

Corporate Risk Management Summary

Report of the Chief Fire Officer

For further information about this report please contact Alan Taylor, Chief Fire Officer, on 01743 260201 or Andy Johnson, Head of Risk Management, on 01743 260287.

1 Purpose of Report

This is the latest of the regular Risk Summary Reports to the Strategy and Resources Committee. As previously, these reports are intended to enable Members to meet the requirements of this Committee's Terms of Reference as they relate to the Fire Authority's management of corporate risk.

2 Recommendations

Members are asked to note the contents of this report.

3 Background

Members will be aware that this Committee's Terms of Reference include that it will 'ensure that the financial management of the Fire Authority is adequate and effective and includes a sound system of internal control and arrangements for the management of risk'.

In order for the Committee to meet these responsibilities it is necessary for it to receive regular Risk Summary Reports. This is the third of such reports and provides information relating to the progress made with the Fire Authority's corporate risk management processes during the period from September to December 2006.

4 Local Government Act 1972 Schedule 12A Reporting Exemptions

The public of Shropshire have a right to know that their Fire and Rescue Authority is taking appropriate measures to deal with risks, which could potentially impact on its ability to deliver an effective emergency service.



The Authority is, however, exposed, to certain risks, which, if disclosed to the public could in itself present a risk. For this reason, certain information has been excluded from this 'open session' report as exempted information, following an assessment against the requirements of the Local Government Act (LGA)1972, Schedule 12A, as amended. This exempted information has been included in a separate 'closed session' report.

This 'open session' report includes all information about sensitive risks that is not likely to compromise the Authority, for example Risk ID, risk assessment results and Risk Owner and only the sensitive information has been exempted, for example Risk Description and any control measures included.

This approach ensures that the public has access to as much information as possible about the risk environment, in which the Fire Authority operates, whilst at the same time limiting any damage that could be caused through its inappropriate use.

5 Risk Management Progress

This section includes information about any significant risk management events that have occurred since the last report to the Committee. Events of particular note that have led to the current status with the Fire Authority's Corporate Risk Management system include:

- **September 2006**

Internal Audit made a follow-up visit to look at how the Fire Authority was progressing with the recommendations that came out of the risk management audit undertaken at the beginning of the year. They concluded that good progress was being made against all of their earlier recommendations, but also made one additional recommendation relating to the development of an instruction manual for the new risk register.

- **October 2006**

Councillor Tandy (Member Champion for Risk Management and Audit), the Corporate Services Manager and Treasurer attended a Risk Management Training seminar in Swansea.

- **November 2006**

The Fire Authority's system of internal control (SIC) was audited by the Audit Commission as part of the Use of Resources Assessment and the initial feedback has been very positive. Full results from this and all of the other Audit Commission assessments for 2006 will be available in March.



- **December 2006**

The Audit and Performance Management Committee received a progress report on the Fire Authority's SIC Improvement Plan 2006/07. Even though there has been a slight delay in the development of Departmental Risk Registers (as a result of other priorities arising through the year) the Improvement Plan remains on track for completion by the end of March 2007.

The Service's Business Continuity Manual was published and distributed throughout the Brigade. The first exercise of the Business Continuity Plan is planned for January/February 2007.



6 New Risks

There have been two new threats and two new opportunities added to the Corporate Risk Register since the last report. Summary details of each of these risks are included in the tables below, with Table 1 listing the opportunities and Table 2 listing the threats.

Table 1 - Summary details for all new 'Opportunities' in the Fire Authority's Corporate Risk Register

Opportunity or Threat	ID	Risk Description	Raised By	Risk Owner	Pre-Control Result	Action Required	Control Owner	Post-Control Result
Opportunity	57	The recent Local Government White Paper presents an opportunity for the Fire Authority to explore the potential benefits to be gained from any possible changes to the local government structure in Shropshire. This risk will pull together the management of the various aspects of the proposed changes that will be explored, thereby ensuring the greatest benefit possible is achieved.	Policy Group	Alan Taylor	3	Monitoring progress of any proposals made by Shropshire County Council. Continue to work closely with all current partners in the county.	Paul Raymond	3
Opportunity	53	The national FireBuy project, looking into the possibility of setting up a Mutual Insurance Company for Fire Authorities, may present this Authority with the chance to reduce its insurance premiums. However, there are attendant risks in this approach that need to be explored.	Policy Group	Alan Taylor	1	Explore the potential savings that could be accrued from being involved in the project. Explore the potential savings that could be accrued from other activities. Report to the appropriate Fire Authority Committee (Oct/Nov 2006)	Sharon Lloyd	2

Table 2 - Summary details for all new 'Threats' in the Fire Authority's Corporate Risk Register

Opportunity or Threat	ID	Risk Description	Raised By	Risk Owner	Pre-Control Result	Action Required	Control Owner	Post-Control Result
Threat	55	The Service is going through a period of change in the way it manages and records all of the on-station training activities. If the methods used to manage this process are not sufficiently robust, then there is a risk that the organisation may be subject to prosecution under health and safety legislation.	Paul Raymond	Paul Raymond	Under initial review	Work towards linking payment of Continuing Professional Development with satisfactory completion of Individual Development Reviews (IDRs) etc. Make checking of IDRs an objective of all Watch Managers - monitored quarterly. Ensure frequencies of IDR activities are realistic and risk based.	Jon Wagstaff	Under initial review
Threat	51	If the Brigade's data quality systems lack the appropriate quality processes and controls, then the Brigade's funding and its allocation of resources against stated objectives may be compromised.	Ged Edwards	Alan Taylor	9	Undertake a Data Quality Review. Identify any shortfalls in systems and processes. Explore alternative data systems and/or improve current processes. Identify any resource issues. Explore the procurement of electronic information systems. Develop appropriate information flow process maps. Implement required changes, using appropriate project management controls.	Ged Edwards	1

7 Closed Risks

Two risks have been closed since the last report to the Committee. Details of these risks are provided in Table 3 below.

