

## Corporate Risk Management Summary

### Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond, Chief Fire Officer, on 01743 260201 or Martin Timmis, Head of Operations and Risk, on 01743 260285.

#### 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 on 20 January 2011.

#### 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 report provides Members with information relating to the progress made with the Fire Authority's corporate risk management processes during the period from January until May 2011.

## **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. However, there are certain risks to which the Authority is exposed, the public disclosure of which could present a risk to the Authority. For this reason, although an 'Open Session' version of this report will always be made available, where an assessment against the requirements of the Local Government Act 1972, Schedule 12A indicates it would be appropriate, any exempted information would be excluded. Exempt information would then be incorporated in a separate 'Closed Session' report. 'Open Reports' will include all information about sensitive risks that is not likely to compromise the Authority (e.g. Risk ID, risk assessment results, Risk Owner etc), with only the sensitive information being exempt (e.g. Risk Description and any control measures included etc).

This approach helps to ensure that the public has as much information as possible about the risk environment the Authority is operating in, whilst at the same time limiting any damage that could be caused through its inappropriate use.

## **5 Setting the Authority's Risk Acceptance and Risk Tolerance Levels**

The assessment of risk is based on the analysis of the potential for the risk to do harm (the detrimental impact on the Authority) and the likelihood that it will occur. The potential impact on the Authority is measured against three criteria:

- a. Financial impact;
- b. Reputation impact; and
- c. Impact on the ability for the Authority to deliver its corporate aims and objectives.

Using widely accepted principles of risk assessment each risk is "scored", allowing the Authority to target appropriate resources at those risks likely to have greatest impact. Further information is available in the previous Corporate Risk Management Summary paper, dated 20 May 2010.

The remainder of this report provides summary data on the current contents of the Authority's Corporate Risk Register.

## **6 Risk Management Progress**

This section includes information about all events that have led to the current status with the Authority's Corporate Risk Management system.

## **January 2011**

This Committee received the last summary report.

The Risk Manager met with the Shrewsbury Programme Manager to discuss and assess all of the programme's risks.

Because of the anticipated effect of austerity measures The Chief Officers' Group met to discuss the risks for which they are responsible. These were discussed with the Risk Manager and the Corporate Risk register updated accordingly.

## **February 2011**

The Service's Risk Management Group met and discussed all matters relating to the Service's risk environment and outcomes from audits undertaken by Internal Audit. The meeting was attended by Internal Audit. Significant progress was reported against outstanding recommendations.

The Service received the results of the 2010/11 Audit of Risk Management. Audit findings are evaluated to provide a level of assurance on the effectiveness of internal control. These evaluations are defined as 'Good', 'Reasonable', 'Limited' and 'Unsatisfactory'.

**The overall level of assurance for this audit is: Good.**

This review has confirmed that Risk Management processes have continued to become embedded into the Authority. A comprehensive Risk Management Strategy is in place, roles and responsibilities have been determined and a system for recording risks and their control measures adopted. The Protocol provides a comprehensive source of guidance on Risk Management.

## **March 2011**

The Head of Operations and Risk met with the Shrewsbury Programme Manager to discuss programme risks.

The Service's Health and Safety Committee met.

## **April 2011**

The Head of Operations and Risk began the annual review of all risks and discussed these with appropriate managers. This was completed on 1 May 2011.

## **7 New Risks**

No new threats have been added to the Corporate Risk Register since the last summary report.

## **8 Closed Risks**

A total of eight risks have been closed since the last report. These are:

| Threat or Opportunity | Risk ID | Description of deleted risk  | Risk Owner    | Control Owner   | Risk with NO Controls | Risk with ALL Controls | Current Risk | Links to other risks |
|-----------------------|---------|--|---------------|-----------------|-----------------------|------------------------|--------------|----------------------|
| Threat                | 74      | If the material economic uncertainties that exist in the country were to materialise, then the ability for the Service to meet its stated aims and objectives could be severely curtailed.   | Paul Raymond  | Executive Group | 9                     | 9                      | 9            |                      |
| 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.  | Steve Worrall | Ged Edwards     | 9                     | 1                      | 6            | 21, 16, 26, 44, 48   |
| 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.  | Paul Raymond  | Lisa Vickers    | 9                     | 2                      | 3            |                      |
| 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.   | Paul Raymond  | Keith Dixon     | 9                     | 3                      | 3            |                      |
| 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.           | Paul Raymond  | John Redmond    | 6                     | 1                      | 3            | 30, 32, 41           |
| Threat                | 76      | If new legislation is published, that relates to the Service, and it is not appropriately actioned, then the Service could be penalised with potential consequences on its finances and reputation.  | Paul Raymond  | John Redmond    | 6                     | 1                      | 2            |                      |
| 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 | Louise Goodhead | 6                     | 1                      | 1            |                      |
| 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. | Paul Raymond  | Joanne Coadey   | 3                     | 9                      | 9            |                      |

Table 1: Risks deleted during period December 2010 to May 2011

Each of these risks has been removed from the register following the Chief Officers' Group meeting in January 2011.

