

REPORT OF THE CHIEF FIRE OFFICER

CORPORATE RISK MANAGEMENT SUMMARY

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 the 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

One of the Terms of Reference of the Strategy and Resources Committee is:

To 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 second of these reports to this Committee, with a third report, based upon the same format, having been presented to the Fire Authority at its annual meeting in July. Due to their similar nature, the information contained in this report should be seen as an update on the July report to all Fire Authority Members, rather than the earlier report brought to this Committee in May.

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 that could potentially impact on its ability to deliver an effective emergency service. There are, however, certain risks to which the Fire Authority is exposed, the public disclosure of which could in itself present a risk to the Authority. For this reason, although this open session version of



the report is available, following an assessment against the requirements of the Local Government Act 1972, Schedule 12A, exempted information has been excluded. Exempted information has been included in a separate exempt report, which will be presented in closed session. This open report includes all information about sensitive risks that is not likely to compromise the Fire Authority, e.g. Risk ID, risk assessment results, Risk Owner etc, with only the sensitive information having been excluded, e.g. Risk Description and any control measures included etc.

This approach helps to ensure that as much information as possible about the risk environment, in which the Fire Authority is operating, is made available to the public, 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 the following, which took place during July 2006:

- Following the nomination of Councillor Jon Tandy, as the Fire Authority's Risk Management and Audit Champion, the Risk Manager and Councillor Tandy have had several meetings and discussions, which are helping to enable the Councillor to fulfil this new role effectively;
- The first Annual Risk Management Summary Report was received by the Fire Authority; and
- The Risk Manager gave a presentation to all Members attending the Fire Authority's Annual Meeting on the Authority's Risk Management process and Members' involvement and responsibilities within that process.

6 New Risks

There have been six new threats and one new opportunity added to the Corporate Risk Register since the last report. Summary details on each of these risks are included in the table on the following page.



Table 1 – Summary Details for all New Risks in the Fire Authority’s Corporate Risk Register

Opportunity or Threat	ID	Risk Description	Raised By	Risk Owner	Pre-control Risk Result	Action Required	Control Owner	Post-control Risk Result
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.	Policy Group	Alan Taylor	3	Regular, comprehensive budget monitoring which is timely. Discussion with budget holders and key service officers to identify under-spends. Discussions at Policy Group to identify opportunities and possibilities with under-spend. Approval for CFA Action Plan for under-spend implementation.	Joanne Coadey	6
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.	Policy Group	Alan Taylor	Initial Review in progress	Confirm name of appropriate Control Owner Legal advice on the implications of the Bill should be obtained. All appropriate persons should be advised of any implications the Bill might have on them. The Service's Health and Safety measures should be reviewed to ensure the new legislation does require any modifications to these systems.	Paul Raymond	
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.	Partnership Group	Paul Raymond	Initial Review in progress	Appropriate security controls should be included with all computers used to access the information available from the ISA. Compliance with the requirements of the signed agreement should be regularly audited to ensure continuing compliance is achieved. Staff should receive appropriate training on the security measures that are in place and the appropriate use of the data available to them.	Lynn Hosking	
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 .	Peer Review Feedback Team	Paul Raymond	6	National, Regional and Local Project Management. Continual monitoring of project progress. Continual dialogue with current suppliers. Once known, start dialogue with potential new Infrastructure Services Contract (back office). Impact assessment required on HR issues involved through the regional project. Impact assessment required on Budgets. Contingency plan to be developed to meet assessed needs. Ensure that the RMB FireCon Programme Board are aware of the risk.	Jim Cameron	6
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.	Policy Group	Louise McKenzie	6	Communications strategy. Reformatting to identify problem locations. Providing resources to properly deal with outcomes. Regular future measurement.	Lisa Vickers	2

7 Closed Risks

No additional risks have been closed since the last report to the Fire Authority on 19 July 2006.

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. Subsequent versions of this report will include comparative figures, against which Members will be able to identify any trends in our risk management processes.

