



RISK MANAGEMENT STRATEGY

September 2018

Making Lancashire Safer
www.lancsfireandrescue.org.uk

1. Our Strategy

Since 2004 all Fire Authorities have been required to produce an ***Integrated Risk Management Plan (IRMP)***. Historically this focused on the risks facing the community, and considered what measures need to be taken to minimise these risks and make our communities a safer place to be. Managing risk in this sense has always been at the core of our service, and in recent years the principles of managing and reducing risk have been extended to include risk that may affect our organisation in general, and our ability to achieve our objectives.

The purpose of this strategy is to define a simple practical framework for the way the Combined Lancashire Fire Authority (CFA), and Lancashire Fire and Rescue Service (LFRS) will manage all such risks. This strategy seeks to identify the various strands within the overall context of risk management, and details the relationship between the strands of risk management that our woven throughout our organisation.

The strategy of the CFA is to maintain a structured risk management framework which identifies records and assesses risk at a corporate level. It is to adopt best practice in the control, understanding and management of risk ensuring wherever possible they are reduced to an acceptable level. Reducing the risk to our organisation is key to the effective planning and delivery of our services, and will ensure we are well placed to protect our staff and our communities by making Lancashire safer.

Defining Risk and Risk Management

ISO 31000 defines Risk as the *“The effect of uncertainty on objectives”* and defines Risk Management as *“The coordinated activities to direct and control an organisation with regard to risk”*.

Put simply, risk management is the process of identifying, assessing and responding to risks that occur in the day to day management of our fire and rescue service. In doing so we will not attempt to eliminate risk completely, but understand and control risks that may be harmful to our staff, our communities, our reputation and our objectives.

Benefits of Risk Management

Successful implementation of risk management will produce many benefits for LFRS. It will help to ensure we can deliver our core functions, maintain the quality of our services, safeguard our reputation and deliver value for money. Specific benefits include;

- Informed decision making on the selection of strategic objectives and targets through the identification and understanding of corporate risk
- Informed decision making on the appropriate assignment of employees and resources to areas of greatest risk
- Reductions in the likelihood and impact of interruptions to service delivery
- Reduced risk of accidents, injury and other safety events
- Informed selection of Programmes and Projects to reduce risk
- Improved financial control and value for money through reduced likelihood of service interruption, litigation or insufficient resourcing
- Maintenance of our good reputation through the identification and reduction of relevant risks
- Increased organisational resilience through effective planning in the likelihood of risks occurring

The Objectives of Risk Management

Our overall risk management objectives are to:

- Integrate risk management into the Service, both operationally and strategically
- Manage risk in accordance with best practice
- Reduce the level of risk faced by the Service
- Ensure legal compliance
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and loss to stakeholders and employees or property
- Reduce the cost of risk
- Ensure compliance with good governance requirements
- Identify improvement opportunities

2. The Strands of Risk Management

LFRS deals with risk on a daily basis and it is an inherent part of being an emergency service. The types of risks faced vary across the service and it is not possible to capture all these risks in a single document. LFRS has taken the approach of having this overarching Risk Management Strategy document that connects to other strands of risk management throughout the service. This methodology allows for risk to be dealt with in a detailed and thematic manner, whilst the overarching strategy connects these strands together.

Regardless of which type of risk we face the basic process of managing these is consistent, as set out later in the strategy under section 5 “The Risk Management Process”. The focus of this strategy is to explain how Corporate Risk is managed, and the below section explains the connectivity of each of these vital areas of risk management;

2.1 Corporate Risk

This category of risk management is specifically targeted at risk preventing the organisation achieving its corporate objectives, or opportunities which would contribute to the achievement of our corporate objectives. Inevitably this includes some cross over into other areas of risk management, but the focus is specifically on achievement of objectives and the major obstacles to that. It is this strategy document that details our approach to corporate risk management. Section 5 is dedicated to providing the detailed approach to our corporate risk management processes.

2.2 Community Risk

Community Risk Management encompasses all of our prevention, protection and emergency response activities. The process of community risk management is, in essence, no different to that of corporate risk management. It looks at profiling risk within the community using a knowledge led approach, developing plans to reduce the risk, allocating resources on based on the level of risk identified, having appropriate performance management arrangements in place, and reviewing risk to ensure that the actions taken are reducing the level of risk.