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

| Descriptor  | Number | Comment   |
|---|--------|---|
| Total number of entries                             | 51     | <b>Previous figure 51</b><br>This will increase over time. The rate at which it increases will demonstrate how active the Risk Management process is.   |
| Total number of threats                             | 47     | <b>Previous figure 47</b><br>Comment as above   |
| Total number of opportunities                       | 4      | <b>Previous figure 4</b><br>Comment as above  |
| Total number of closed entries                      | 36     | <b>Previous figure 28</b><br>Comment as above   |
| Number of 'live' threats                            | 14     | <b>Previous figure 21</b><br>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.   |
| Average risk level of all currently 'live' threats. | 6.00   | <b>Previous figure 5.48</b><br>This is on a scale where 1 is minimal risk, through to 9, which is maximum risk.<br>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.<br>In this period we have removed seven threats of which five low impacts. The overall risk level is therefore increased as most remaining threats have high risk levels. |
| Number of 'live' opportunities                      | 1      | <b>Previous figure 2</b><br>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                        | 9      | <b>Previous figure 6.5</b><br>Scale of 1 to 9<br>We would tend to want this figure to grow. As we now only have one identified "opportunity" and this is rated as a high impact, the level of opportunity is artificially high.   |

Table 2: Numerical summary of current risks

## 10 Overall Summary

There are now 10 risks assessed as being above “tolerance level”. If the risks currently in the Risk Register actually materialised, they are likely to impact on reputation slightly more than on Finance and Objectives. However, the control measures currently in place are slightly more effective at managing down the risk to reputation and objectives, than they are for the financial impacts.

The most significant risks now facing the Fire Authority are Risks 17, 66, 72, 78 and 79. Details about these particular risks, including how they are being dealt with, are summarised in the remainder of this section.

**Figure 1 – Risk 17**

|                               |  |
|-------------------------------|--|
| <b>Risk ID:</b>               | <b>17</b>  |
| <b>Risk Description:</b>      | <b>If the Part-time Workers Regulations Employment Tribunal 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.</b>   |
| <b>Risk Owner:</b>            | Paul Raymond (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> |  |
|                               | Employer Circular 03/08 reported that the Retained Firefighters had been discriminated against under the P/T Workers Regulations. This was reported to CFA on 30 April 2008. Liability appears to be limited to the introduction of the P/T Workers legislation, which was in 2000.  |
|                               | Government has assured Fire Authorities that Pension Account Administrators will be involved in the negotiation that needs to take place to progress this issue. CLG-officers say matters are being handled by the Local Government Employers. However due to the sensitivities involved in the negotiating process, the Service has not been able to get any further information on how this is progressing at this time. |
|                               | The financing of this risk has been reviewed as part of the 2009/10 budget process, and the sums earmarked to cover this risk have been put into a general reserve dealing with 'Pensions and other staff issues'.   |
|                               | When closing the 2009/10 accounts the reserve was increased from £350,000 to £1,050,000.   |
|                               | Settlement has been agreed on compensation payable for Terms & Conditions. The estimated cost is circa £250,000, which will come from the Pensions liabilities and other staff issues Reserve. Payments should be completed by end September 2011. However, there have been no expressions on Pensions liability at this time. The remaining Reserve should be sufficient to meet anticipated costs.                       |