Descriptor	Number	Data from previous report
Total number of entries	27	Previous figure 22 This will increase over time. The rate at which it increases will demonstrate how active the Risk Management process is.
Total number of threats	25	Previous figure 21 As above.
Total number of opportunities	2	Previous figure 1 As above.
Total number of closed entries	5	Previous figure 5 As above.
Number of 'live' threats	20	Previous figure 16 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 the experience that will be gained over the coming months and years.
Average risk level of all currently 'live' threats	3.75	Previous figure 3.8 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 the Authority is successfully managing its risks.
Number of 'live' opportunities	2	Previous figure 1 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 Authority's risk management process matures.
Average level of opportunity	5	Previous figure 4 Scale of 1 to 9. We would tend to want this figure to grow.

Table 2
Summary of all entries contained in the Fire Authority's electronic Corporate Risk Register

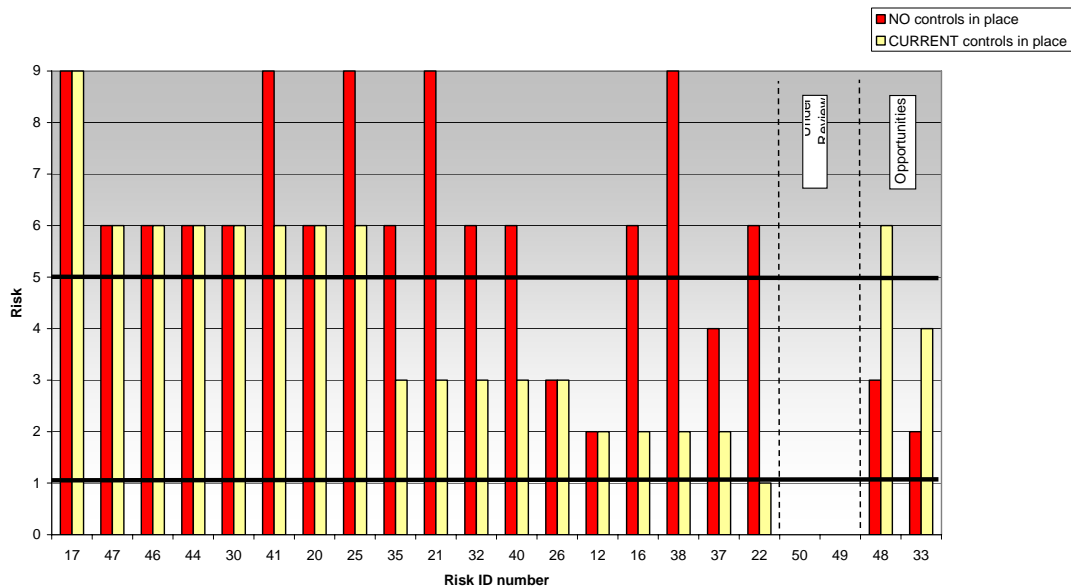


9 Graphical Representation of the Corporate Risk Register

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 2 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 that will be gained.

Members will notice that one of the threats shown in Graph 2 does not have a risk rating set against it. At the time of writing, this threat was undergoing its first assessment. The Risk Management process is, by its very nature, dynamic and for that reason it is likely that future reports will always include information that is slightly out of date. Detailed information about each of the risks and opportunities shown in Graph 1 is provided in the Appendix to this report.