The main difference between this and corporate risk management is that the Service uses a more sophisticated analysis process to identify and understand the different risks faced by the community of Lancashire i.e. type, location, cause etc. Ultimately this is used to identify a risk map for Lancashire which is used as a basis for the allocation of resources in our **Emergency Cover Review (2017)**, and also forms the basis of our risk map within our **Integrated Risk Management Plan (2017-22)**, or ‘IRMP’.

2.3 Operational Risk

The service has a suite of ‘Service Orders’ (internal policies) which relate specifically to operational risk management. These policies are specifically targeted at operational activity on the incident ground, where there is a significantly higher level of risk management required in order to direct emergency operations and to control the risk to our staff at incidents scenes. The policies expand the standard approach to risk management to include directing and conducting emergency operations by incorporating risk evaluation (both dynamic and pre-planned), and an assessment of operational approaches to the resolution of any incident - forming the basis for determining what risks are acceptable in different situations.

2.4 Programme and Project Risk

As part of our Strategic Planning Cycle we have three thematic Programme boards, each containing a number of projects. These ultimately feed into a single ‘Corporate Programme Board’, chaired by the Chief Fire Officer. Each project has its own Risk Register, as does each programme, and risk is monitored closely with any items of high risk elevated to the appropriate levels. Any risks which are deemed significant enough by Corporate Programme Board are then included on the Corporate Risk Register.

2.5 Safety, Health and Environment Risk

The service also has a suite of Service Orders and an accompanying **Safety, Health and Environment Policy (2017)** which is targeted at ensuring the health, safety and wellbeing of all groups of staff, contractors, visitors and members of the public, and to ensure compliance with relevant health and safety legislation. Amongst its objectives are to continually develop and maintain systems and procedures to ensure all equipment, plant and premises are safe and do not have an adverse impact on health and wellbeing, nor the environment. It aims to raise awareness, train staff in safety, health, wellbeing and environmental matters, and encourage our staff to play an active role in reducing impacts and risks and contribute to policy and procedural implementation.

2.6 Emergency and Business Continuity Planning

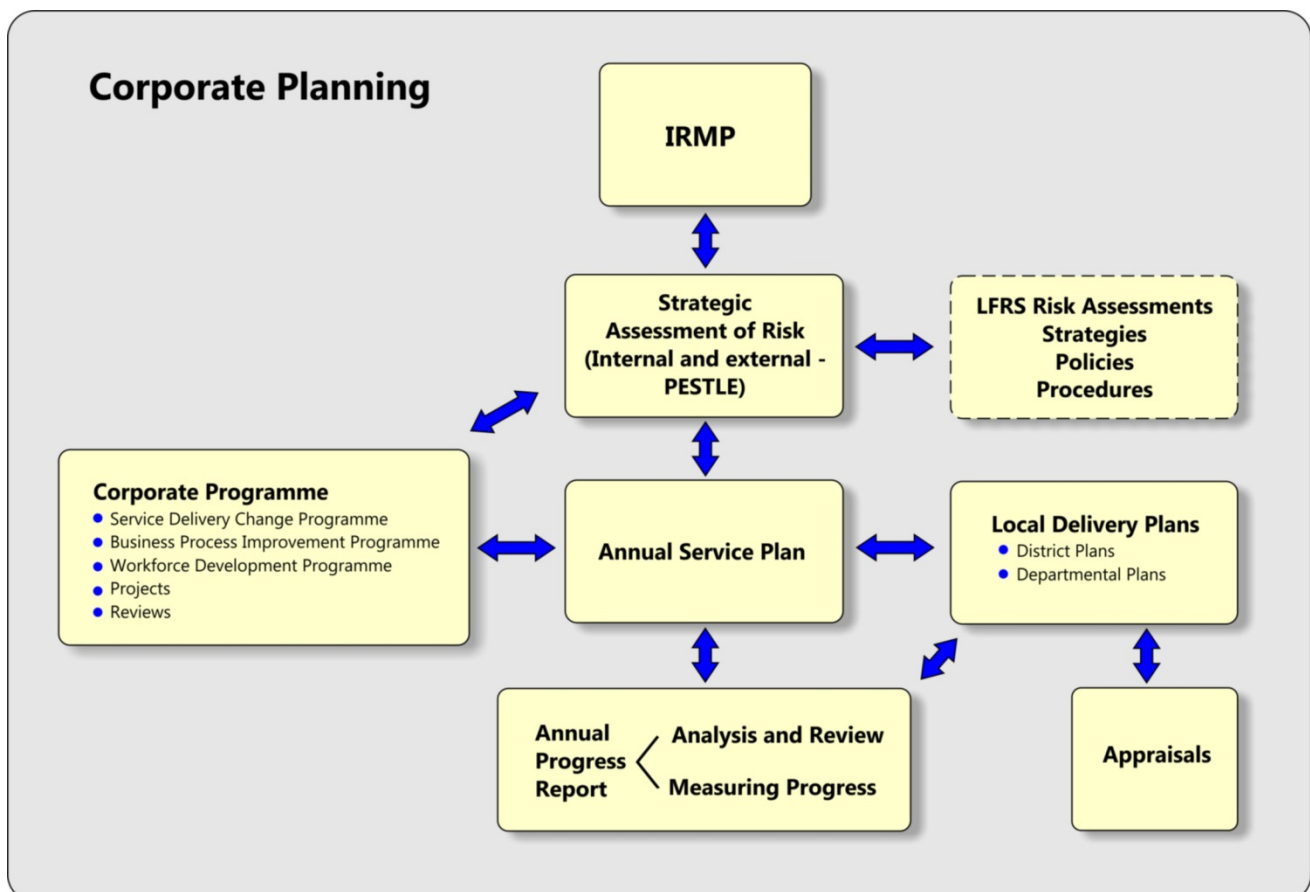
Whilst covered by a separate Policy, one of the biggest risks to the service is an emergency that might affect our ability to deliver our core services to the people of Lancashire. LFRS are legally obliged to have plans in place for such a scenario and as a 'Category 1 responder' (as defined in the **Civil Contingencies Act 2004**) the Combined Fire Authority is required to maintain plans for preventing emergencies, reducing, controlling or mitigating the effects of emergencies, and taking other action in the event of emergencies, all of which should draw on risk assessments. **The Lancashire Resilience Forum** addresses collective responsibilities arising under this Act and as such the Fire service plays a key role within this forum. Ultimately this process is designed to ensure Emergency preparedness.

