislation.	• Development of a thematic Health & Safety risk register reporting to Strategic Safety Committee.

HM Treasury Orange Book Risk Category	DSFRS Corporate Risks	Risk Mitigation
Commercial: Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.	CR074 Supply chain disruption	- Assessing status of projects / works and corresponding risk register. - Regular engagement with contractors to identify 'issues' at earliest opportunity. - Programme adjustment / consideration.
1 x risk de-escalated to local risk registers		
Commercial: Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.	De-escalated to Human Resources and Organisational Development risk register 12 October 2021. CR072 Supplier of 3 yearly medical assessment inability to provide a consistent service	- Contract performance management. - Monthly monitoring reports.
Risk Categories with no current corporate risks		
Operational: Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money		
Business Change/ Project / Programme: Risks that change programme and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time cost and quality.		
Strategy: Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change) and changing micro-environment (competing strategic perspectives)		

Corporate Risk Register V36 October 2021

V36 Corporate Risk Register – border colour indicates net risk score – 23 corporate risks:

- 1 x high risk CR073
- 21 x medium risks
- 1 x green risk, CR072 de-escalated to local HROD risk register
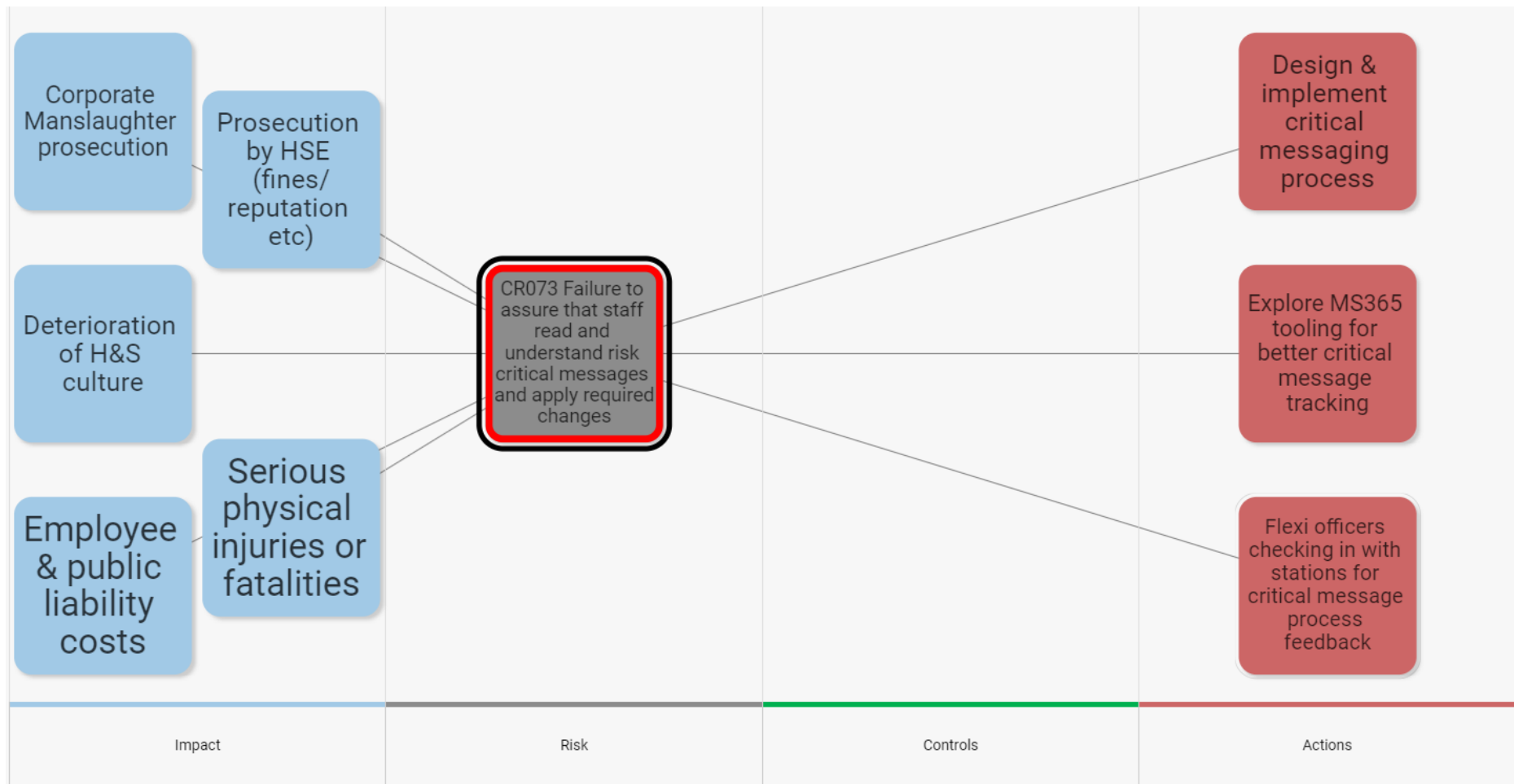
Risk Direction

V36.0 High risk action timeline

- Action 1; rolled out & monitoring effectiveness

- Action 2; due date 31 December 2021

- Action 3; due date 31 October 2021

High Risk CR073, impact and open actions

| Impact | Risk | Controls | Actions |

DSFRS insurance loss ratio 2020 / 2021

DSFRS has a loss ratio of 13%, with the 5th best results in the mutual. Due to our size and number of vehicles our annaul contributions are the largest.