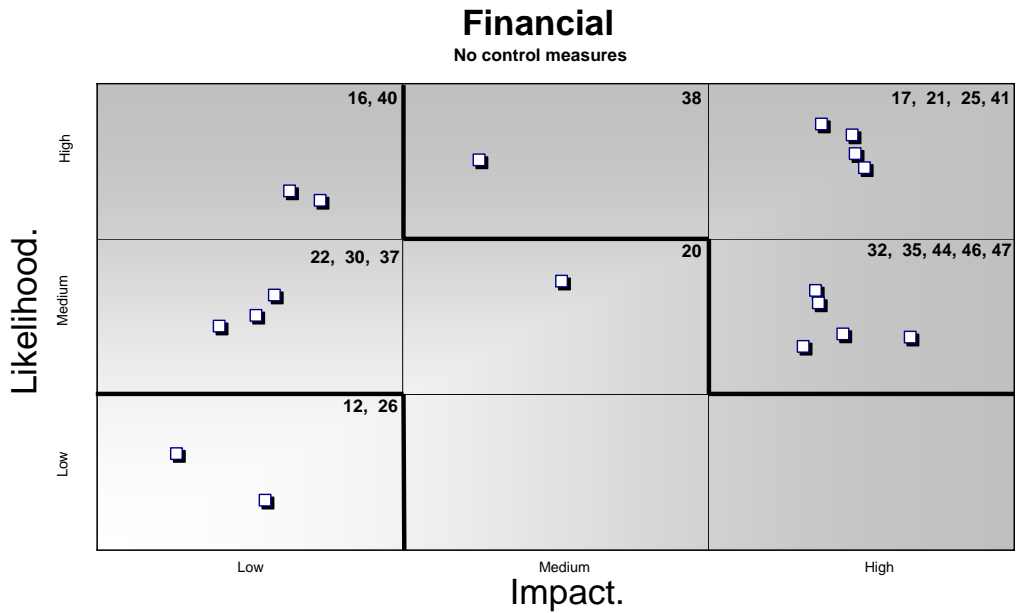


Graph 1
Risk levels for all 'live' threats and opportunities in the Fire Authority's Corporate Risk Register. Comparison between no control measures in place and the current control measures in place.

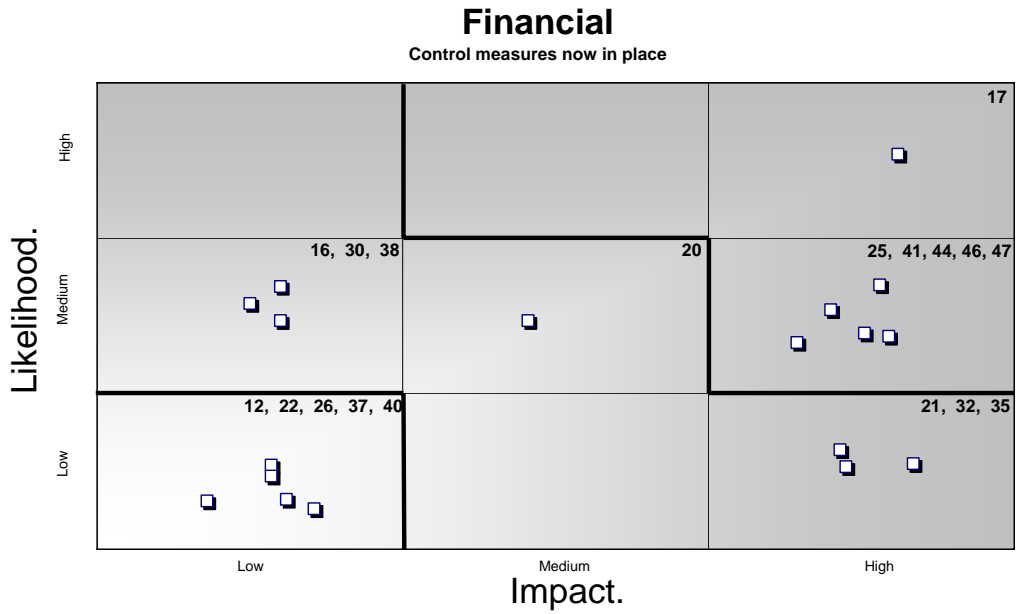
The following graphs provide an overview as to which of the three potential impact areas (finance, reputation or objectives) the risks could hit. They simply map all of the **threats** against their corresponding likelihood and impact ratings.

Neither the two threats currently under review nor the two 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, which sits in that particular portion of the graph. These numbers correlate to the Risk ID numbers given in the detailed risk summary table attached as an appendix to this report.





