

## 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 Performance and Risk, 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. The progress reported relates to that achieved since the Annual Summary Report, received by the Fire Authority at its meeting in July 2007.

### 2 Recommendations

Members are asked to:

- a) Note the contents of this report; and
- b) Consider if they wish to see any changes to the structure and 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. These reports provide Members with information relating to the progress made with the Fire Authority's corporate risk management processes during the period from July to September 2007.



## **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 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 have 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 Review of the format of this report**

Members have been receiving regular updates on this report since May 2006. It is therefore appropriate that Members consider whether the report is providing them with the right sort of information in the right format for them to undertake their roles.

The Risk Manager is therefore interested in any comments Members have on the structure and content of this report. Views are specifically sought on graphs 2 through to 9. Because of their style, these graphs take a relatively long time to create and validate each time this report is developed. If Members do not find them useful then this time could be better spent providing data that Members would find more useful. Members' opinions will be sought at the meeting.

## **6 Risk Management Progress**

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



- **July 2007**

The Risk Manager attended the Association of Local Authority Risk Manager's (ALARM) annual conference in Cardiff.

The Risk Manager and Convergence Officer started to look at amalgamation of all risks relating to the FireLink and FiReControl projects into one corporate risk, which would be managed by the Convergence Risk Management Team. Work on this issue is now progressing.

- **August 2007**

The Risk Manager attended the Local Resilience Forum's Business Continuity Planning Working Group at the Shirehall.

Councillor Jean Jones (Member Champion for Audit and Risk Management) met with the Risk Manager to discuss all issues relating to risk management, progress against the Statement on Internal Control Improvement Plan and the new responsibilities pertaining to health and safety.

The Risk Management Group met and discussed ongoing progress with embedding risk management throughout the organisation.

- **September 2007**

The Partnership Risk Management Group met to assess proposals for new partnerships being considered by the organisation.



## 7 New Risks

There have been four new threats and no additional opportunities added to the Corporate Risk Register since the last report. Summary details about each of these new risks are included in the table below.

**Table 1 - 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-Risk Result	Action Required	Control Owner	Post-Risk Result
Threat	67	The limited experience the Service currently has in prosecuting offenders under the Regulatory Reform Order, increases the likelihood that a court action could be lost and costs have to be borne by the Authority.	Paul Raymond	Paul Raymond	3	Look at obtaining the services of an experienced Legal Services team to assist in prosecutions. Consider whether it is possible to develop this work at the regional level. Ensure a public interest test is undertaken prior to any potential prosecution going forward.	Mike Ablitt	0
Threat	66	If the FireLink/FiReControl projects are not effectively managed they may have a significant impact on current and future service delivery. Risks relate to effective management of costs, resources and functionality. Amalgamation of risks ID. 26, 32 and 47	Andy Johnson	Alan Taylor	Undergoing initial review	To be managed by the Convergence Risk management Team.	Paul Raymond	Undergoing initial review
Threat	65	If the implications of the various ICT projects, currently ongoing in the Brigade, are not coordinated, then there is a risk that the individual projects will not be implemented effectively.	Policy Group	Steve Worrall	6	All IT projects to be coordinated through one programme identified by TecCom	Ged Edwards	1
Threat	64	If the implications of the Government's proposals for the Long Term Capability Management of all 'New Dimensions' assets (as described in FSC 26/2007) are not fully considered, then there is a risk that the Authority's budgets may be detrimentally impacted into the future.	Policy Group	Alan Taylor	6	Monitor situation	Paul Raymond	6



## 8 Closed Risks

Three risks have been closed since the last report. Details about these risks are provided in Table 2 below.

**Table 2 - 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
26	Information exempt from publication by virtue of the Local Governments Act 1972, Schedule 12A, paragraph 3.	Threat	Paul Raymond	31/07/2007	This risk is being amalgamated into the new Convergence Risk (Risk ID:66)
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.	Threat	Paul Raymond	31/07/2007	This risk is being amalgamated into the new Convergence Risk (Risk ID:66)
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.	Threat	Alan Taylor	01/08/2007	Uniformed pension scheme now updated and embedded. Non-uniformed also appears to be resolved satisfactorily.

## 9 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 3 below includes previous as well as current figures for comparative purposes.

