

Shropshire and Wrekin Fire Authority Strategy and Resources Committee 22 May 2008

## **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. The progress reported relates to that achieved since the last Summary Report, received by this committee at its meeting in January 2008.

## 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. These reports provide Members with information relating to the progress made with the Fire Authority's corporate risk management processes during the period from January to April 2008.



## 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 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:

### • January 2008

A Risk Management Summary report was received by this Committee and the Service's Policy Group.

Policy Group received a SIC Improvement Plan 2007/08 progress report.

All departmental heads started to review their Business Continuity Plans (BCP).

The Risk Manager attended a Local Resilience Forum BCP Seminar in Worcester.

The Risk Management Group met to discuss progress with risk management throughout the Service.

Exercises were conducted to test Fire Control's new Back-up facilities at Telford Central.



### • February 2008

BCP awareness training sessions were held with Fire Control Watches and all other departments.

The inaugural meeting of the Regional FireControl Project Risk Management Group was held. This Group will coordinate all of the risks experienced by the Fire Authority as a consequence of this significant project.

Policy Group received a report on the Annual Governance Statement process to be used for the 2007/08 statement.

### • March 2008

The Insurance Review Group met with our Insurers and Brokers.

The Audit and Performance Management Committee received a report on the closure of the SIC Improvement Plan 2007/08.

This Committee received a report on the Annual Governance Statement process to be used for the 2007/08 statement.

The Partnership Assessment Group met to discuss the Service's current partnerships.

#### • April 2008

The Risk Manager attended an ALARM meeting in Redditch.

Members of Policy Group attended a training session in relation to the new Corporate Manslaughter Act.

The Assurance Gathering Process, to support the Annual Governance Statement, was conducted by the Risk Manager with all appropriate officers.



### 6 New Risks

There have been no new threats or additional opportunities added to the Corporate Risk Register since the last report.

## 7 Closed Risks

Seven risks (consisting of six threats and one opportunity) have been closed since the last report. Details about these risks are provided in Table 1 below.

### Table 1 - Summary details for the risks 'closed' since the last report to the Committee

		Opportunity			
	Risk	or	Risk	Date	
ID	Description	Threat	Owner	closed	Reason for closure
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.	Threat	Alan Taylor	25/01/2008	This risk has been included in the combined risk relating to the FireControl/FireLink programme.
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.	Threat	Alan Taylor	29/04/2008	Policy Group training session was conducted on 18/4/2008. With appropriate health and safety procedures in place this risk should be avoided. Appropriate insurance cover in place to cover any court costs likely to be incurred. Risk can now be closed.



		Opportunity			
	Risk	or	Risk	Date	
ID	Description	Threat	Owner	closed	Reason for closure
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.	Threat	Paul Raymond	27/03/2008	Training time targets have been included in station business plans. IDR's have been revised to enable easier completion. CFS targets have been revised to ensure appropriate balance between prevention and training is encouraged. District Office audit process is now well embedded and ensures that IDR's and IPDR's are being used effectively. In view of this progress, DCFO Raymond now considers it appropriate to treat these control measures as business as usual. The risk can therefore be closed.
58	The Government's Comprehensive Spending Review 2007 presents the Fire Authority with a lot of uncertainty about its future funding.	Threat	Alan Taylor	11/02/2008	No longer relevant. Risk has passed as the grant settlement was confirmed as being favourable
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.	Threat	Steve Worrall	20/03/2008	All electrical tests are now complete. The risk has therefore been closed.