Graph 2 - Financial Impact with NO controls in place

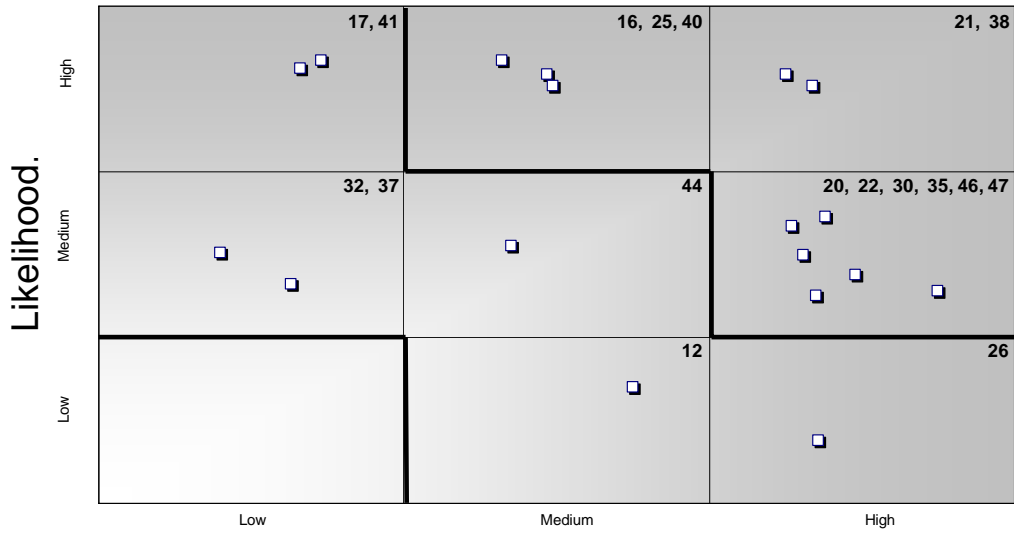


Graph 3 - Financial impact with current level of controls in place



Reputation

No control measures

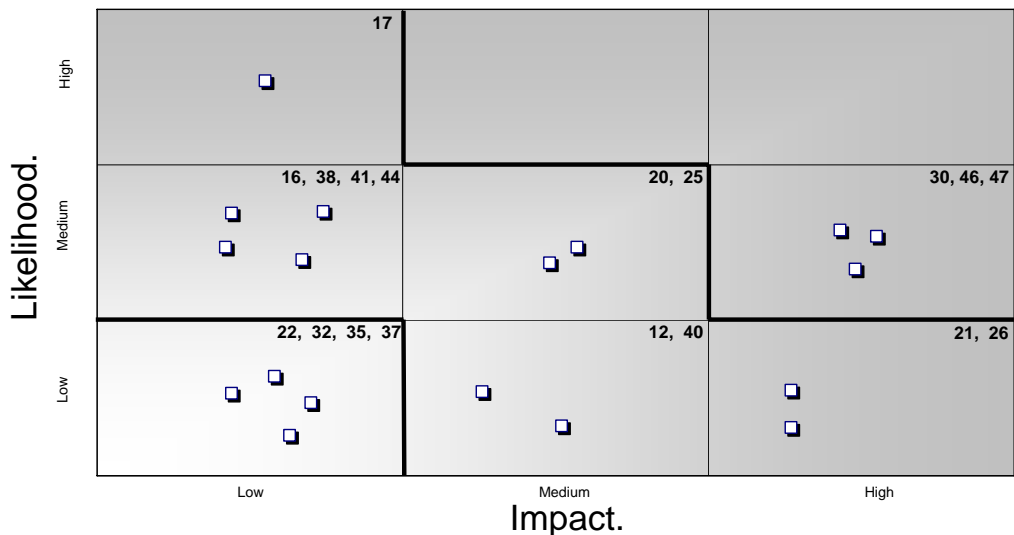


Impact.