**Figure 2 – Risk 66**

|                               |  |
|-------------------------------|--|
| <b>Risk ID:</b>               | <b>66</b>  |
| <b>Risk Description:</b>      | <b>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</b>   |
| Risk Owner:                   | Paul Raymond (Chief Fire Officer)  |
| Control Owner:                | Executive Group  |
| <b>Risk Score based upon:</b> |  |
| a. NO Controls in place:      | 9  |
| b. ALL Controls in place:     | 3  |
| c. CURRENT Controls in place: | 9  |
| <b>Actions taken to date:</b> |  |
|                               | <p>In February 2008 an initial meeting, held with various departmental practitioners from within the Brigade, took an overview of the RMB RCC risk register and previous risks included in the Corporate Risk Register.</p> <p>In May 2008 a report on the outcomes from the discussions by the practitioners was taken to Policy Group. It was agreed that the Executive Group should meet to discuss this issue on a regular basis. They developed a Risk Action Plan to deal with all aspects of this issue. The Executive Group have now met and discussed progress with their Risk Action Plan on nine separate occasions.</p> <p>Towards the end of 2008, the National Project Team moved the completion date back to reflect delays in some aspects of the project. Shropshire's implementation date moved back by 9 months to 14 February 2011. This delay has potential implications on the Shrewsbury Project and, for this reason, the consideration given to both risks, by the Executive Group, has now been brought in line.</p> <p>It was announced in December 2010 that RCC would be abandoned. Project close down is under way. This risk will be closed in due course. The FireLink project which was linked to the RCC to provide communications will not be completed. This means that we now need to establish local arrangements for communication, both verbal and data. Solutions to ensure continued C&amp;C and Communications may be unaffordable. CFO has written to CFOA to seek their support in lobbying Government for financial support to individual services. There will also be significant data costs, and renegotiation of Airwave contracts will be necessary. The status of this risk has been amended to: ISSUE.</p> |

Figure 3 – Risk 72

|                               |   |
|-------------------------------|---|
| <b>Risk ID:</b>               | <b>72</b>   |
| <b>Risk Description:</b>      | <b>If the Shrewsbury project is not effectively managed it 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.</b>  |
| <b>Risk Owner:</b>            | Paul Raymond (Chief Fire Officer)   |
| <b>Control Owner:</b>         | Executive Group   |
| <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>The initial Executive meeting was held on 14 July, during which the initial risk assessment was conducted. A Risk Action Plan (RAP) was developed for this risk, which captures the risks identified to date.</p> <p>A programme has been established to deliver the required works associated with the refurbishment of the site. These activities include moving departments and functions off site, the appointment of an architect, management of the design process and construction works, and management of the site during these works within the agreed overall budget.</p> <p>Workshops, Stores and Technical Services have been successfully moved off site and relocated to the TA Centre at Sundorne. The Fire Safety Department and District Managers moved to Hafren House, Shelton in early June.</p> <p>All activities and projects are being co-ordinated by a Programme Manager who has developed a Programme Brief and Programme Plan. The Programme Brief and Plan ensure that the programme has corporate sponsorship and support, the appropriate controls and reporting streams and adopts Management of Risk (MOR) methodology.</p> <p>As a result of on-going risk monitoring Risk 78 has been identified</p> <p><b>The current programme remains due to be completed by October 2011.</b></p> |

**Figure 4 – Risk 78**

|                               |  |
|-------------------------------|--|
| <b>Risk ID:</b>               | <b>78</b>  |
| <b>Risk Description:</b>      | If the aging IT network is unable to sustain the introduction of new and replacement systems and software, the service may lose its ability to communicate effectively, including loss of the command & control system   |
| <b>Risk Owner:</b>            | Steve Worrall (Assistant Chief Fire Officer)   |
| <b>Control Owner:</b>         | IT Manager   |
| <b>Risk Score based upon:</b> |  |
| d. NO Controls in place:      | 9  |
| e. ALL Controls in place:     | 9  |
| f. CURRENT Controls in place: | 9  |
| <b>Actions taken to date:</b> |  |
|                               | <p>A specialist contractor, Capita, has been engaged to carry out a detailed audit of the current network. Capita has completed the review and reported findings to COG and IT managers on 19 August 2010. This has resulted in a number of priority recommendations which are being taken forward to improve the current performance of the network, deliver adequate resilience, and provide a measure of future proofing (until approximately 2017).</p> <p>Further work to ensure the stability of the network has commenced.</p> <p>A project has been set up to look specifically at the operational technological issues such as MDTs and work packages have been issued for the planning of the move across to the new HQ. There are work packages for the WAN and communication links into the new HQ, a network re-build and the lift and shift of the command and control system.</p> |