3. Organisational Context

Integrated risk management planning helps us meet the responsibilities placed on us by the **Fire and Rescue National Framework for England (2018)**. This requires us to have an **IRMP** which identifies and assesses all the foreseeable fire and rescue related risks and challenges which may arise and sets out how we plan to mitigate these risks. Integrated risk management planning is designed to give fire and rescue services the flexibility to use our resources in the most effective way to save lives, improve public safety and reduce emergency incidents. Our IRMP is delivered through the production of an **Annual Service Plan**. Each year the Service Management Team discuss and develop our Annual Service Plan to deliver a clear steer on the priority activities we will lead to manage the real issues we face in front of us year on year built around our five priorities.

Risk in Lancashire will always remain dynamic: it changes over time, differs by area and demographic and needs different interventions to reduce the likelihood of the risk occurring or to lessen its consequences. We identify these risks in our **Strategic Assessment of Risk (SAoR)** which is refreshed annually and is also informed by the Lancashire Resilience Forum Community Risk Register. It is supported by a thorough PESTELO analysis, completed by our Service Management Team using their expertise and knowledge across the various disciplines within LFRS. Through our Risk Management Framework shown below (3.3), we continually assess changing risk and prioritise our response framework.

3.1 Links to Corporate Planning



The above diagram shows our Corporate Planning Process and the links between our IRMP, SAoR and the wider planning process. It demonstrates the linkages to objectives and priorities of the Service, Annual Service Plans, and performance management.

3.2 Local, Regional and National Context.

Our risk management plans will never focus solely on the risks affecting our organisation as a Fire and Rescue service. We must consider ourselves as part of a regional and national multi agency organisation, and therefore take into account risks that can affect our partners and the wider communities of the North West of England, as well as issues at a National level. We will continue to work very closely with the Local Resilience Forum to ensure that a multi-agency response to the wider local, regional and national risks is always achievable. LFRS is represented on the LRF by both the Group Manager for Response & Emergency Planning (REP), and the Emergency Planning Officer. The Group Manager for REP also represents LFRS at a National level on matters relating to the **National Risk Register of Civil Emergencies**.

It is the responsibility of these roles to ensure any relevant risk information is cascaded down for consideration on the LFRS Corporate Risk Register.

3.3 Risk Management Framework.

The following diagram shows the linkage between the different types of risk management:

- Corporate risk management sits at the heart of the process
- Risks cascade down from the corporate risk management process to the individual strands of risk management.
- Risks flow up from the individual strands of risk management into the corporate process, when they are considered significant
- Whilst not shown on the diagram there are also close links between the different types of risk management, i.e. Emergency Planning and Community Risk Management, Emergency Planning and Business Continuity planning, Operational Risk Management and Safety, Health and Environment.