Graph 4 - Reputation impact with NO controls in place

Reputation

Control measures now in place



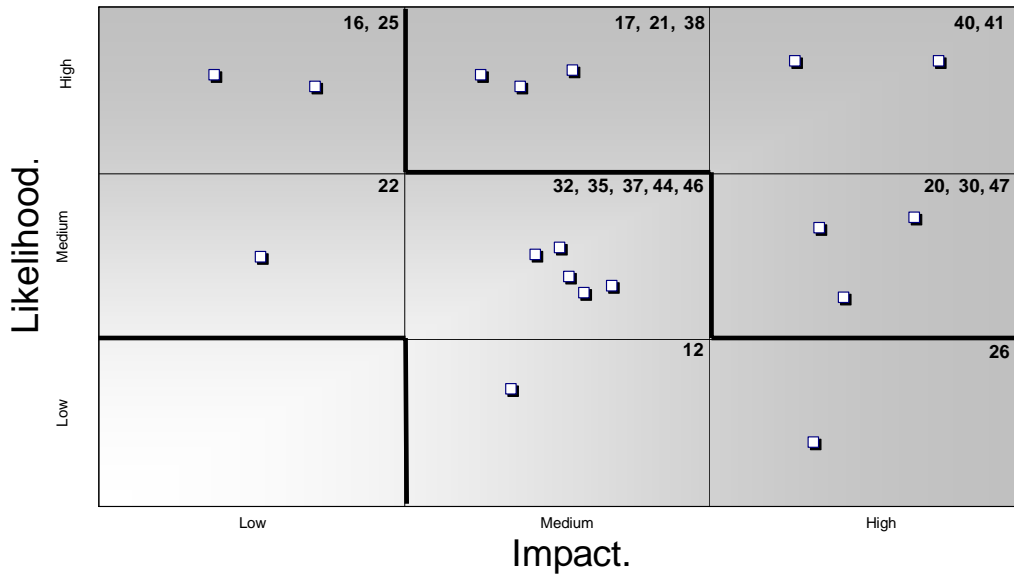
Impact.