Table 3
Summary details for the risks 'closed' since the last report to the Committee

ID	Risk Description	Opportunity or Threat	Risk Owner	Date closed	Reason for closure
40	The public reporting of some of the risks managed by the Fire Authority could in itself present risks to the Authority, either due to undermining the control measures being put in place, or compromising supplier/customer relations.	Threat	Alan Taylor	07/09/2006	All risks have been assessed against their impact on confidentiality, in accordance with the LGA 1972 Schedule A. The process in place to assess new risks is working effectively. Risk can be closed.
30	If the current main-scheme radio system does not remain operational to the date when the regional fire controls are implemented, then there is a risk that the Brigade will not be able to respond to incidents in an effective manner.	Threat	Steve Worrall	16/09/2006	<p>With Airwave now known to have got the FIRELINK contract, the fact that the Brigade already has Airwave, has put it in a very robust position. The Brigade's current Airwave contract already includes the ability to extend to cover the interim period at 'peppercorn rent' rates. This facility will be used to carry the Brigade over from its current contract across to the new national contracts.</p> <p>The risks from the regional control project, therefore, relate to the mobilising systems rather than radio systems. These are already captured in Risk ID: 47.</p> <p>Therefore this risk is now being closed.</p>



8 Current entries in the Corporate Risk Register

This section provides an overall summary of all entries in the Fire Authority's electronic Corporate Risk Register. Table 4 below includes previous as well as current figures for comparative purposes.

Table 4 - Summary of all entries contained in the Authority's electronic Corporate Risk Register

Descriptor	Number	Data from previous report
Total number of entries	31	Previous figure 27 This will increase over time. The rate at which it increases will demonstrate how active the Risk Management process is.
Total number of threats	27	Previous figure 25 Comment as above
Total number of opportunities	4	Previous figure 2 Comment as above
Total number of closed entries	6	Previous figure 4 Comment as above
Number of 'live' threats	21	Previous figure 19 Whilst we do not want to discourage risk reporting, we would want this to remain within a manageable number. Identifying the optimum number of manageable risks to have in the risk register will come through experience to be gained over the coming months and years.
Average risk level of all currently 'live' threats	4.58	Previous figure 3.75 This is on a scale where 1 is minimal risk, through to 9, which is maximum risk. Although there will inevitably be times when this figure increases (especially in the early stages of managing high risks), we would be looking for this figure to show a general downward trend. This would demonstrate that the Fire Authority is successfully managing its risks.



Descriptor	Number	Data from previous report
Number of 'live' opportunities	4	Previous figure 2 We would be looking for this figure to increase, but again not to the extent that it becomes unmanageable. Inclusion of opportunities in the risk register is an area that is under development within both this and other fire authorities' risk registers. The importance and usefulness of this side of risk management is expected to increase as the Fire Authority's risk management process matures.
Average level of opportunity	4.75	Previous figure 5 Scale of 1 to 9 We would tend to want this figure to grow.

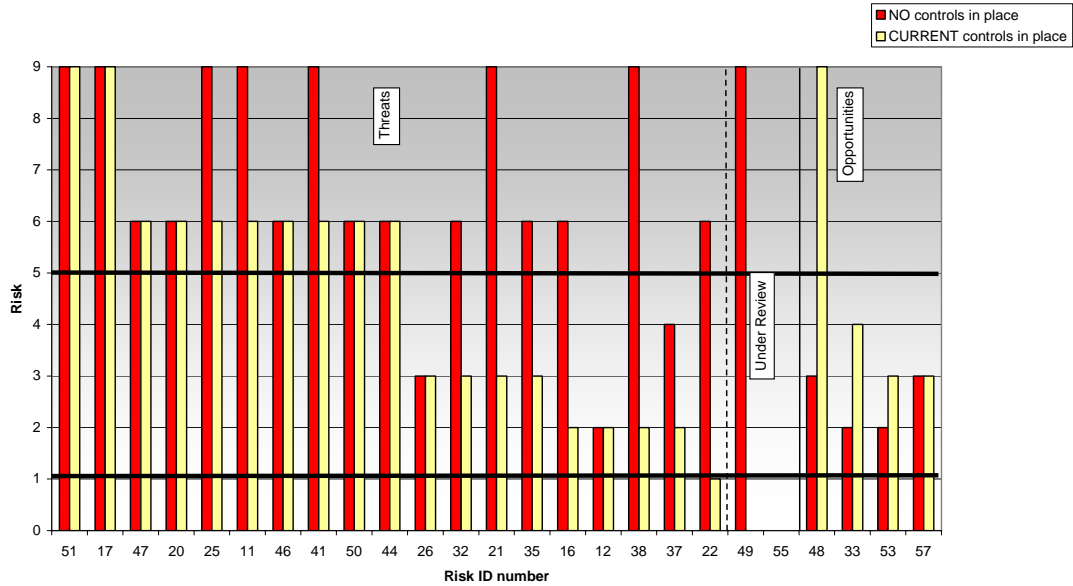
9 Graphical Representation of the Corporate Risk Register

The following graphs provide Members with an overall impression of the level and type of risk environment, in which the Fire Authority is currently operating.