4. Roles and Responsibilities

The variety of risks to which Lancashire Fire and Rescue Service are exposed is such that a multi-layered approach will need to be adopted to ensure full integration of the risk management culture into all levels of LFRS. Risk management must be considered an integral part of every manager's role and impacts upon their daily activities. It enables informed judgements to be made about the suitability and effectiveness of policy and decision making. As such, it is a key element of both corporate and departmental planning, as well as resourcing and service delivery. Effective risk management requires the correct people are identified and take responsibility for risk and specific roles in the management of corporate risk are identified below;

4.1 Lancashire Combined Fire Authority

The elected members of the authority have the responsibility to ensure the implementation of appropriate risk management structures and processes, and to provide sufficient resources to meet agreed objectives. Within the LCFA, the Audit Committee is responsible for agreeing the Risk Management Strategy, as well as reviewing the Corporate Risk Register on a regular basis. This culminates in the Committee's consideration of the **Annual Governance Statement**, which includes reference to risk management arrangements. (Note where a review highlights a need to introduce a new risk onto the corporate risk register, or where the risk score has increased the Chair and Vice Chair of the Audit Committee will be informed, via email, with an update being presented at the subsequent Audit Committee.). The audit committee is responsible for discharging items from the Corporate Risk Register.

4.2 Executive Board

The Executive Board, led by the Chief Fire Officer has overall responsibility for ensuring that LFRS manages risk effectively through the development of a comprehensive corporate Risk Management Strategy, and by ensuring that the decisions taken by both the Authority's Members and the Service's Management give full consideration to the risks associated with those policies.

It is the responsibility of this group to communicate risk management issues to all relevant staff, establish any mitigating actions required, and agree responsibilities for risk control actions and to identify where budget may be required to establish risk control measures or projects.

4.3 Service Management Team

Comprising of Heads of Department and senior management of both operational staff and service support staff, this team are responsible for identifying new significant risks within their areas of expertise, and reviewing both the corporate risk register and risks associated with the Corporate Programme Board on a regular basis.

Within the three Programmes Boards, the three Programme Sponsors have responsibility for their Programme Risk Register, and should report on significant risks by elevating these to the Corporate Programme Board when required.

The representatives from Service Management Team are likely to be the identified Risk Owners of items featuring in the Corporate Risk Register, and is their responsibility to provide updates at the required times. When this board meet as the Corporate Programme Board, it is the responsibility of this board to highlight any significant risks for elevation to the Corporate Risk Register.

4.4 Project Managers

In accordance with the Corporate Planning Service Order, each Project meeting the requirements to report into the Corporate Programme Board will have its own Risk Register. It is the responsibility of the Project Manager to ensure that risks are recorded, and if necessary that they be raised to the Programme Risk Register in agreement with the Strategic Planning and Programme Manager.

4.5 Individual managers and employees

At its most basic level, individual employees and line managers are each charged with the effective management of the risks associated with their particular roles and duties, and for ensuring that significant risks are identified to senior management as soon as they become known. Primarily these responsibilities will be to