**Table 3 - Summary of all entries contained in the Authority's electronic Corporate Risk Register**

Descriptor	Number	Data from previous report
Total number of entries	40	<b>Previous figure 36</b> This will increase over time. The rate at which it increases will demonstrate how active the Risk Management process is.
Total number of threats	36	<b>Previous figure 32</b> Comment as above
Total number of opportunities	4	<b>Previous figure 4</b> Comment as above
Total number of closed entries	11	<b>Previous figure 8</b> Comment as above
Number of 'live' threats	25	<b>Previous figure 24</b> 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 years.
Average risk level of all currently 'live' threats	4.7	<b>Previous figure 4.92</b> This is on a scale where 1 is minimal risk, through to 9, which is maximum risk.  Members should note that this does not include either of the risks currently undergoing their initial reviews.
Number of 'live' opportunities	4	<b>Previous figure 4</b> 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	4.25	<b>Previous figure 4.25</b> Scale of 1 to 9 We would tend to want this figure to grow.

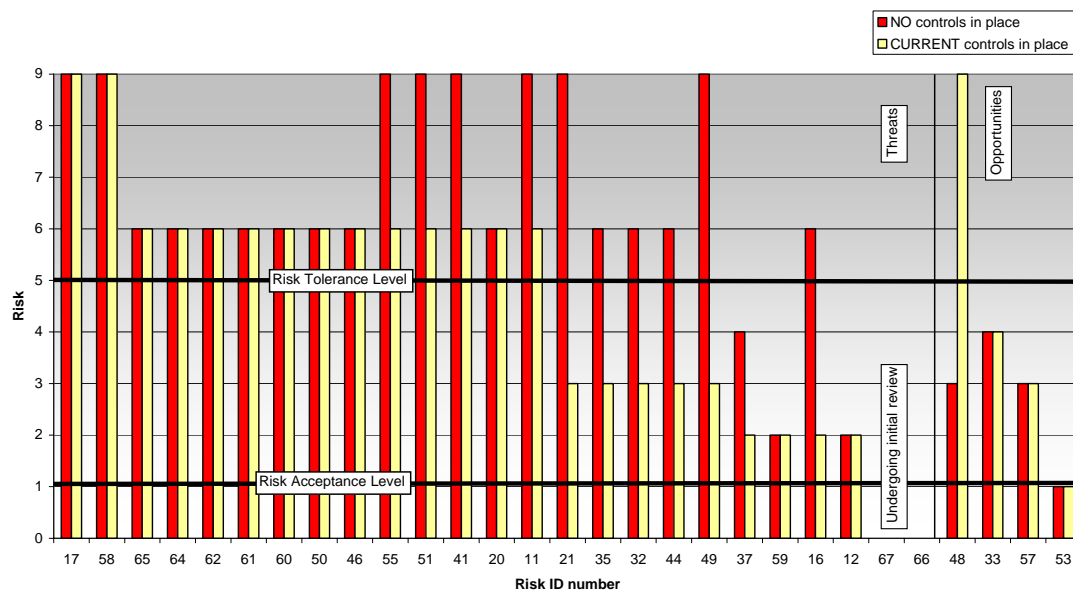


## 10 Graphical Representation of the Corporate Risk Register

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.

Detailed information about each of the threats and opportunities shown in Graph 1 is provided in the Appendix.