	Risk	Opportunity or	Risk	Date	
ID	Description	Threat	Owner	closed	Reason for closure
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.	Threat	Paul Raymond	30/04/2008	A service Level Agreement has been developed has been developed and introduced between SFRS and Sandwell BC Solicitor for any future fire safety prosecutions. Sandwell solicitors will become the preferred legal team of those brigades forming West Midlands Region and therefore develop considerable expertise in fire safety law and enforcement work. The Fire Safety managers have all now undertaken advanced training in investigative practice and are able to see through prosecution/enforcement work effectively. Training for Inspecting Officers will be provided in early '08 by a legal practice training team. Our enforcement and prosecution policy documents have been reviewed. A user group has been set up amongst the West Midlands Region CFOA Group, so that best practice in enforcement and prosecution work can be shared. For these reasons we can now close this risk.
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.	Opportunity	Alan Taylor	02/05/2008	Please see report 8 on Strategy and Resources agenda for 22 May 2008.



## 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 2 below includes previous, as well as current, figures for comparative purposes.

Descriptor	Number					
Total number of entries	44	<b>Previous figure 44</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	40	Previous figure 40 Comment as above				
Total number of opportunities	4	Previous figure 4 Comment as above				
Total number of closed entries	21	Previous figure 14 Comment as above				
Number of 'live' threats	20	Previous figure 26 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	5.0	Previous figure 4.7 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	3	<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	5.33	<b>Previous figure 4.25</b> Scale of 1 to 9 We would tend to want this figure to grow.				

# Table 2 - Summary of all entries contained in the Authority's electronicCorporate Risk Register



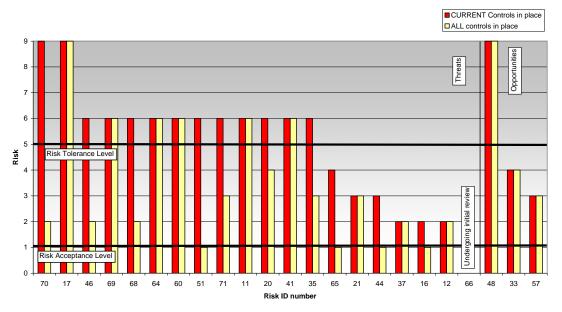
### 9 Graphical representation of the Corporate Risk Register

This section aims to 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 the risk control measures, currently in place, are having on each of the individual threats and opportunities that are currently 'live' in the risk register. This graph compares the **current** level of risk with the **target** level of risk considered to be achievable if all control measures were fully implemented. As such, this graph provides members with an indication of how much more work those controlling the risks think they have to do to get the risk down to its lowest practicable level.

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.

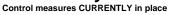


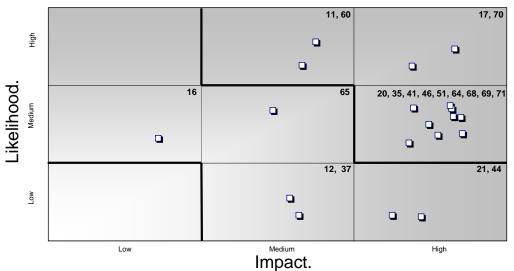


Graph 2 maps all of the **threats** against their corresponding likelihood and impact ratings, based on the level of control **currently** in place. Graph 2 does not include the three 'Opportunities' or the one 'Threat 'currently undergoing its initial review. It therefore represents a picture of the **known** risk that currently exists in the Fire Authority. The numbers in the upper right corner of each section of the graph 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.







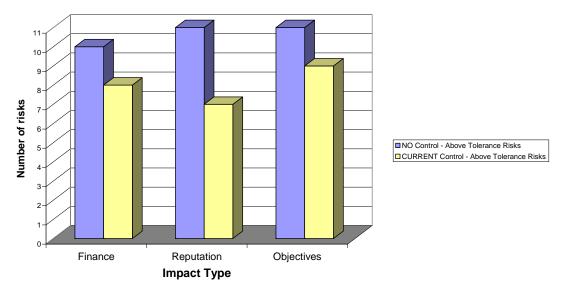


Graph 2 - Overall risk levels with current levels of control in place

### 10 Overall Summary

Whilst graphs 1 and 2 show that there are 16 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 (financial, reputation or service objectives) is at greatest risk. Indeed, some of these risks could have a potentially significant impact on more than one of these areas. Graph 3 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.