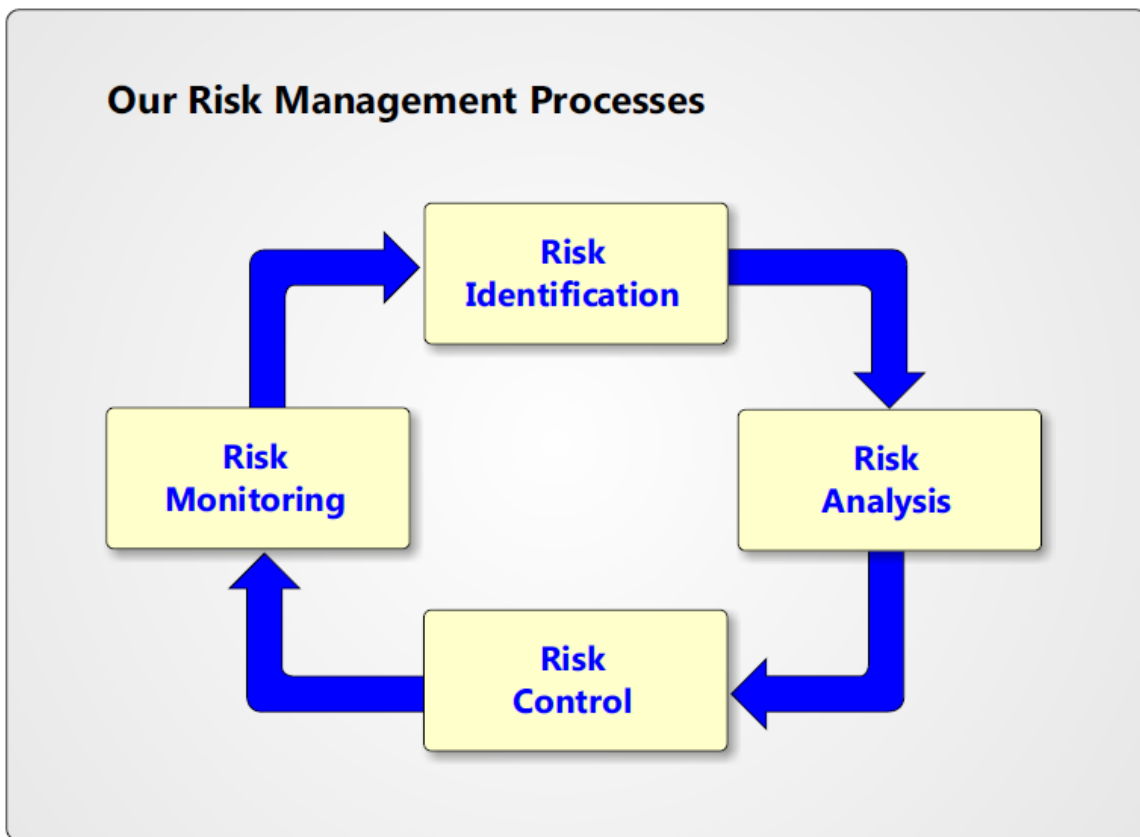
identify potential and actual hazards/risks within the workplace, assist in their reduction, and to comply with health and safety policies. Where individuals possess specialist knowledge in certain fields it is their responsibility to ensure any risks identified are raised to the Service Management Team so that they may be recorded and controlled.

4.6 Director of Corporate Services

The Corporate Risk Register is owned and maintained by the ***Director of Corporate Services***. It is this role which will consider new items for inclusion on the Register, and the post holder is present on the SMT, Corporate Programme Board, and Executive Board. It is the post holder's responsibility to present the Corporate Risk Register to the Audit Committee and to highlight any significant changes or recommendations in the accompanying report.

5. The Risk Management Process

Irrespective of the type of risk management the basic principles are the same. The stages of risk management are shown in the following diagram, which is often referred to as the risk cycle:



5.1 RISK IDENTIFICATION

In order to enable risk to be effectively managed, the nature of the risk must first be identified. This can be done by reviewing the Services/Departments strategic, operational and project objectives, considering both external and internal factors that influence these and identifying all significant risks, which could impact upon these. The basis of risk identification within LFRS is the Annual PESTELO which is accompanied by the ***Strategic Assessment of Risk***.

Once identified and deemed significant enough to represent a Corporate Risk, the items is added to the Corporate Risk Register by the Director of Corporate Services.

5.1.1 The Inclusion of Risk Management Implications in Reports

Risk Management implications must be included in all reports so that these can be taken into account in the decision making process. As such a separate section should be inserted in all Committee/Management Team reports in which the author states what, if any, risks have been identified and how these will be managed. If no risks have been identified a statement should be made to that effect.

5.2 RISK ANALYSIS

Once risks have been identified they need to be assessed in terms of their likelihood and their potential impact on the Service/Department/Project (or 'Severity')

Likelihood and Impact is represented by a score or rating. In order to provide an overall risk factor score the likelihood and impact are multiplied together (see 5.4). Likelihood is assessed based on the probability of the risk occurring within a three year period.

Whilst this scoring is ultimately subjective, it should be based upon historical management information, previous events and near misses, and qualitative and quantitative data where possible. Professional judgment and opinion will also form part of the scoring of likelihood. The tables below reflect the scoring system applied in Lancashire Fire and Rescue Service.