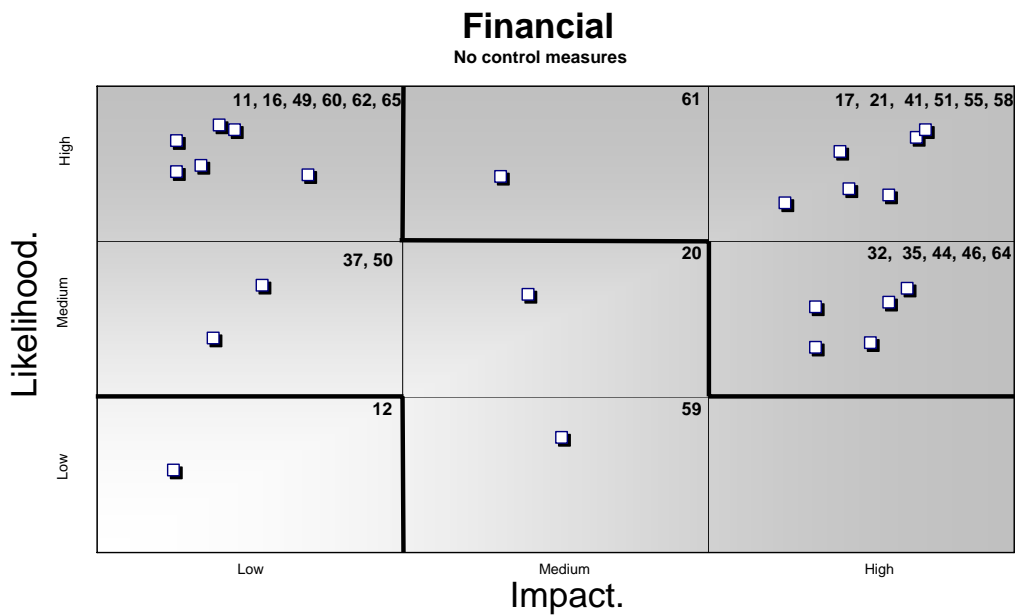


**Graph 1- Risk levels for all 'live' threats and opportunities in the Fire Authority's Corporate Risk Register. Comparison between no control measures in place (red column) and the current control measures in place (yellow column)**

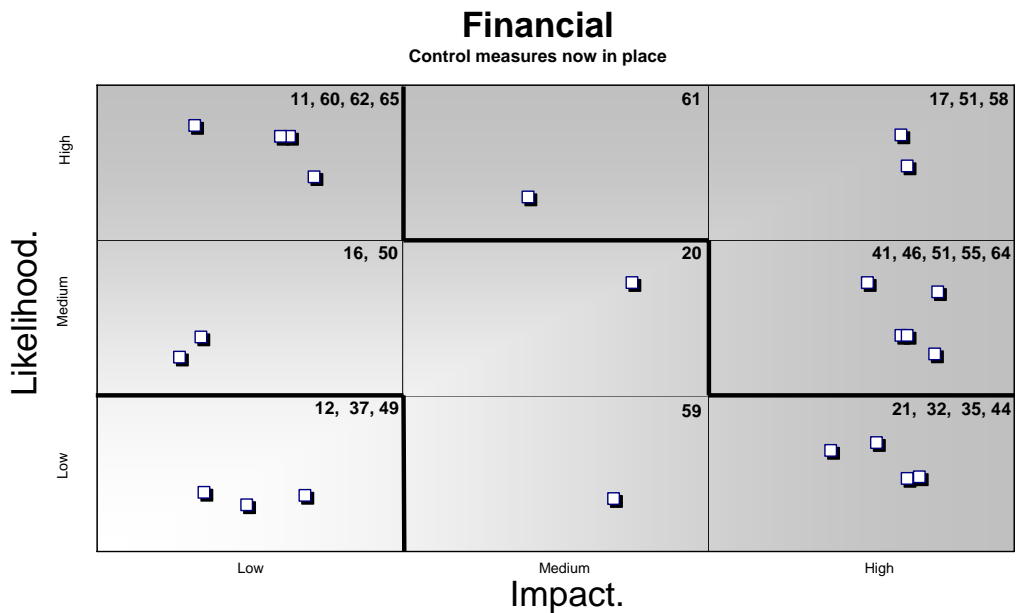
The following graphs (graphs 2 to 9) provide an overview as to which of the three potential impact areas (finance, reputation or objectives) the risks could hit. They simply map all of the **threats** against their corresponding likelihood and impact ratings.

The four 'Opportunities' and the two 'Threats' currently undergoing their initial reviews are not 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 risks that sit 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.





