

## 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 260225 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 November 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 November 2008 to January 2009.

## 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:

- **November 2008**

This Committee received the last summary report.

The Risk Manager and Head of Operational Response attended a seminar concerned with looking at alternative crewing options during periods of industrial action.

The Executive Group met to discuss the Regional Control Centre (RCC) and Shrewsbury projects risks.

- **December 2008**

All copies of the Business Continuity Manual were updated.

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 Member Champion for Risk and Audit gave a presentation to the Fire Authority on their work within this area.

## 6 New Risks

There has been one new threat and no additional opportunities added to the Corporate Risk Register since the last report. Details about this risk are provided in table below.

Opportunity or Threat	ID	Risk Description	Raised by	Risk Owner	Pre-Risk Result	Action Required	Control Owner	Post-Risk Result
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.	Risk Management Group	Alan Taylor	Not known	Undergoing initial assessment. The risks and controls will be discussed and agreed by Executive Group, after which a Risk Action Plan will be developed and reviewed regularly.  Risks include potential impact on future budget, returns on investments and viability of key suppliers.  <b>This is expected to be amongst the Authority's most significant risks.</b>	Brigade Executive Group	Not known

## 7 Closed Risks

Two threats have been closed since the last report. Details about this risk are provided in table below.

ID	Risk Description	Opportunity or Threat	Risk Owner	Review Date	Reason for closure
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.	Threat	Alan Taylor	07/01/2009	National Procurement arrangements are now embedded and this activity should move to 'business as usual'. Risk can therefore be closed.
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.	Threat	Alan Taylor	07/01/2009	Steering Group delegated detailed discussion to a separate Cultural Audit group on 6/1/2009. That meeting signed off as complete, most of the actions and those outstanding will be moved to other action plans. The risk can therefore be closed.

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

Descriptor	Number	Data from previous report
Total number of entries	46	<b>Previous figure 45</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	42	<b>Previous figure 41</b> Comment as above
Total number of opportunities	4	<b>Previous figure 4</b> Comment as above
Total number of closed entries	25	<b>Previous figure 23</b> Comment as above
Number of 'live' threats	18	<b>Previous figure 19</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	5.53	<b>Previous figure 5.58</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	3	<b>Previous figure 3</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 5.33</b> Scale of 1 to 9 We would tend to want this figure to grow.

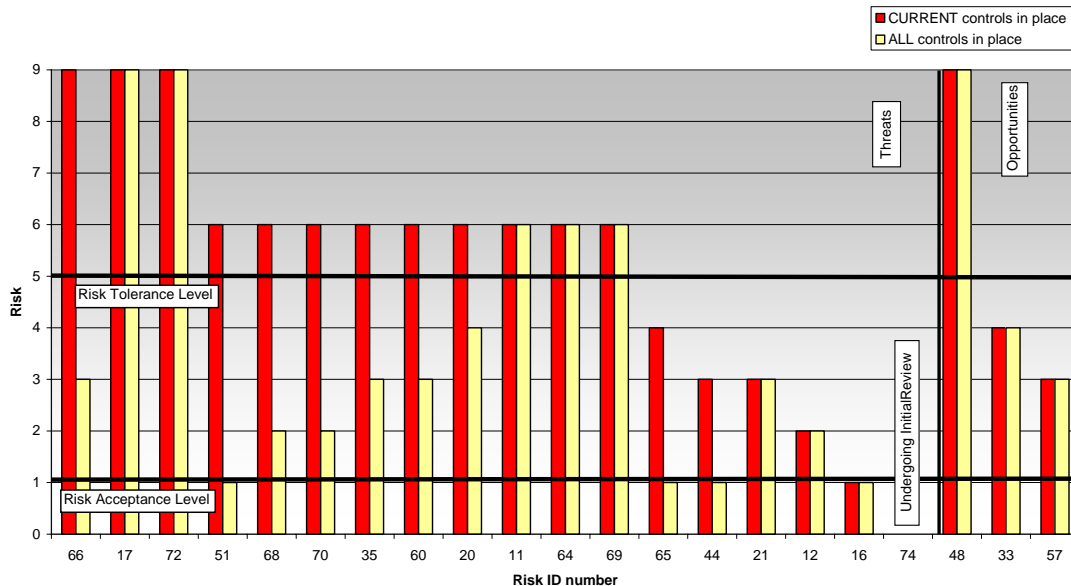
## 9 Graphical representation of the Corporate Risk Register

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.