Graph 1 shows the impact that our risk control measures are having on each of the individual threats and opportunities that are currently 'live' in the risk register. Members should note that, whilst the aim of risk control for 'threats' is to reduce the level of risk, the purpose of risk control for 'opportunities' is actually to increase the likelihood and/or benefit to be gained.

Members will notice that two of the threats, shown in Graph 1, do not have a current risk rating set against them. At the time of writing, these risks were undergoing their first assessment. Detailed information about each of the threats and opportunities shown in Graph 1 is provided in the Appendix.



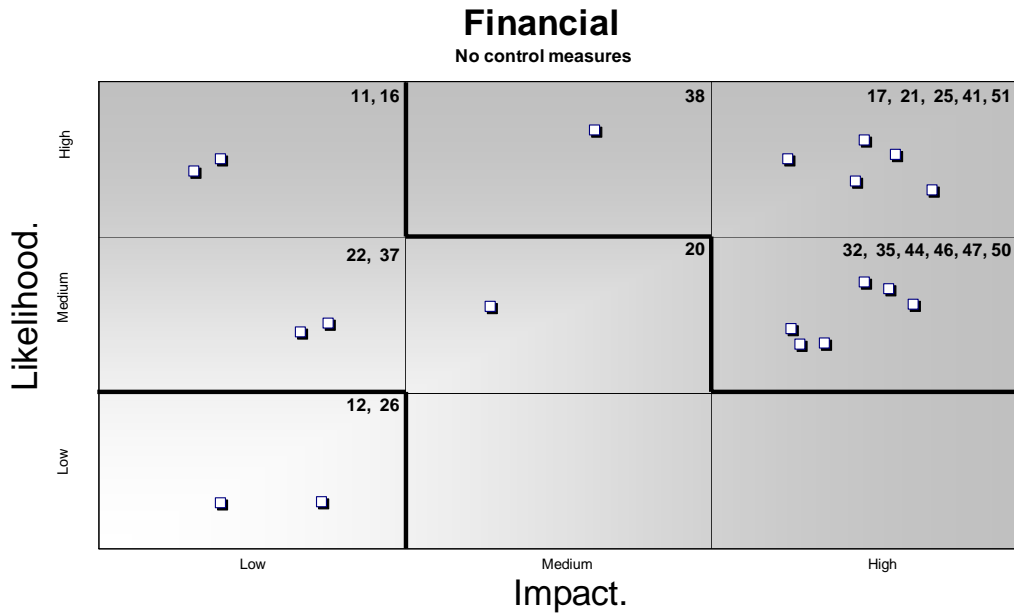


Graph 1
Risk levels for all 'live' threats and opportunities in the Fire Authority's Corporate Risk Register. Comparison between no control measures in place (red column) and the current control measures in place (yellow column).

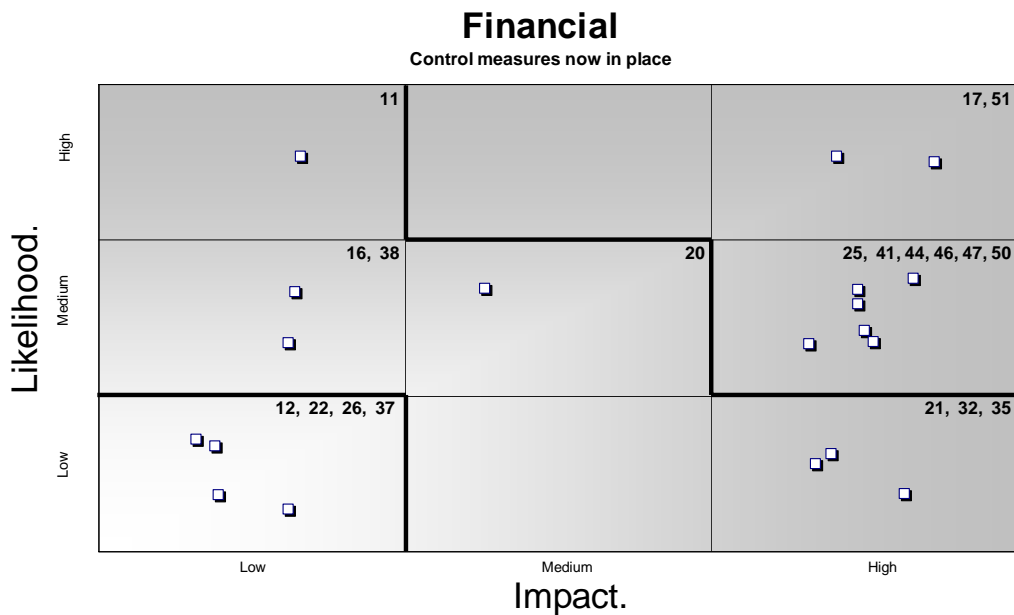
The following graphs (Graphs 2 to 9) provide an overview as to which of the three potential impact areas (finance, reputation or objectives) the risks could hit. They simply map all of the **threats** against their corresponding likelihood and impact ratings.

Neither the two 'Threats' currently under review, nor any of the four 'Opportunities' currently in the risk register, have been included in any of these graphs. The graphs, therefore, represent a true picture of the **known** risk that currently exists in the Fire Authority. The numbers in the upper right corner of each section of the graphs are the Risk Identification numbers for the each risk that sits in that particular portion of the graph. These numbers correlate to the Risk ID numbers given in the detailed risk summary table included as the Appendix to this report.