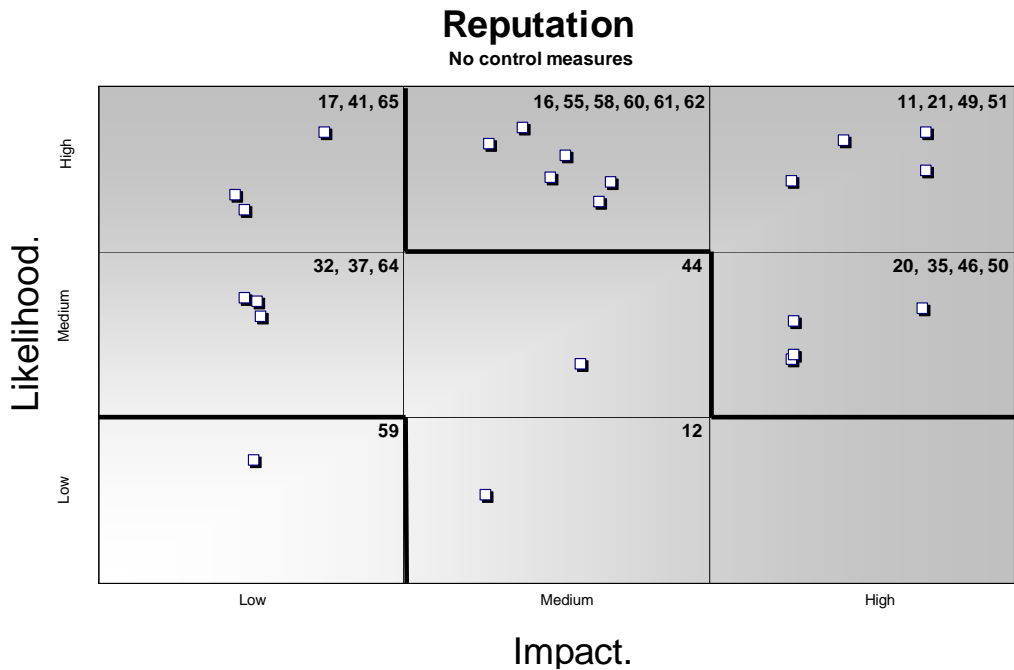
**Graph 2 - Financial impact with NO controls in place**



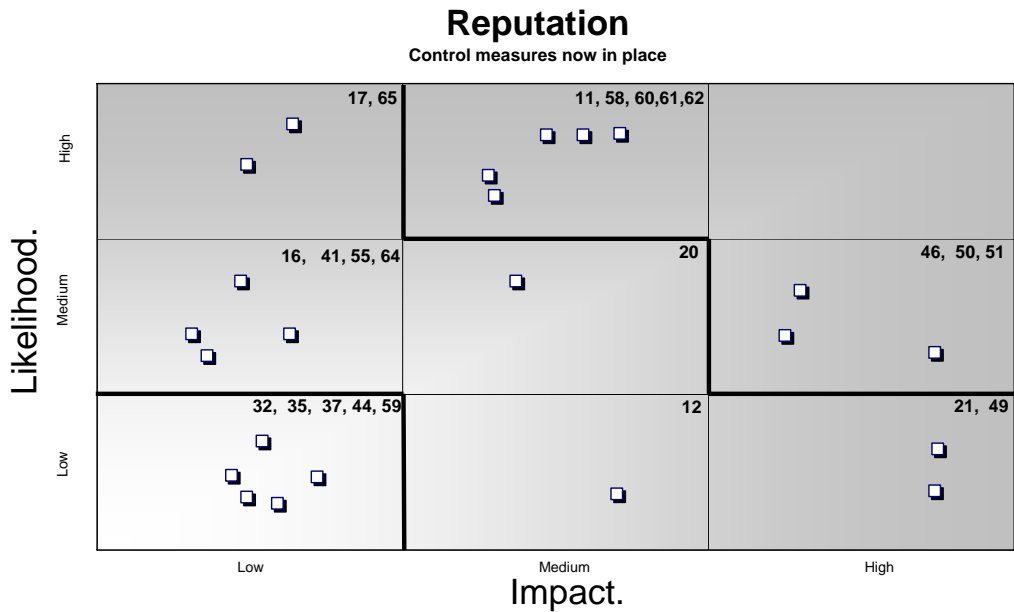
**Graph 3 - Financial impact with current level of controls in place**