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



Objectives

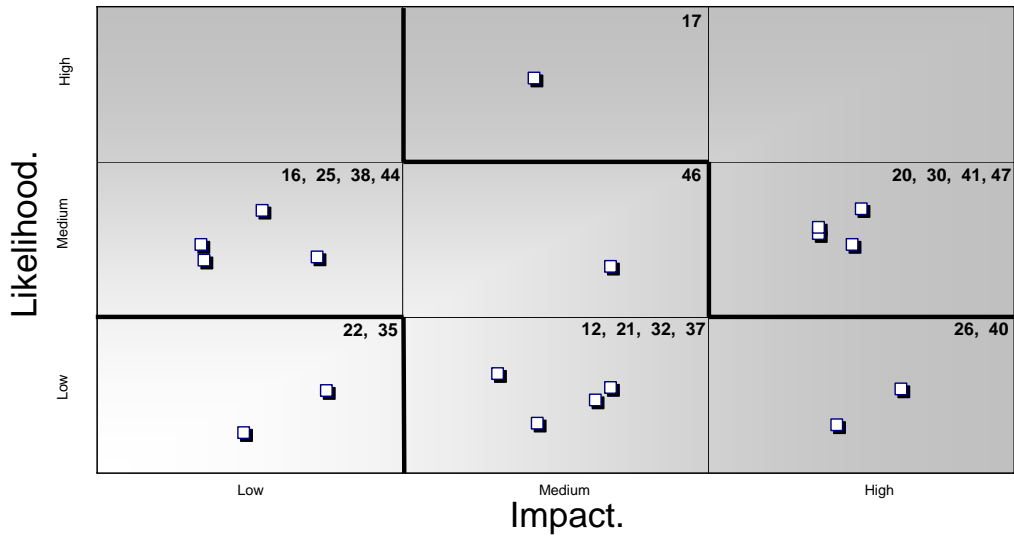
No control measures



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

Objectives

Control measures now in place

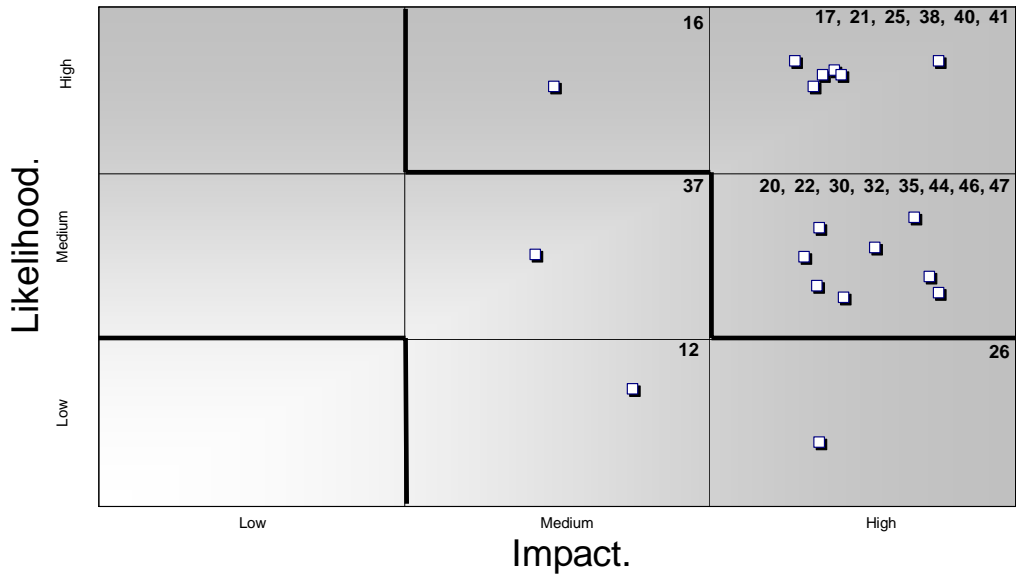


Graph 7 - Aims and Objectives impact with current level of controls in place



Summary Risk

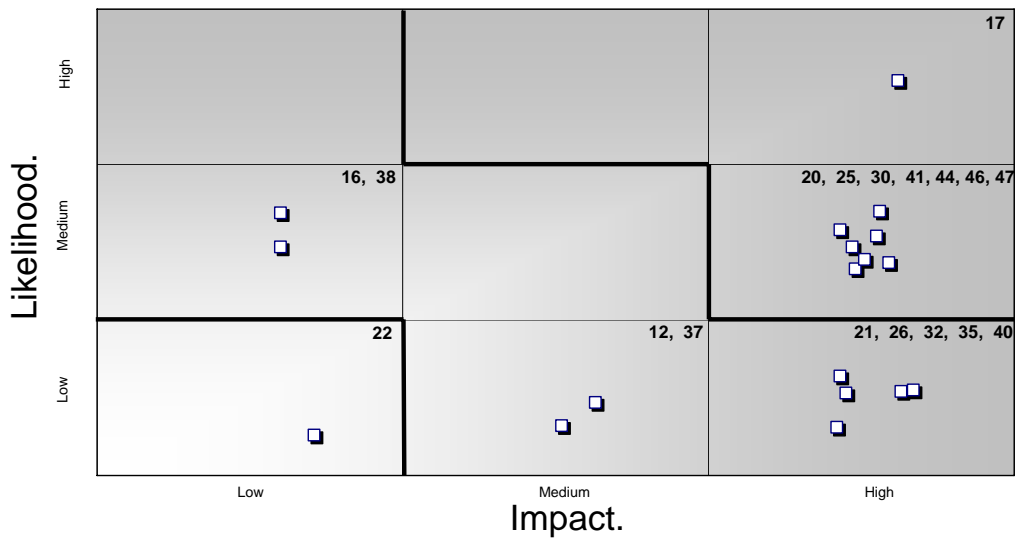
No control measures



Graph 8 - Overall risk levels with NO controls in place

Summary Risk

Control measures now in place

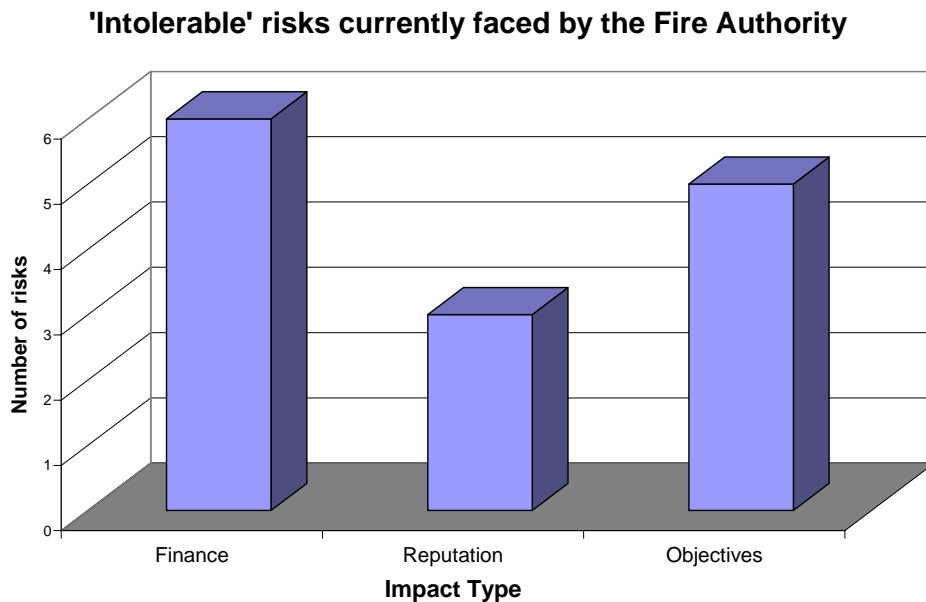


Graph 9 - Overall risk levels with current levels of control in place



10 Overall Summary

Whilst graph 9 shows that there are only 8 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' for each of the three separate areas of impact. This suggests that the Fire Authority's greatest exposure to risk is in terms of the potential impact on its finances. This is closely followed by its exposure to risks against the achievement of its stated corporate aims and objectives. It would appear that the Fire Authority's exposure to reputation risk is, to a large extent, negated by its risk management efforts.



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

The most significant risk currently facing the Fire Authority remains Risk 17. Details about this particular risk, including how it is being dealt with, are provided in Figure 1 on the following page.



Risk ID:	17
Risk Description:	If the Retained Firefighters "Working Time" court case goes against Fire Authorities, then there is potential for the 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)
Actions taken to date:	
<p>Employers Circular 2/05 - 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 - The Appeal to the House of Lords went against the Fire Authorities. Case will now go back to Employment Tribunal for a decision on outcomes. The Employers side of the NJC (National Joint Council) are considering the potential impact on individual Authorities and will then provide more guidance. In view of the results from the Appeal to the Lords, the risk assessment has been reviewed and the "likelihood" has been increased from Medium to High. This has resulted in the risk going from a rating of "6" up to a rating of "9".</p> <p>Treasurer Keith Dixon, 2/5/2006 - No further progress to report. Still awaiting case to be re-heard at the Employment Tribunal. Budget reserves have been reconsidered in light of the Lords' ruling, simply to reflect the Authority's share of total court costs likely to be incurred. The HR Director will keep abreast of the court case as it proceeds, 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 1
Details about the most significant risk currently facing the Authority

11 Financial Implications

There are no financial implications arising directly from this report.



12 Legal Comment