**Figure 5 – Risk 79**

|                               |  |
|-------------------------------|--|
| <b>Risk ID:</b>               | <b>79</b>  |
| <b>Risk Description:</b>      | If Mobile Data Terminals are not receiving updates, or are unable to display current information there is an increased risk to firefighter safety. Provision of up to date information is a corporate responsibility.  |
| <b>Risk Owner:</b>            | Steve Worrall (Assistant Chief Fire Officer)   |
| <b>Control Owner:</b>         | IT Manager   |
| <b>Risk Score based upon:</b> |  |
| g. NO Controls in place:      | 9  |
| h. ALL Controls in place:     | 9  |
| i. CURRENT Controls in place: | 9  |
| <b>Actions taken to date:</b> |  |
|                               | The network manager has been tasked with ensuring the availability of data to MDT. Regular failures of information download have been identified and an interim data solution has been provided. Regular manual update of data will be required until cutover to the new interim Command & Control System is complete. |
|                               | A physical update of information on all MDTs has been carried out to guarantee that all information is up to date.   |

## **11 Legal Comment**

There is no legislative duty for the Fire Authority to assess the risks to which its business objectives are subjected. 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 Equality Impact Assessment**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have determined that the information contained within this report is purely historical summary data. As such it contains no proposals for changes to current policies and procedures which could involve differential impacts upon specific groups. An Initial Equality Impact Assessment has not, therefore, been completed.

## **13 Appendix**

Detailed information on all current entries in the Corporate Risk Register

**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 |
|-----------------------|---------|---|---------------|-----------------|-----------------------|------------------------|--------------|----------------------|
| 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).  | Paul Raymond  | Keith Dixon     | 9                     | 9                      | 9            |                      |
| 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 | Paul Raymond  | Executive Group | 9                     | 3                      | 9            | 26, 32, 47           |
| Threat                | 78      | If the aging IT network is unable to sustain the introduction of new and replacement systems and software, the service may lose its ability to communicate effectively, including loss of the command & control system  | Steve Worrall | IT Manager      | 9                     | 1                      | 9            | 66,72, 65            |

| Threat or Opportunity | Risk ID | Description   | Risk Owner      | Control Owner   | Risk with NO Controls | Risk with ALL Controls | Current Risk | Links to other risks |
|-----------------------|---------|---|-----------------|-----------------|-----------------------|------------------------|--------------|----------------------|
| Threat                | 79      | If Mobile Data Terminals are not receiving updates, or are unable to display current information there is an increased risk to firefighter safety. Provision of up to date information is a corporate responsibility                                | Steve Worrall   | IT Manager      | 9                     | 2                      | 9            | 78                   |
| Threat                | 72      | If the Shrewsbury project is not effectively managed it 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. | Paul Raymond    | Executive Group | 9                     | 6                      | 6            |                      |
| Threat                | 75      | If the "opt-out" option the UK currently holds from the European Working Time Directive is removed, then this could have an impact on the availability of RDS staff.  | Louise McKenzie | Lisa Vickers    | 6                     | 4                      | 6            |                      |
| Threat                | 35      | Information exempt from publication by virtue of the Local Governments Act 1972, Schedule 12A, paragraph 4.   | Paul Raymond    | John Redmond    | 6                     | 3                      | 6            | 12, 23, 36           |
| 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.  | Steve Worrall   | Martin Timmis   | 9                     | 6                      | 6            | 20                   |

| Threat or Opportunity | Risk ID | Description   | Risk Owner    | Control Owner | Risk with NO Controls | Risk with ALL Controls | Current Risk | Links to other risks |
|-----------------------|---------|---|---------------|---------------|-----------------------|------------------------|--------------|----------------------|
| 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).  | Paul Raymond  | Martin Timmis | 6                     | 4                      | 6            | 35, 11               |
| 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.             | Paul Raymond  | John Redmond  | 6                     | 6                      | 6            | 33                   |
| 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. | Steve Worrall | Martin Timmis | 9                     | 2                      | 6            |                      |
| 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                      | 4            |                      |

| Threat or Opportunity | Risk ID | Description   | Risk Owner    | Control Owner | Risk with NO Controls | Risk with ALL Controls | Current Risk | Links to other risks |
|-----------------------|---------|---|---------------|---------------|-----------------------|------------------------|--------------|----------------------|
| Threat                | 80      | If the Service fails to implement the HMG Security Policy Framework measures and confidential, restricted, protected or secret data were to be mislaid, then the Service would be liable to prosecution and/or loss of reputation   | Steve Worrall | GM OPS        | 3                     | 2                      | 3            |                      |
| 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.   | John Redmond  | Martin Timmis | 2                     | 2                      | 2            | 35, 36               |
| 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. | Paul Raymond  | Keith Dixon   | 4                     | 4                      | 4            | 64                   |