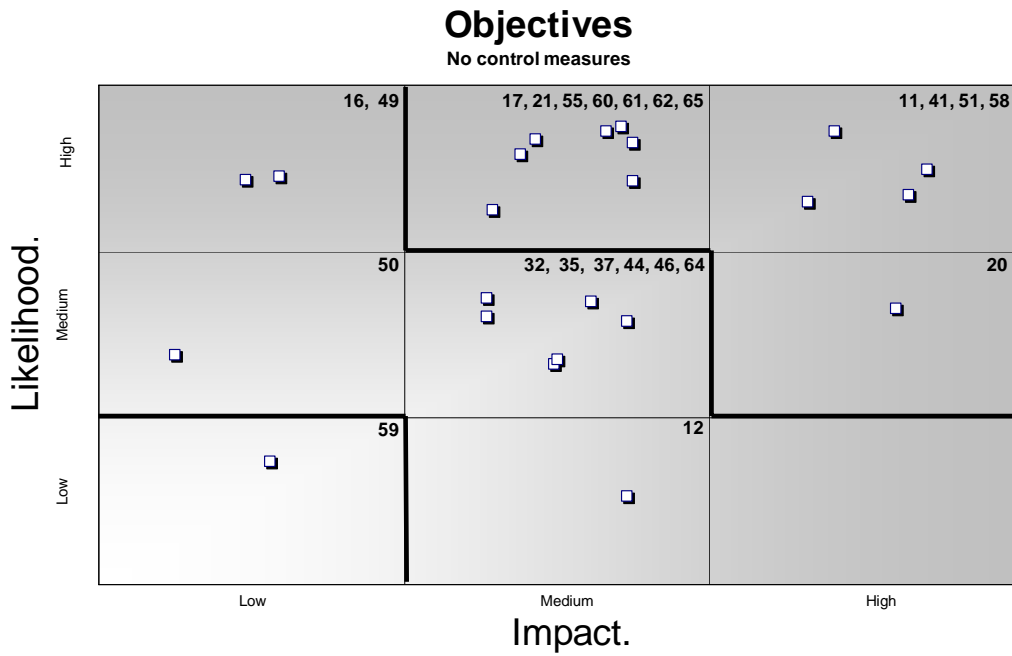


**Graph 4 - Reputation impact with NO controls in place**

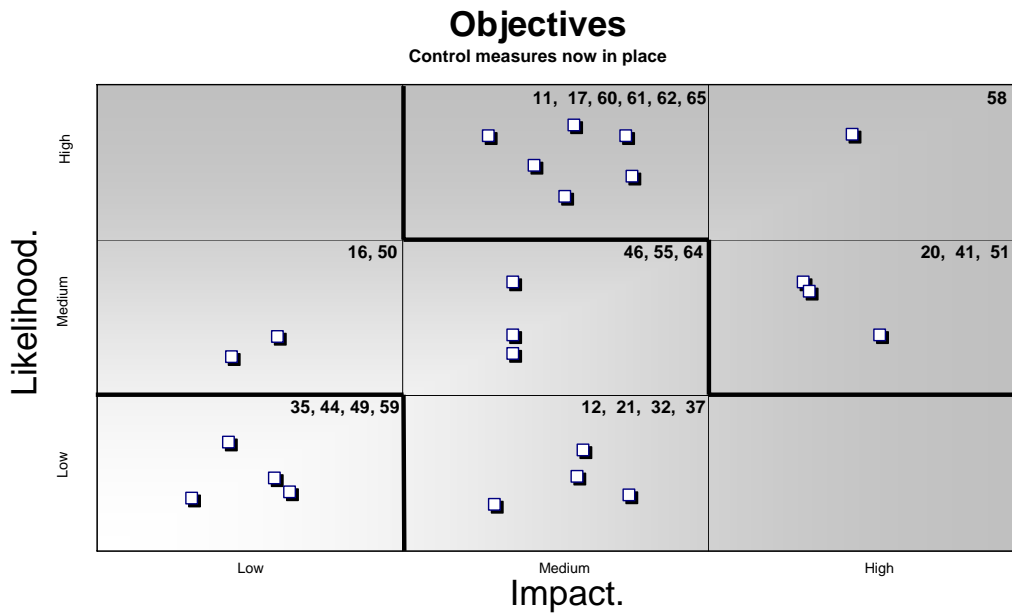


**Graph 5 - Reputation impact with current level of controls in place**





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

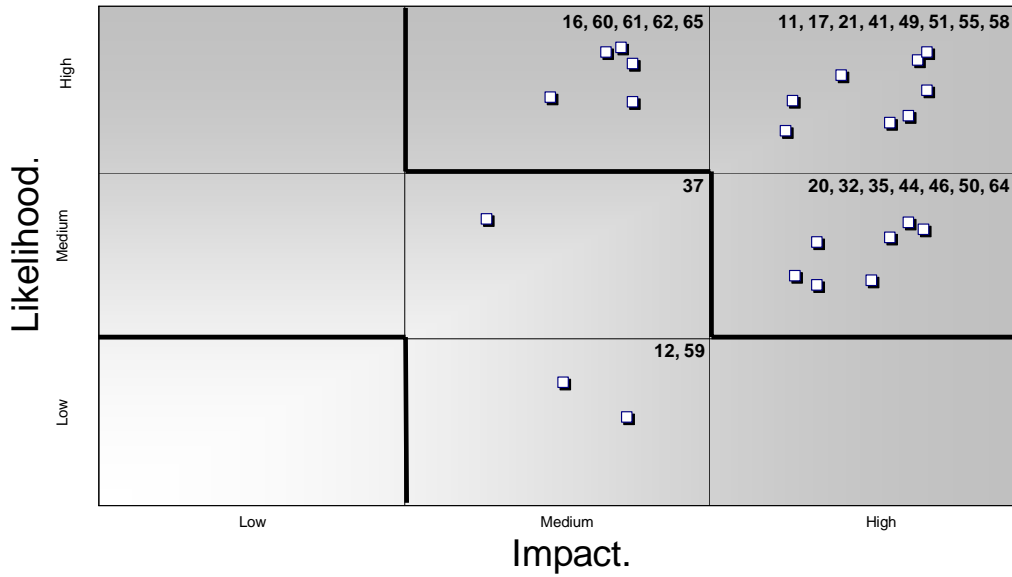


**Graph 7 - Aims and objectives impact with current level of controls in place**



### Summary Risk

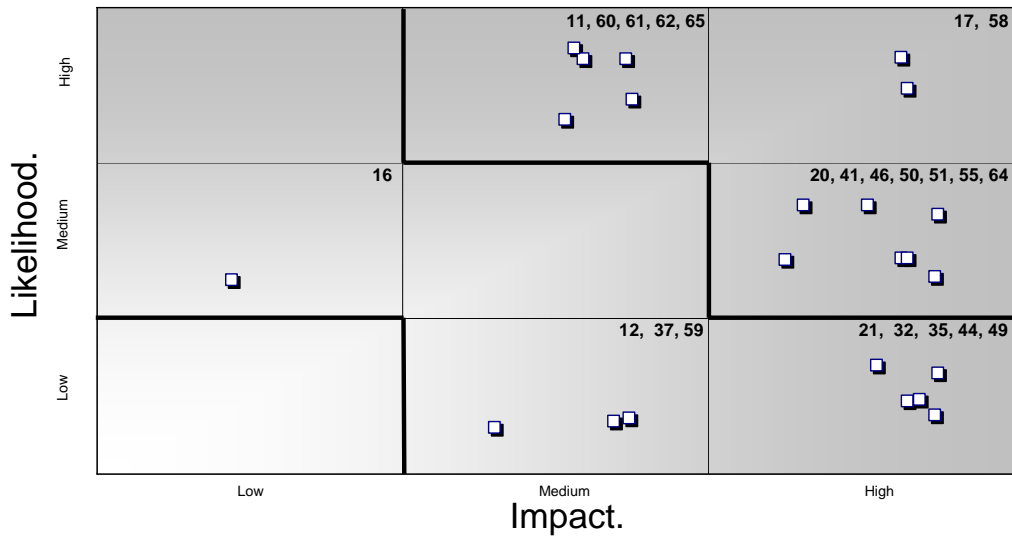
No control measures



Graph 8 - Overall risk levels with NO controls in place

### Summary Risk

Control measures now in place

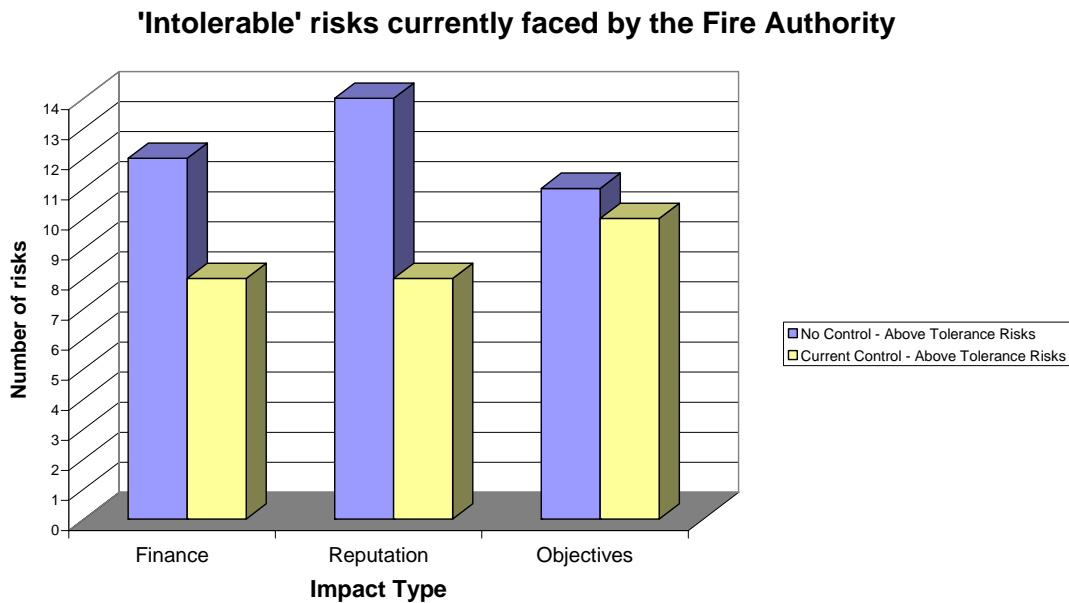


Graph 9 - Overall risk levels with current levels of control in place



## 11 Overall Summary

Whilst Graph 9 shows that there are 14 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 suggests that the most significant risk types currently threatening the Fire Authority are those that could have an impact on its reputation, if they materialised. However, it is also this type of risk that the Fire Authority's risk management process appears to be having greatest impact on: nearly half of those risks potentially impacting in this way have already been reduced to a tolerable level.

The most significant risks currently facing the Fire Authority are Risks 17 and 58. 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**