There is no legislative duty for the Fire Authority to assess the risks to which its business objectives are subject. 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.

13 Appendix

Detailed information on all current entries in the Corporate Risk Register

14 Background Papers

Shropshire and Wrekin Fire Authority

19 July 2006 Report 20 – Corporate Risk Management Summary

Strategy and Resources Committee, 25 May 2006 Report 10 – 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.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning	*	Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment	*	Operational Assurance	
Equality and Diversity		Retained	
Efficiency Savings		Risk and Insurance	*
Environmental		Staff	
Financial	*	Strategic Planning	*
Fire Control/Fire Link		West Midlands Regional Management Board	

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



Detailed information on all current entries in the Corporate Risk Register

Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Next review date due	Currently under review
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 (Emp Circular 20/2005)	Alan Taylor	Keith Dixon	9	9	9		01/11/2006	No
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	01/09/2006	Yes
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		31/10/2006	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	10/09/2006	Yes
Threat	30	If the current mobilising 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.	Steve Worrall	Glyn Williams	6	6	6	26, 32, 47	09/10/2006	No
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	01/06/2007	No

Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Next review date due	Currently under review
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		10/12/2006	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	15/09/2006	Yes
Threat	40	The public reporting of some of the risks managed by the 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.	Alan Taylor	Andy Johnson	6	3	3	All risks	15/09/2006	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		02/11/2006	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	01/10/2006	No
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	01/12/2006	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	01/09/2006	Yes
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	01/05/2007	No



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Next review date due	Currently under review
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		03/05/2007	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		02/08/2006	Yes
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		02/05/2007	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		02/11/2006	No
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						Yes
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	Paul Raymond						Yes
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	6	6		01/01/2007	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		02/11/2006	No