5.2.1 Likelihood Rating

Rating	Likelihood	Probability
5	Almost certain	Greater than 90%
4	Very likely	66% to 90%
3	Likely	36% to 65%
2	Possible	10% to 35%
1	Unlikely	Less than 10%

5.2.2 Impact Rating

	1	2	3	4	5
	Insignificant	Minor	Moderate	Significant	Major
Financial	£0k - £100k	£100k - £250K	£250k - £500k	£500k - £1m	£1m+
Service Delivery	-	Minor impact on service delivery but all statutory duties met	Some services reduced but still able to meet statutory duties	Some services suspended & unable to meet statutory duties for short period	Some services suspended & unable to meet statutory duties for long period
Health & Safety	Cuts & bruises	Broken bones/illness	Loss of life/ major illness	Significant loss of life/ major illness	Major loss of life/ large scale major illness
Environmental	-	Minor local environmental damage	Moderate local environmental damage	Major local environmental damage	Major local and significant national environmental damage
Objectives	Minimal impact on objectives	Several departmental objectives not met	One corporate objective not met	Two corporate objectives not met	Several corporate objectives not met
Key Performance	-	Several corporate KPI	Several KPI not met by	Several corporate KPI	Several corporate KPI

Indicators (KPI)		not met by less than 10%	between 10% & 20%	not met by between 20% and 50%	not met by more than 50%
Reputation	-	Adverse local media but not a main items	Adverse local media, one of main items	Adverse national publicity	Adverse national publicity, extended period
Government Relations/ Inspection Outcome	-	-	HMICFRS Inspection identifies Service as 'Requires Improvement'	HMICFRS Inspection identifies Service as 'Inadequate'	HMICFRS Inspection identifies Service as 'Inadequate' resulting in Service being taken over temporarily

Based on this assessment the risks which require the greatest level of management can be identified, i.e. those with a high likelihood of occurrence and the severity of impact, as set out *below*

(Note, the **risk scores are a guide only** and some subjective judgement may be required to better reflect the magnitude of the overall risk):

5.2.3 Risk Scoring Matrix

Likelihood	5	Almost certain	5	10	15	20	25
	4	Very likely	4	8	12	16	20
	3	Likely	3	6	9	12	15
	2	Possible	2	4	6	8	10
	1	Unlikely	1	2	3	4	5
			Insignificant	Minor	Moderate	Significant	Major
			1	2	3	4	5
			Impact				

The overall scores represent the relative importance of the combination of impact and likelihood. This feeds a traffic light system which categorises risk, in order to identify the relative priorities and the need for action, as follows:

- high – red (a score of 15 or more)
- medium – orange (score of between 9 and 14)
- low – yellow (score of between 5 and 8)
- very low – green (a score of less than 5)

5.3 RISK CONTROL

5.3.1 Risk Recording

The Corporate Risk Register is the single document used to manage and control risks at a corporate level. Each risk will be recorded in the prescribed format as follows;

- Description of Risk
- Risk Mitigation/ Controls in place
- Assessment of likelihood and impact to determine the residual risk score
- Action(s) Recommended
- Action(s) Owner
- Risk owner

- Review date
- Directorate

All risks which are scored as either high or medium are included on the Corporate Risk Register. Once a risk score reduces to low or very low it is discharged from the Corporate Risk Register.

5.3.2 Risk Responses

Having identified the risk and action to be taken the Authority has four options:-

- Terminate – cease undertaking the activity that gives rise to the risk, however this is not always possible
- Transfer – transfer the risk to a third part via outsourcing/contracting or via insurance arrangements, but this may come at a cost
- Tolerate – accept the risk as it stands and take no further action
- Treat – take further action to reduce the risk down to an acceptable level at which point the Authority will determine it is able to tolerate the revised risk and no further action if required

5.3.3 Risk Mitigation

Risk mitigation is the process of taking action to minimise the likelihood of the risk event occurring, the frequency with which it might occur and/or reducing the severity of the consequence should it occur. This will involve for example risk avoidance, risk transfer and/or introduction of operating controls.

The controls already in place and any additional controls required will be identified and recorded for each of the key risks. (Note – the benefit of controls should always be evaluated against the additional cost of these).

5.4 RISK MONITORING

The Corporate Risk Register will be maintained on a regular basis and will be discussed as a minimum on a quarterly frequency in line with Audit Committee meetings. An audit trail of all changes to the Risk Register should be maintained.

There is no limit to the frequency that updates may be made to the Risk Register between these meetings and the Director of Corporate Services will be responsible for ensuring maintenance and communication of any required changes.

6. DOCUMENT CONTROL

Title:	Lancashire Fire and Rescue Service Risk Management Strategy
Version:	2.0 (Major update Sep 2018)
Author:	Director of Corporate Services
Reviewers:	Senior Management Team
Contributors:	Strategic Planning and Programme Manager
Approval for issue:	CFA
Issue Date:	TBC
Review Date:	01/04/2021 (or in line with changes to IRMP)
Distribution:	Public Document – LFRS Internet site