<b>Risk ID:</b>	<b>17</b>
<b>Risk Description:</b>	<b>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.</b>
<b>Risk Owner:</b>	Alan Taylor (Chief Fire Officer)
<b>Control Owner:</b>	Keith Dixon (Treasurer)
<b>Risk Score based upon:</b>	
a. NO Controls in place:	9
b. ALL Controls in place:	9
c. CURRENT Controls in place:	9
<b>Actions taken to date:</b>	
	<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>A new Employers Circular was issued in March 2007. It reported the outcome of the Employment Tribunal which met that month to consider the issues referred back by the House of Lords decision. The Employment Tribunal allowed both parties to submit further evidence and will call a further hearing in November 2007. This will result in further delay with no decision expected until early 2008. In the meantime the risk is quantified and included as part of the general balance and is updated regularly for inflation.</p> <p>The Human Resources Director continues to keep abreast of any progress made with the Employment Tribunal, keeping Policy Group and the 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 58**

<b>Risk ID:</b>	<b>58</b>
<b>Risk Description:</b>	<b>The Government's Comprehensive Spending Review 2007 presents the Fire Authority with a lot of uncertainty about its future funding.</b>
<b>Risk Owner:</b>	Alan Taylor (Chief Fire Officer)
<b>Control Owner:</b>	Keith Dixon (Treasurer)
<b>Risk Score based upon:</b>	
a. NO Controls in place:	9
b. ALL Controls in place:	6
c. CURRENT Controls in place:	9
<b>Actions taken to date:</b>	
Actions to be taken are:	
	<ul style="list-style-type: none"><li>• Raising awareness and lobbying</li><li>• Exposure in Medium Term Financial Plan (MTFP)</li><li>• Lobbying and representation ahead of the Comprehensive Spending Review (CSR) and Grant Settlement</li></ul>
<p>In practice we can do little about this risk as it is expressed as uncertainty about the outcomes from the CSR, which will remain despite lobbying. All we can do is plan and thereby reduce the uncertainty about the consequences of significant variations. We can also delay decisions that may be overtaken by events. The vehicle for doing this planning will be the MTFP. The Members Budget Working Group is working with officers to ensure the Authority is as prepared as possible. A paper relating to the Government's consultation on its proposed Grant formula is coming to this meeting.</p>	



## 12 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.

## 13 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have determined that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