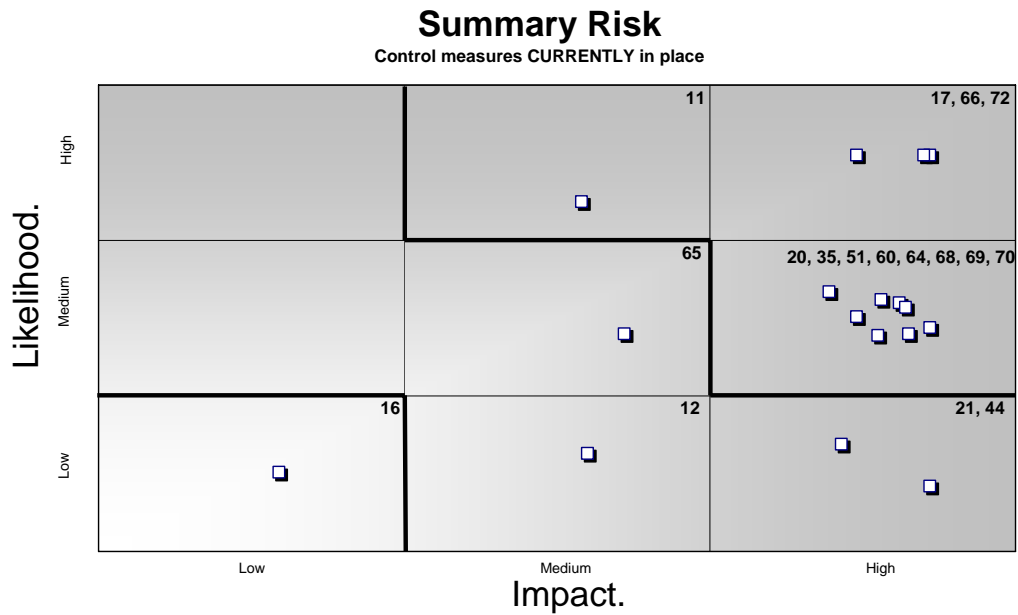
Members should note that, whilst the aim of risk control for 'threats' is to reduce the level of risk, the purpose of risk control for 'opportunities' is actually to increase the likelihood and/or benefit to be gained.

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



**Graph 1 - Risk levels for all 'live' threats and opportunities in the Corporate Risk Register.**

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 threat that is 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.