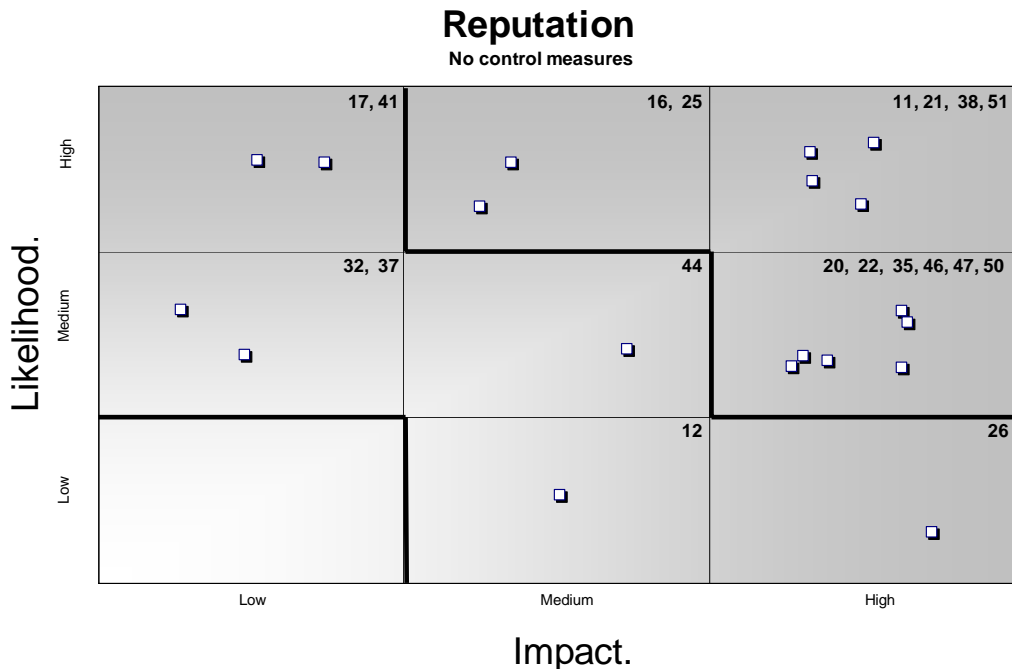


Graph 2 - Financial impact with NO controls in place

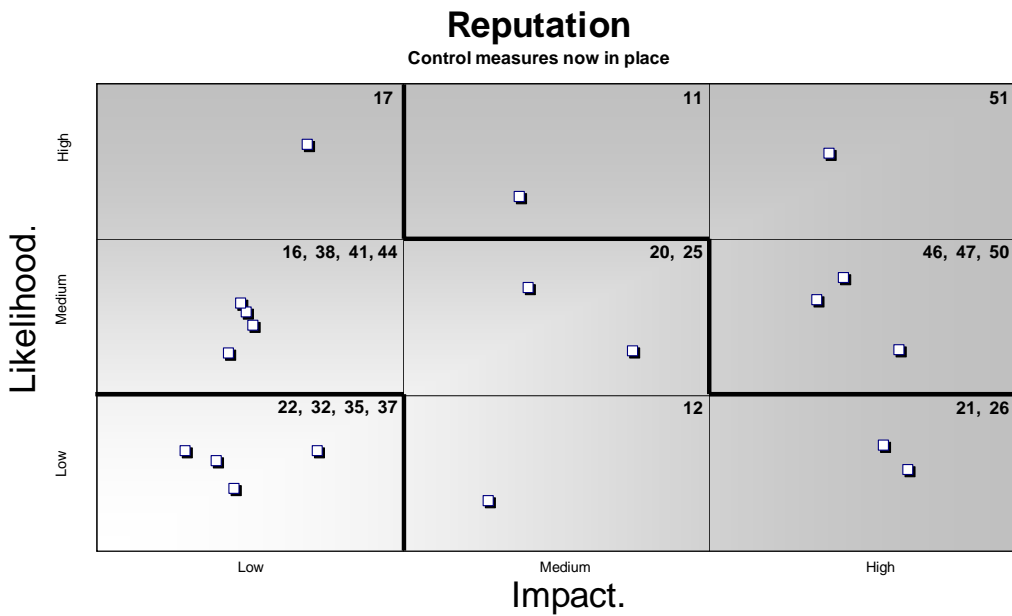


Graph 3 - Financial impact with current level of controls in place



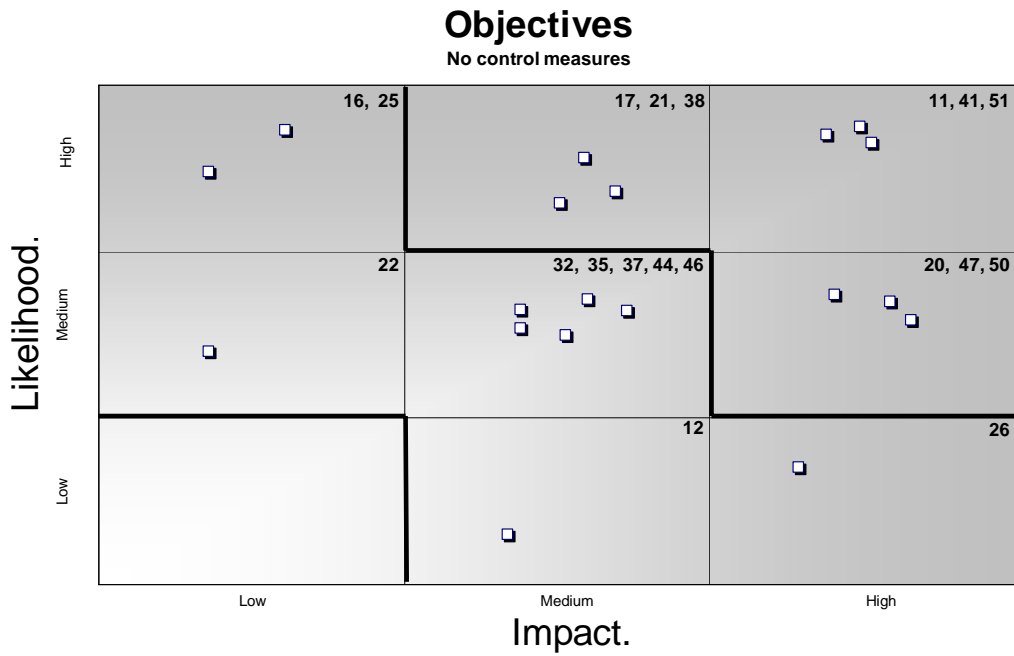


Graph 4 - Reputation impact with NO controls in place

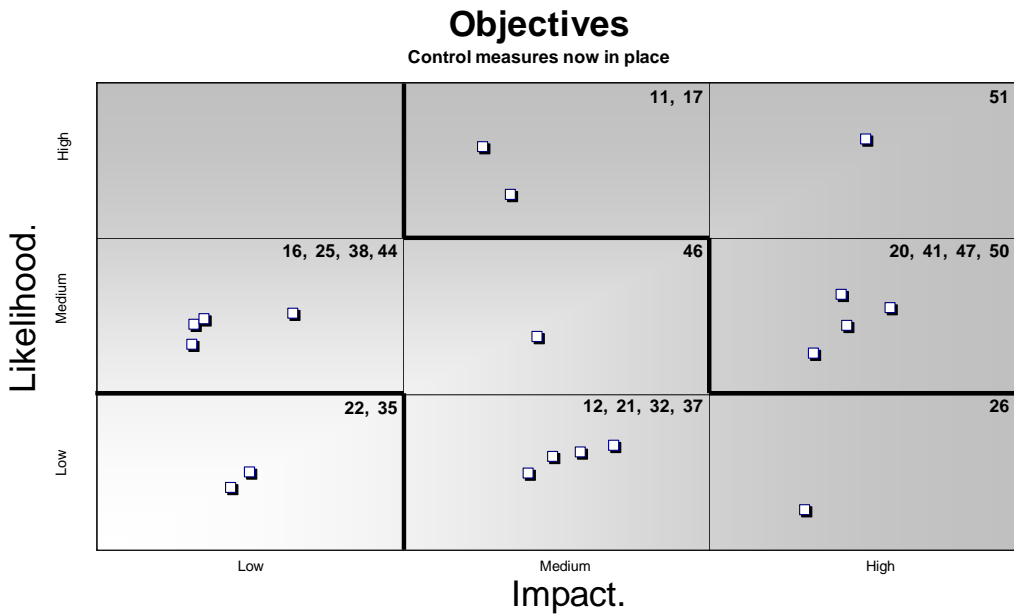


Graph 5 - Reputation impact with current level of controls in place





Graph 6 - Aims and objectives impact with NO controls in place

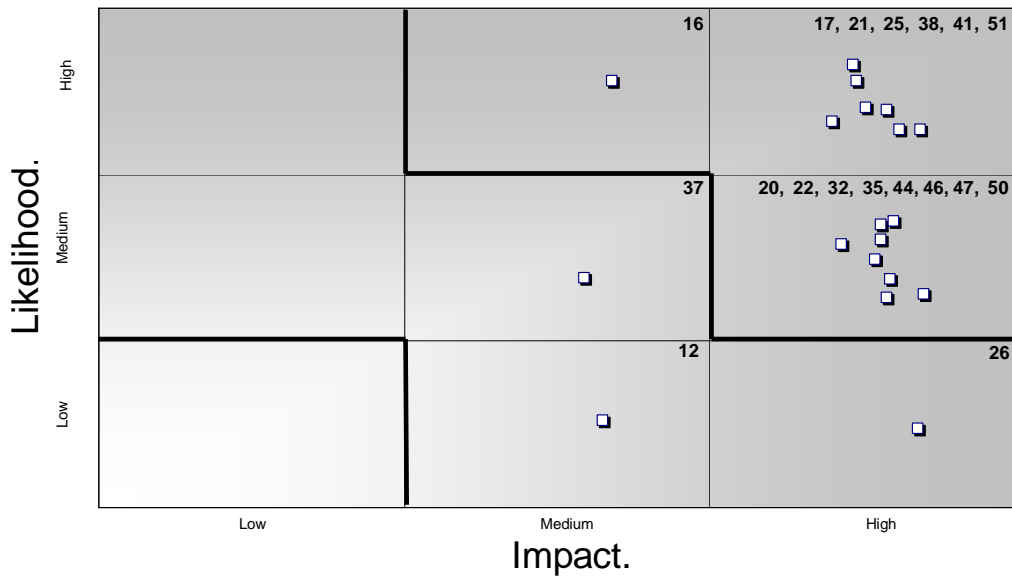


Graph 7 - Aims and objectives impact with current level of controls in place



Summary Risk

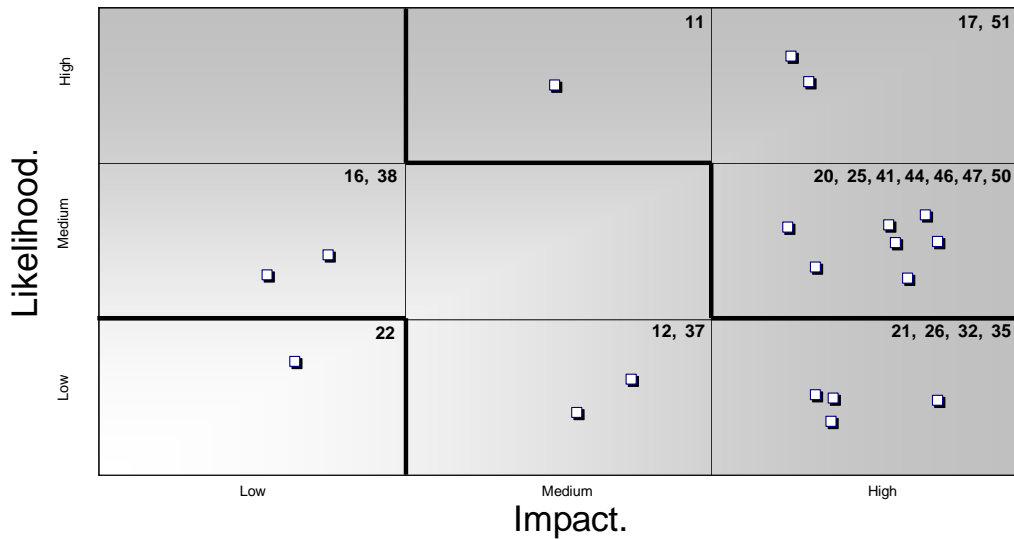
No control measures



Graph 8 - Overall risk levels with NO controls in place

Summary Risk

Control measures now in place

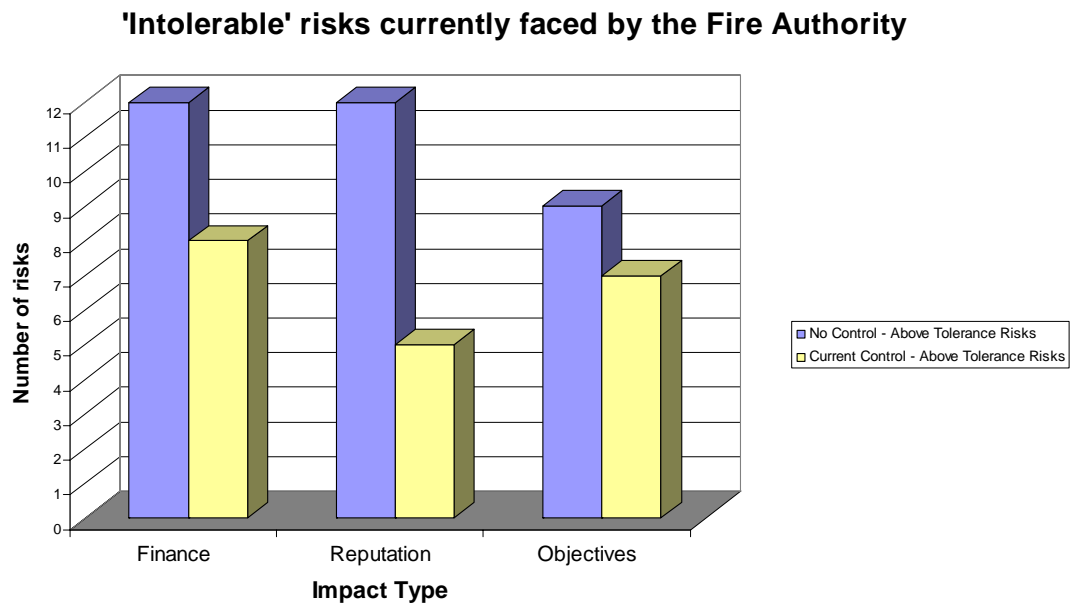