## 14 Appendix

Detailed information on all current entries in the Corporate Risk Register

## 15 Background Papers

Shropshire and Wrekin Fire Authority, 18 July 2006, Report 20 – 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	Review Status
Threat	58	The Government's Comprehensive Spending Review 2007 presents the Fire Authority with a lot of uncertainty about its future funding.	Alan Taylor	Keith Dixon	9	6	9		Out for 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		Review COMPLETED
Threat	64	If the implications of the Government's proposals for the Long Term Capability Management of all 'New Dimensions' assets (as described in FSC 26/2007) are not fully considered, then there is a risk that the Authority's budgets may be detrimentally impacted into the future.	Alan Taylor	Paul Raymond	6	6	6	33	Review COMPLETED
Threat	62	The electrical system at Shrewsbury will be shut off to enable full testing of the circuits. This could cause faults to occur in the various communications and IT systems within headquarters, which may also have an impact on operational effectiveness.	Steve Worrall	Glyn Williams	6	4	6		Review COMPLETED
Threat	61	National proposals to change from the Long Service Increments payment system to a Continuous Professional Development payment system could have a significant financial impact on the Authority.	Alan Taylor	Keith Dixon	6	6	6		Out for REVIEW
Threat	60	Organisation structural changes to the council in Shropshire, as a result of the recent Local Government White Paper, could present potential threats to the way the Fire Authority achieves its strategic objectives, depending on the shape and structure any new Unitary Authority.	Alan Taylor	Paul Raymond	6	6	6	57	Review COMPLETED
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		Out for REVIEW





Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Review Status
Threat	65	If the implications of the various ICT projects, currently ongoing in the Brigade, are not coordinated, then there is a risk that the individual projects will not be implemented effectively.	Steve Worrall	Ged Edwards	6	1	6		Review COMPLETED
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	Review COMPLETED
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	6	21, 16, 26, 44, 48	Review COMPLETED
Threat	50	Lack of understanding of the proposed Manslaughter Bill and its implications, could render the Authority more likely to be prosecuted in the event of an on-duty death of an employee.	Alan Taylor	Sharon Lloyd	6	6	6		Review COMPLETED
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	Review COMPLETED
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	Review COMPLETED
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	9	1	6	None	Review COMPLETED
Threat	21	If the Authority does not meet all financial regulations, then it may be subject to fraudulent activity, unnecessary or illegal (ultra-vires) expenditure.	Alan Taylor	Keith Dixon	9	3	3		Review COMPLETED
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, 59	Review COMPLETED
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	Review COMPLETED



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Review Status
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	3	30, 32, 41	Review COMPLETED
Threat	49	If the two confidential databases used by CFS ('Contact Point' (previously Information Sharing Assessment partnership) and the Fire Setters database) are not subject to effective controls then there is a risk that people may be able to gain and make improper use of confidential information.	Mike Ablitt	Lynn Hosking	9	3	3		Review COMPLETED
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		Review COMPLETED
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	Helen Jones	6	1	2		Review COMPLETED
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	Review COMPLETED
Threat	59	Until the Regional Fire Control Local Authority Company is set up and has its own insurance arranged, the Authority's insurance cannot indemnify its representative on that company and would therefore have to indemnify any claims from its own reserves. The contribution the Authority will have to make to the insurance is also currently unknown.	Paul Raymond	Sharon Lloyd	2	1	2	26,32,47, 59	Review COMPLETED
Threat	66	If the FireLink/FiReControl projects are not effectively managed they may have a significant impact on current and future service delivery. Risks relate to effective management of costs, resources and functionality. Amalgamation of risks ID. 26, 32 and 47	Alan Taylor	Paul Raymond	-	-	-	26, 32, 47	Undergoing INITIAL Review
Threat	67	The limited experience the Service currently has in prosecuting offenders under the Regulatory Reform Order, increases the likelihood that a court action could be lost and costs have to be borne by the Authority.	Paul Raymond	Mike Ablitt	-	-	-		



Threat or Opportunity	Risk ID	Description	Risk Owner	Control Owner	Risk with NO Controls	Risk with ALL Controls	Current Risk	Links to other risks	Review Status
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, or take action to deal with any loss of service that may have occurred.	Alan Taylor	Joanne Coadey	3	9	9		Review COMPLETED
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	4	4	4	64	Review COMPLETED
Opportunity	57	Organisation structural changes to the council in Shropshire, as a result of the recent Local Government White Paper, could present potential opportunities to the way the Fire Authority achieves its strategic objectives, depending on the shape and structure any new Unitary Authority.	Alan Taylor	Paul Raymond	3	3	3	60	Review COMPLETED
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	1	2	1		Review COMPLETED