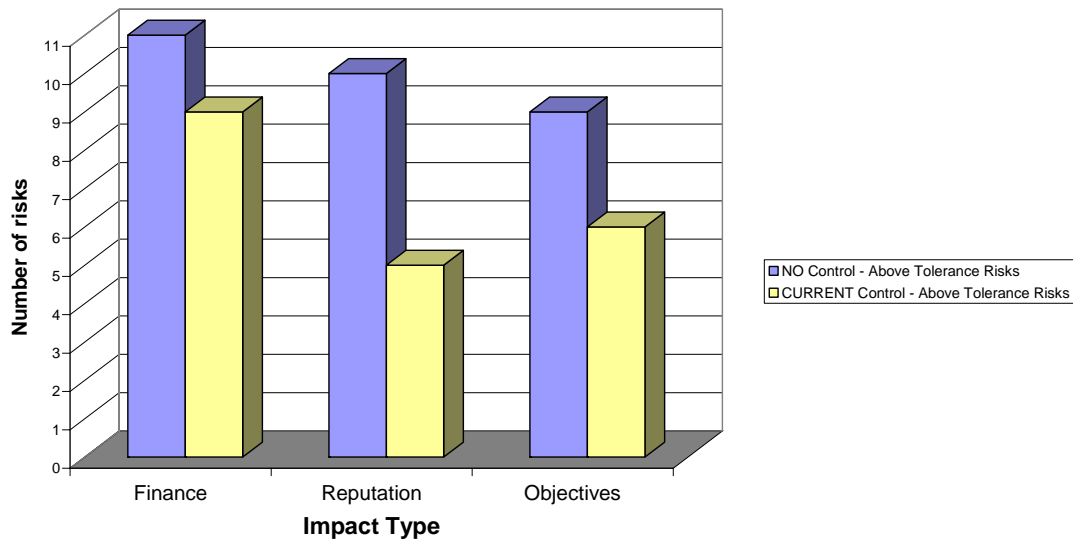


**Graph 2 - Overall risk levels with current levels of control in place**

## 10 Overall Summary

Whilst graphs 1 and 2 show that there are 12 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 to a greater extent than on reputation and service objectives. 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, 66 and 72. Details about these particular risks, including how they are being dealt with, are summarised in the remainder of this section.

**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>	
	Employer Circular 03/08 reported that the Retained Firefighters had been discriminated against under the P/T Workers Regulations. This was reported to the Fire Authority on 30 April 2008.
	Employer Circular 05/08 reported that all sides have agreed to approach the Tribunal to ask for a stay of proceedings until September, whilst informal discussion/negotiation continues. Also will report the outcome from the Treasurers discussions with the other Regional Finance Officers, to clarify what issues would be the subject of negotiation.
	When more information is available on the limitations of any backdated liabilities, the Authority will re-consider the reserves it has allocated to this issue. 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. This should help us to start quantifying the likely impact from this issue.
	Employers Circular 12/08 stated that there would be a further delay until December. CLG-officers say matters are being handled by the Local Government Employers. No further information has come available 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'.



**Figure 2 – Details about 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>
<b>Risk Owner:</b>	Alan Taylor (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:	3
c. CURRENT Controls in place:	9
<b>Actions taken to date:</b>	
<b>February 2008</b>	Initial meeting held with various departmental practitioners, from within the Brigade, which took an overview of the Regional Management Board RCC risk register and previous risks included in the Corporate Risk Register.
<b>May 2008</b>	Report on 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.
	Executive Group's initial meeting to discuss the risks from the RCC project. List of agreed controls, both current and additional required, were captured in the minutes for that meeting. These were developed into a Risk Action Plan (RAP) for this specific risk.
	The Local Authority Controlled Company (LACC) ratified the Initial Staffing Pool (ISP) plan which detailed the timetable and staffing numbers required by each Brigade as they move across to the Regional Control.
<b>July to December 2008</b>	Executive Group have met and discussed progress with the RAP on four separate occasions, since their initial meeting.
	The National Project Team has moved the completion date back to reflect delays in some aspects of the project. Shropshire's implementation date has moved back by 9 months to 14 February 2011.

**Figure 3 – Details about 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>	Alan Taylor (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 2008, during which the initial risk assessment was conducted. A Risk Action Plan (RAP) has been developed for this risk, which captures the risks identified to date.</p>	
<p>The most significant element of risk related to the potential impact on finances, due to level of uncertainty around:</p>	
<ul style="list-style-type: none"><li>- cost of rebuild; and</li><li>- potential costs to be recouped from sale of surplus land.</li></ul>	
<p>The uncertainties around these issues are exacerbated by the impact of the 'credit crunch' and its potential implications on the building trade. To that end, it has now been acknowledged that the sale of any surplus land will not be economically viable and therefore various alternative options are being explored.</p>	
<p>The employing of external consultants to ensure the Fire Authority gets the best value for money from any proposal that progresses through to completion, is seen as one of the most significant control measures.</p>	
<p>Consultation with all interested parties will form an integral part of the ongoing project. This Committee will receive an update on the latest options under consideration during this meeting.</p>	

## **11 Financial Implications**

There are no direct financial implications arising 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 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.

## **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. A Full 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 and Rescue Authority  
Strategy and Resources Committee**

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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	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.	Alan Taylor	Executive Group	Not yet known	Not yet known	Not yet known		Undergoing INITIAL 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	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	Executive Group	9	3	9	26, 32, 47	Review COMPLETED
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.	Alan Taylor	Executive Group	9	9	9		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	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	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	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	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	Alan Taylor	6	3	6	57	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	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	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	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	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	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	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	1		Review COMPLETED
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



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	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