### 'Intolerable' risks faced by the Fire Authority

Graph 3 - Number of 'Intolerable' risks to which the Fire Authority is currently exposed, as assessed against each risk impact type

The graph suggests that if the risks currently in the Risk Register actually materialised, they are likely to impact on finance, reputation and service objectives fairly equally. It also shows that the control measures currently in place are slightly more effective at managing down the risk to reputation, than they are for any impacts on financial or service objectives.

The most significant risks currently facing the Fire Authority are Risks 17 and 70. Details about these particular risks, including how they are being dealt with, were presented to the Fire Authority at its meeting on 30 April 2008 (see figures 1 and 2).



## Figure 1 – Details about Risk 17

Risk ID: Risk Description:	17 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:9b. ALL Controls in place:9c. CURRENT Controls in place:9							
Actions taken to date:							
	ne of the court judgment and its possible thority was presented in a report to the Fire Authority						

## Figure 2 – Details about Risk 70

Risk ID: Risk Description:	70 If Equality and Diversity is not fully mainstreamed and integrated into all Authority activities, there will be adverse impact on financial, ethical and service delivery issues.
Risk Owner:	Alan Taylor (Chief Fire Officer)
Control Owner:	Lisa Vickers (Human Resources Manager)
Risk Score based upon: a. NO Controls in place: b. ALL Controls in place: c. CURRENT Controls in	9 2 place: 9
Actions taken to date:	
	s being made in managing this risk were included in ity on 30 <sup>th</sup> April (report 13).



## 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 governance.

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 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. A Full Equality Impact Assessment has not, therefore, been completed.

### 13 Appendix

Detailed information on all current entries in the Corporate Risk Register

### 14 Background Papers

### **Strategy and Resources Committee**

• 24 January 2008 Report 10 – Corporate Risk Management Summary

### Shropshire and Wrekin Fire Authority

- 30 April 2008 Report 13 Equality Standard for Local Government
- 30 April 2008 Report 19 Retained Firefighters and the Part-Time Workers Regulations - Tribunal Outcome



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		West Midlands Regional	
Technology		Management Board	
Freedom of Information / Data Protection / Environmental Information		Initial Equality Impact Assessment	*



### Appendix to report on Corporate Risk Management Summary Shropshire and Wrekin Fire Authority Strategy and Resources Committee 22 May 2008

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	70	If Equality and Diversity is not fully mainstreamed and integrated into all Authority activities, there will be adverse impact on financial, ethical and service delivery issues.	Alan Taylor	Lisa Vickers	9	2	9		Review COMPLETED
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	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		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	35	Information exempt from publication by virtue of the Local Governments Act 1972, Schedule 12A, paragraph 4.	Alan Taylor	Paul Raymond	6	3	6	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	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	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	71	If the paper records held by the Fire Safety department were damaged or destroyed by a catastrophic event, then the Service would not be able to fulfill its fire safety enforcement role as effectively.	Paul Raymond	Mike Ablitt	6	3	6		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	Helen Jones	9	1	6	21, 16, 26, 44, 48	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 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	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	Out for REVIEW
Threat	68	If the Brigade does not have policies and procedures, relating to water rescue incidents, that effectively balance the risks to staff versus the risk to the public, then the Fire Authority could be subject to prosecution under health and safety law or a significant loss in reputation.	Paul Raymond	Martin Timmis	9	2	6		Review COMPLETED
Threat	69	If the Authority does not take full account of the implications of Comprehensive Area Assessment and the new local government performance management framework, then its reputation as a strong performing Authority could be impacted.	Alan Taylor	Steve Worrall	9	6	6		Review COMPLETED
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	Helen Jones	6	1	4		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	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	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	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 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	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, prior to, during and post-implementation. Amalgamation of risks ID. 26, 32 and 47	Alan Taylor	Paul Raymond	TBD	TBD	TBD	26, 32, 47	Consultation with internal practitioners is complete. Meeting scheduled with Executive and Regional Project Management.
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	Out for REVIEW
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