Graph 9 - Overall risk levels with current levels of control in place



10 Overall Summary

Whilst Graph 9 shows that there are 10 risks that are currently assessed as being above the Fire Authority's 'Tolerance Level', this graph does not demonstrate which of the three impact assessments is at greatest risk. Indeed, some of these risks could have a potentially significant impact on more than one of these areas. Graph 10 attempts to demonstrate this by showing how many risks are above the 'Tolerance Level', assuming firstly (in the blue column) that we had no risk controls in place and secondly (in the yellow column) that we have the current level of risk controls in place. Each of the three separate areas of impact, i.e. finance, reputation and objectives, is depicted in the graph.



Graph 10- Number of 'Intolerable' risks to which the Fire Authority is currently exposed, as assessed against each risk impact type

The graph would appear to suggest that the Fire Authority's risk management process is having the greatest impact on risks that threaten its reputation, with more than half of this type of risks already having been reduced to a tolerable level. The most significant risk type that is currently threatening the Fire Authority would appear to be financial risks. It is likely that the financial impact is also having a knock-on impact on those risks that threaten the Fire Authority's ability to achieve its stated objectives which, although fewer in number, are not being reduced to as great an extent as for reputation and finance.

The most significant risks currently facing the Fire Authority are Risks 17 and 51. Details about these particular risks, including how they are being dealt with, are given in the two boxes below.



