

Annual Risk Management Report

2022-23



Cheshire
Fire & Rescue Service

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Risk Management - Overview

1. Risk Management is how Cheshire Fire & Rescue Service (CFRS) identifies, quantifies, and manages the risks it faces as it seeks to achieve organisational objectives. By having arrangements in place to manage risk, the Service increases its chances of achieving corporate and operational objectives and reduces the chance of failure. Good risk management also increases the ability to cope with developing and uncertain events.
2. Responsibility for risk management at Member level has been delegated to the Performance & Overview Committee. The Authority appointed two Risk Management Member Champions who attended Risk Management Board (RMB) twice. The minutes from RMB have been included for information in Fire Authority papers to ensure Members have maintained an appropriate level of knowledge and scrutiny on the organisation's key risks.
3. A key part of the risk management process has been to report on compliance of the process itself through the Risk Management Board (RMB). RMB meetings were scheduled every six months and were chaired by the Chief Fire Officer and Chief Executive. Having valuable and up to date risk information has enabled RMB to function effectively. The Board have also been responsible for promoting and supporting compliance to the Risk Management Policy and for managing and overseeing the Strategic Risk Register.
4. The Terms of Reference for the Board have been reviewed annually and were presented to RMB in March 2022. [See Appendix 2]
5. During 2022 the Risk Management function for Fire and Police was facilitated by the Planning Performance and Risk team, which is part of the Joint Corporate Services (JCS). However a recent review was undertaken by the partnership to provide assurance that the arrangement continues to deliver the intended aims and benefits for both organisations and as a result the decision has been made for the risk management function to be transferred back to Fire from April 2023.
6. From April 2023 that the risk management arrangements at Fire Authority level have changed. This is due to the Audit Committee assuming responsibility for risk management and the consequent removal of the Risk Management Board. A group of officers will meet regularly as the Risk Management Group to ensure that the organisation manages risk effectively. The Audit Committee will ensure that the Risk Management process is operating effectively.

Risk Management Process

7. Detailed guidance on CFRS risk management processes is set out in **The Risk Management Framework**. The framework is the guide that sets out how CFRS identifies, manages, and monitors risks. The strategic approach to managing risk is outlined in the Risk Management Policy.
8. A full review of the Risk Management Policy and Practitioners Guide was undertaken in 2020 and a further review is scheduled for the Risk Management Group in 2023 [See Appendix 1].
9. In summary, the risk management process is broken down into the following four steps:

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10. Since risk is an event that could affect achievement of the corporate objectives, the process starts **with risk identification**. Risks are identified at two levels, **Department** and **Strategic**. There is a direct link between the two risk levels, this is because where an individual or group of operational risks start to have an impact on delivery of corporate objectives consideration is given to escalating the risk(s) to the Strategic Risk Register.

11. Once identified risks are evaluated, with risk owners understanding how significant the current risk is by considering:

- The existing controls which are already in place to manage the risk.
- How severely the Service would be affected if the risk occurred (**the impact**).
- The possibility of the risk materialising and becoming an event that needs managing (**the likelihood**).

12. All risks are recorded on comprehensive risk registers in the Cheshire Planning System (CPS) and it is these registers that are used to generate risk information across the organisation.

Departmental Risks – These risks are dynamic and tend to be subject to frequent changing environments. They are identified as part of day-to-day business but also as part of the annual corporate planning cycle. Risks are identified, assessed, reviewed, and mitigated by the Heads of Department on a regular basis. Any risks scoring **15** or above will be considered for escalation to the Strategic Risk Register.

Strategic Risks – These risks were overseen by the Risk Management Board and inherently carry higher impact level as they affect multiple services and or the organisations' ability to achieve its corporate objectives.

13. The next step is to determine what, if any action will be taken to *respond* to the risk. The baseline level of response is determined by the risk tolerance and appetite which is illustrated below.

14. To understand the scale of risks a common risk scoring matrix is in place and embedded in the policy:

15-25	Red – these risks are within the upper limit of risk appetite controls and should be explored to bring risk down.
9-14	Amber – these risks do not pose an immediate threat but should remain under constant review.
Below 8	Green – these are low level risks and are monitored.

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15. Where necessary planned actions should be documented, and the impact and likelihood scores continually reassessed to determine the mitigated risk.

Quarterly Risk Register Reviews

16. Risk focus meetings continue to take place quarterly, the review of risk registers being facilitated by the Planning, Performance & Risk team with every Head of Department (HoD) in Fire and Joint Corporate Services. These meetings provide an opportunity to discuss:

- New risks emerging
- Consider if current risks are still valid
- Ensure risk descriptions reflect the current risk
- Assess risk scores
- Assign mitigating actions to reduce risk to acceptable level
- Identify any risks that can be closed or escalated

Risk Maps

17. Risk Management Board receive the Fire Risk Map at every RMB. This offers a visual high-level overview of all CFRS organisational risks mapped out by each department, which also provides an opportunity for Board members to ask questions regarding any of the risks and seek further clarity if required or request a 'deep dive' of a risk.

Deep Dive Reporting

18. We recognise the value of looking at risks in more detail and, during 2022 we continued with the programme of "deep dives" which gave Risk Management Board the opportunity to consider the factors leading to the overall risk assessment, mitigating actions that have been put in place and the targets for reducing or closing the risk.

The following deep dive reports were presented to RMB:

- Prince's Trust
- Post Covid 19 Review
- Update from Pensions Board
- Cyber Security
- Smoke Detectors
- Industrial Action – Assurance

Risk Champions Group

19. CFRS has appointed departmental joint Risk, Information and Business Continuity Champions. This group receives additional specific training when required to support them in the role in the promotion and implementation of effective risk management processes.

Annual Review of Risk Management

20. During 2022-23, the Strategic Risk Register was reviewed by RMB six monthly. Several of the Strategic Risks were refocused, and risk descriptions revisited to ensure they reflected the current

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challenges and threats to CFRS objectives. The Board also monitors and recommends implementation of any identified actions to treat the risk and reduce it to an acceptable level or close the risk. The Board also receives an Annual Report of those risks that sit below the Strategic Threshold; this is to allow some discussion of risks that could potentially be escalated or for the Board to request further clarity through the deep dive process.

21. Strategic Risks take some time to respond to risk treatments and by their very nature are complex. Some of the risk scores have remained static for some time despite intervention. **The table below illustrates the changes that have taken place to the Service's Strategic Risk Register since last reported:**

No	Risk	Opened	Closed	Risk Score increased or reduced	Escalated to SRR	De-escalated
1	Fire in Iconic Heritage Buildings			Reduced Score March 21		
2	Princes Trust		November 22			
3	Future Funding Uncertainty	Oct 21 Risk reframed and rescored				
4	ESN National Programme		Consider for Closure March 2023		Oct 21	
5	External Audit Market	March 21	March 22			
6	COVID 19		March 2022			
7	Industrial Action	Oct 22				
8	Driver Training Assessment	October 21	March 22			
9	Recruitment of Prevention Staff	April 21	Nov 22			
10	Failure to procure smoke detectors	March 22	August 22			
11	Outcomes of McCloud Judgement. Firefighter Pensions. RMB requested these be merged into one overarching Strategic Risk in relation to Pensions – awaiting RMB approval	February 2023				

Risk Management Training

22. The Planning Performance & Risk team (JCS) delivered training to Members of the Fire Authority in June 2022 as part of their Member Development Programme. Feedback after these events has been extremely positive with Members keen to enhance their understanding of how risk management is undertaken and the risk management arrangements in place. Risk management training for relevant staff can be requested through Learning & Development if required for the role.

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23. The team have continued to facilitate several ad-hoc training events when requested. In June and July 2022, a specific project management training event was commissioned by CFRS and took place over four days, this event was delivered to a large number of project and programme managers. The successful programme included a high-level risk management overview element which was facilitated by the Planning and Performance Team (JCS), and was very well received by delegates with feedback being incredibly positive.
24. The Service Leadership Team (SLT) will receive risk management refresher training in early 2023. An external consultancy has been commissioned to develop and deliver a training programme specifically aimed at our senior officers.

Risk Management Assurance

25. The positive results of an internal audit conducted in early 2022 provided assurance that the risk management arrangements in place are operating effectively with evidence of continuous improvement, the audit was awarded **High Assurance**. The internal auditors MIAA also maintain a watching brief of our risk management process in practice through attendance at Risk Management Board.
26. The Annual Governance Statement (AGS) remains a key feature of Cheshire Fire and Rescue Service's annual accounts. It is a document where it can provide assurance publicly regarding the management and controls which are in place in relation to risk management.

HMICFRS Inspections

27. The Service continues to be externally inspected by HMICFRS which assess both the effectiveness and efficiency of the organisation as well as how well it looks after its people. A second inspection took place in March 2021 which resulted in a 'Good' grade being achieved in ten of the eleven inspection diagnostics. The Service received nine 'Areas for Improvement (AFIs)' recommendations from the Inspectorate relating aimed at improving the Service's performance.
28. Officers have developed a detailed action plan to resolve each of the AFIs, the progress of which has been monitored by Performance and Overview Committee. Actions to resolve all areas are either completed or well underway.
29. The third inspection which again covers efficiency, effectiveness and people commenced on 6 March 2023, with inspectors completing three weeks of in-service fieldwork during February and March. This round will see a strong focus on improvement and how services have responded to AFIs identified in the previous inspection. The full report with gradings is expected to be issued summer 2023.

Annual Review of Crisis Management Plan

30. RMB has responsibility for reviewing the Service Crisis Management Plan on an annual basis. The Crisis Management Plan was updated by the Policy and Planning Team, Operational Policy & Assurance in March 2022 and is currently in the 2023 review cycle.

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31. Business continuity exercises are planned, and a full test of the Crisis Management Plan is due to take place in October 2023. Business Continuity Plans (BCPs) for all Joint Corporate Services teams have been reviewed and a schedule of review and testing has been approved for 2023.
32. A Business Continuity planning review was conducted by Internal Auditors MIAA, with the final report being produced in September 2022. Cheshire Fire and Rescue Service's Business Continuity methodology received a Substantial Assurance level. Recommendations to further improve operational practices are being implemented this planning year and tracked on the Cheshire Planning System.
33. CFRS works closely with Cheshire Resilience Forum partners as part of the Civil Contingences Act 2004. Although responding to flooding and other water related incidents is not a statutory requirement under the Fire and Rescue Services Act 2004, the Service undertakes regular exercising with other Category 1 and 2 responders for recognised risks within Cheshire, including those which are flooding related.

Next Steps

34. For risk management to remain relevant and valuable, it must be regularly updated and maintained. Consideration of the actions below will be our focus for 2023:
 - Integrate the risk management function back into Fire.
 - Risk Champions Group – work with OP&A in supporting scheduled training events.
 - Improve Risk Register recording and reports on the Cheshire Planning System to facilitate full self-serve experience for users.
 - Full review of Risk Management Policy and Framework.
 - Continue ongoing discussions in the development of an e-learning package/portal with Learning & Development and IT.

Background Information

Appendix 1 – Risk Management Policy - (2020)

Appendix 2 – Risk Management Board Terms of Reference