Figure 1 – Details about Risk 17

Risk ID:	17
Risk Description:	If the Retained Firefighters "Working Time" court case goes against Fire Authorities, then there is potential for this Authority to have to pay significant sums of money out in court costs, and backdated pension contributions.
Risk Owner:	Alan Taylor (Chief Fire Officer)
Control Owner:	Keith Dixon (Treasurer)
Risk Score based upon:	
a. NO Controls in place:	9
b. ALL Controls in place:	9
c. CURRENT Controls in place:	9
Actions taken to date:	
	<p>Employers Circular 02/05 - The initial court case went against the firefighters. They appealed against the decision, and again the decision was upheld. They then appealed to the House of Lords. This was believed to take 12 to 18 months from release of the circular, which would put the proximity of the risk somewhere in the first half of 2006.</p> <p>Employers Circular 02/06 (March 2006) stated that the appeal to the House of Lords had gone against the Fire Authorities. The case must now go back to the Employment Tribunal for a decision on outcomes. The Employers side of the National Joint Council is considering the potential impact on individual Fire Authorities and will then provide more guidance. In view of the results from the appeal to the Lords, in March 2006, the risk assessment was reviewed and the "likelihood" was increased from Medium to High. This resulted in the risk going from a rating of "6" up to a rating of "9", thereby becoming one of the Fire Authority's most significant risks.</p> <p>No further progress has been reported since the Employers Circular in March 2006. We are still awaiting the case to be re-heard at the Employment Tribunal (which could possibly be during February). Unfortunately, this will be too late to inform the budget planning process for 2007/08. Because of this, in July 2006, the budget reserves were increased, using a risk based assessment of the potential costs that could be incurred, including an amount for the Fire Authority's portion of the total likely court costs.</p> <p>The Human Resources Director continues to keep abreast of any progress made with the Employment Tribunal, keeping Policy Group and Fire Authority informed of progress and outcome.</p> <p>It is assumed that the costs likely to be incurred by most Fire Authorities, if the Tribunal case goes with the retained firefighters, will be too large for any Authority to budget for. It is, therefore, assumed that this national issue will attract Government intervention in some way.</p>



Figure 2 – Details about Risk 51

Risk ID:	51
Risk Description:	If the Brigade's data quality systems lack the appropriate quality processes and controls, then the Brigade's funding and its allocation of resources against stated objectives may be compromised.
Risk Owner:	Alan Taylor (Chief Fire Officer)
Control Owner:	Ged Edwards (Programme Manager)
Risk Score based upon:	
a. NO Controls in place:	9
b. ALL Controls in place:	1
c. CURRENT Controls in place:	9
Actions taken to date:	
<p>This risk relates to the gathering and analysis of all data within the Brigade that is converted into information on which business decisions are regularly made. It, therefore, includes issues relating to the Service's Management Information System (MIS) as well as Performance Management Systems (PMS). Whilst there are numerous types of data used by the Service, two of the most important types relate to information on the incidents the Service responds to (captured in the Fire Damage Reports or FDR1's) and data about our staff (captured in various systems used by the Human Resources Department).</p> <p>A thorough review of the Service's MIS and PMS facilities has been undertaken over the last twelve months, which has resulted in various proposals for improvement. During this period a preliminary Data Quality Audit was undertaken by the Audit Commission, which also identified this as an area for Service improvement.</p> <p>Papers were taken to Policy Group on 19 December 2006, detailing the progress made to date. A summary of these reports is included below:</p> <ul style="list-style-type: none">• A report on the ongoing review of the current FDR1 system, which includes a process map of the system. This will be used to assist in identifying additional quality checks to be included in the system. A cross-department working group will implement the required changes;• A report on the Department for Communities and Local Government's (DCLG's) proposed Incident Reporting System (IRS – the electronic replacement for the existing FDR1's). DCLG has put a target date of July 2008, by which all Brigades must have implemented the new system. The report highlighted the need for all resource implications to be identified and a plan to be put in place for this potential 'new burden' to be implemented;	



- Information on the procurement of the Resourcelink information system (run by Shirehall), as a solution to all of the Service's human resource data issues. Policy Group agreed to this proposal and work is now taking place, with Shirehall staff, to scope out the required implementation project;
- The results of the tendering phase of the PMS procurement project. Policy Group asked for further information from both potential suppliers. Further presentations to Policy Group, by both suppliers, are scheduled for the end of January.

In summary, the Service is now in a position to start to implement some of the control measures that will help to reduce the level of risk from this significant threat.

11 Legal Comment

There is no legislative duty for the Fire Authority to assess the risks to which its business objectives are faced. Corporate Risk Management does, however, form a fundamental element of good corporate management practices.

The Fire Authority has the power to act as proposed in this report. Care will need to be taken to ensure that the provisions of Schedule 12A of Local Government Act 1972 are correctly applied.

12 Appendix

Detailed information on all current entries in the Corporate Risk Register

13 Background Papers

Shropshire and Wrekin Fire Authority:

Meeting 19 July 2006 Report 20 – Corporate Risk Management Summary

Strategy and Resources Committee

Meeting 21 September 2006 Report 13 – Corporate Risk Management Summary



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning	*	Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	*
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Initial Equality Impact Assessment	*



Detailed information on all current entries in the Corporate Risk Register (in order of 'Current Risk' level)

Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Currently under review
Threat	51	If the Brigade's data quality systems lack the appropriate quality processes and controls, then the Brigade's funding and its allocation of resources against stated objectives may be compromised.	Alan Taylor	Ged Edwards	9	1	9	21, 16, 26, 44, 48	Yes
Threat	17	If the Retained Firefighters "Working Time" court case goes against Fire Authority's, then there is potential for the Authority to have to pay significant sums of money out in court costs, and backdated pension contributions (Employers Circular 20/2005)	Alan Taylor	Keith Dixon	9	9	9		Yes
Threat	47	If the Regional Fire Control/Fire Link projects suffer long delays or fail, then the Brigade's ability to maintain a robust command and control function may be comprised. This would also have an impact on all future planning decisions for the Service.	Paul Raymond	Jim Cameron	6	6	6	26, 30, 32, 41	No
Threat	20	If the organisation is not able to use its buildings, its people and/or its other resources due to a disaster scenario, then it is unlikely to be able to deliver essential services to the communities of Shropshire (not including strike action)	Alan Taylor	Andy Johnson	6	4	6	35, 11	Yes
Threat	25	If we do not equip our Uniformed Managers with the correct skills to implement disciplinary procedures following ACAS guidance then we are at risk of challenge through Industrial/Employment Tribunals which may have a financial impact. There is also a risk that our investigations may compromise a criminal investigation.	Louise McKenzie	Yvonne Thayer	9	6	6		Yes



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Currently under review
Threat	11	If the county suffers a harsh winter, then there is a chance that the Service will not be able to deliver an appropriate level of service to the people of Shropshire.	Paul Raymond	Martin Timmis	9	6	6	20	No
Threat	46	By undertaking a cultural audit, staff expectations will be raised and the identification of significant issues could result in a large increase in work load for the service and a reduction in morale, if expectations are not managed /met.	Louise McKenzie	Lisa Vickers	6	2	6		Yes
Threat	41	The current push by government for centralised purchasing of Fire Service products and services (FireControl and FireBuy etc) could impact on the commercial viability of the Authority's current contracts.	Alan Taylor	Andrew Kelcey	9	6	6	30, 32, 47	No
Threat	50	If the Authority is not fully aware of the implications of the Corporate Manslaughter Bill, there is a chance that an officer in the Brigade may be subject to prosecution.	Alan Taylor	Sharon Lloyd	6	6	6		No
Threat	44	There are risks inherent in the Fire Authority working in partnership with other agencies/groups. If these are not properly controlled they could potentially impact on the financial standing and reputation of the Fire Authority.	Alan Taylor	Paul Raymond	6	1	6	30, 32, 41	No
Threat	26	Information exempt from publication by virtue of the Local Governments Act 1972, Schedule 12A, paragraph 3.	Paul Raymond	Jim Cameron	3	3	3	30, 32, 47	No
Threat	32	If the financial costs of the new Regional Controls is not known, then the Authority will not be able to make appropriate budget plans, which could impair our ability to meet the Authority's stated priorities.	Alan Taylor	Keith Dixon	6	3	3	26, 30, 47	Yes
Threat	21	If the Authority does not meet all financial regulations, then it may be subject to fraudulent activity	Alan Taylor	Keith Dixon	9	3	3		Yes



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Currently under review
Threat	35	Information exempt from publication by virtue of the Local Governments Act 1972, Schedule 12A, paragraph 4.	Alan Taylor	Paul Raymond	6	3	3	12, 23, 36	No
Threat	16	If the Brigade does not have appropriate procedures in place to meet the requirements of the Data Protection Act, then it may be subject to penalties	Steve Worrall	Glyn Williams	6	1	2		No
Threat	12	If neighbouring brigades suffer industrial action, then the support from those brigades during large incidents in our county is likely to be reduced thereby impacting on our ability to deal with incidents effectively	Paul Raymond	Martin Timmis	2	2	2	35, 36	No
Threat	38	If the pension arrangements are subject to significant change at this late stage, then there could be a financial and social impact on the Authority.	Alan Taylor	Alan Taylor	9	9	2		No
Threat	37	If the organisation does not make adequate succession planning arrangements, then when key staff leave the organisation there may be an impact on our ability to deliver our services.	Alan Taylor	Louise McKenzie	4	2	2		No
Threat	22	If the Authority does not meet all of the compulsory requirements of the National Framework Document, then the ODPM could use its powers to force improvements	Alan Taylor	Steve Worrall	6	1	1		Yes
Threat	49	If the Information Sharing Assessment partnership is not subject to effective controls then there is a risk that people may be able to gain and make improper use of confidential information.	Paul Raymond	Lynn Hosking	9	3	0		Yes
Threat	55	The Service is going through a period of change in the way it manages and records all of the on-station training activities. If the methods used to manage this process are not sufficiently robust then there is a risk that the organisation may be subject to prosecution under health and safety legislation.	Paul Raymond	Jon Wagstaff	0	0	0		Yes



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Currently under review
Opportunity	48	If the Authority does not monitor its budgets closely then it could miss the opportunity to reinvest identified under-spends where this occurs in its various budgets.	Alan Taylor	Joanne Coadey	3	9	9		No
Opportunity	33	If the Authority is not clear as to the rules that apply to Governments specific Funding, then it could miss the opportunity to seek additional funding for the activities it is required to undertake in order to meet the Government's Modernisation Agenda and local priorities	Alan Taylor	Keith Dixon	2	4	4		Yes
Opportunity	53	The national FireBuy project, looking into the possibility of setting up a Mutual Insurance Company for Fire Authorities, may present this Authority with the chance to reduce its insurance premiums. However, there are attendant risks in this approach that need to be explored.	Alan Taylor	Sharon Lloyd	2	6	3		Yes
Opportunity	57	The recent Local Government White Paper presents an opportunity for the Fire Authority to explore the potential benefits to be gained from any possible changes to the local government structure in Shropshire. This risk will pull together the management of the various aspects of the proposed changes that will be explored; thereby ensuring the greatest benefit possible is achieved.	Alan Taylor	Paul Raymond	3	3	3		No

