WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

25 MARCH 2013

1. **CORPORATE RISK UPDATE**

    Report of the Chief Fire Officer.

    RECOMMENDED

    THAT the Committee approves the Corporate Risk Assurance Map Summary and notes the Position Statement for each risk.

2. **PURPOSE OF REPORT**

    This quarterly update is provided to ensure Members remain informed about all aspects relating to the management of the Authority's corporate risks.

3. **BACKGROUND**

3.1 Members will recall that at the last meeting of the Audit Committee approval was given to submit the Corporate Risk Management Strategy to Fire Authority for approval. The strategy, which is set out in Standing Order 22/7 was approved at the Fire Authority Meeting of 18 February 2013 and has been published Service wide.

3.2 Corporate risks are those risks which if they occurred would seriously affect the Authority's ability to carry out its core functions or deliver its strategic objectives as set out in The Plan. Currently the Service maintains 11 corporate risks.

3.3 In accordance with the Corporate Risk Management Strategy all corporate risks are periodically reviewed at a frequency which is determined by their individual risk rating. In order to ensure that Members are kept informed of corporate risk matters a quarterly corporate risk update is provided to Members in the form of a position statement (Appendix 2) and assurance summary (Appendix 1) which provides an overview for Members.

3.4 The outcome of the latest review was reported to officers at the Corporate Performance Review meeting 6 February 2013. At this meeting it was confirmed that the overall scores and risk levels remain unchanged.

3.5 The position statement identifies the significant changes made to the corporate risk assurance map. The Corporate Risk Assurance Map is the tool used to assist in the management of each risk and is reviewed by Risk Owners (Directors). The map details:

- the strategic objectives relevant to that risk;
- the current risk rating (score and risk level);
- a description of the events that could lead to the corporate risk being realised;
- the existing range of control measures that are designed to reduce the likelihood of risk realisation or its impact should the risk be realised;
- additional control measures currently being implemented to further reduce the likelihood or impact of risk;
- controls owners who are those responsible for the implementation, review and maintenance of control measures; and
- of assurances opinions awarded as to the effectiveness of each control

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no direct implications arsing from this report.

BACKGROUND PAPERS

Fire Authority meeting, 18 February 2013, agenda item 4, agenda item 12a, Corporate Risk Management Strategy.

Corporate Performance Review meeting papers 6 February 2013.

Audit Committee meeting, 7 January 2013, Agenda Item 4,

The contact name for this report is Phil Hales, Director, Technical and Operational Support, 0121 380 6907.

VIJ RANDENIYA
CHIEF FIRE OFFICER

Please see separate Corporate Risk Summary attached

CORPORATE RISK POSITION STATEMENT JANUARY 2013

Risk 1- The Fire Authority would be unable to maintain the positive engagement of its employees, resulting in an inability to deliver its key priorities and objectives.

Emerging Issues	There are no emerging issues and the overall risk score remains unchanged at 9. The overall risk rating associated with this risk is 'Medium'.
Changes to control measures	There have been no significant changes to control measures.
Assurance updates	Level 1 assurance has been provided for some of the controls within the risk environment. The majority of controls assured have been assigned a green (substantial) rating. To date no red ratings (limited assurances) have been assigned and as such no matters have arisen that require immediate intervention action.

Risk 2 – The Fire Authority would be unable to maintain an effective ICT provision (excluding mobilising and communications), resulting in significant disruption to the organisation's ICT functionality

Emerging Issues	The overall risk score is unchanged at 9. The risk level remains at Medium. ICT has recently seen a reduction of two staff in the Systems Development Team and has been unable to fill temporary jobs in that team. Whilst staffing issues continue, mitigation plans, supported by Corporate Board have been put in place. The success of these is currently being monitored. There are a number of additional control measures currently being implemented across the risk environment. Discussions have taken place with Corporate Board regarding advances in technology and the Service's requirement to meet BuS efficiencies both leading to high demand for ICT services. To this end, the Strategic Head of ICT has provided a report to CB asking them to consider and inform ICT priorities. A two strand approach to identifying priorities has been agreed with two distinct groups (Stream 1: Operations, TOpS and the Academy and Stream 2 all other functions) working with ICT to identify priorities. It is intended that CB will be asked to consider and confirm this approach in February 2013. As part of this work the ICT capacity required based upon current staffing levels, to implement additional risk control measures in order to maintain an effective control environment will be considered.
Changes to control measures	As above, a new additional control has been added to the assurance map to reflect that CB will shortly consider and confirm the ICT prioritisation process (February 2013). The introduction of an ICT priority plan driven by corporate/strategic priorities will reduce the likelihood of risk realisation and ensure that the Service continues to maintain an effective ICT provision. Such a plan should identify Service ICT priorities to be delivered based upon the current staffing model and build in sufficient ICT capacity to implement ongoing and additional risk controls which are required to maintain and strengthen the control environment.
Assurance	A number of level 1 assurances have been provided across the risk environment. To

updates	date no red (limited assurance) ratings have been awarded and as such no matters have arisen that require immediate intervention action

Risk 4 – The Fire Authority would be unable to ensure that proper controls are established whilst working in partnership with other agencies/groups, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.

Emerging Issues	The overall risk score remains at 6. The risk level remains at medium. Following on from a Internal Audit review, which highlighted some potential lapses within the control environment (Inconsistency in use of Service Level Agreements (SLA)/ Terms of Reference, management of risk within partnerships, effectiveness of the partnerships database and compliance with Partnership Standing Order and accompanying toolkit) the Head of Community Safety, in conjunction with SPIRiT has undertaken a review of the arrangements in place to enable the effective governance and management of operations partnerships. The outcomes of this review are yet to be confirmed but a number of actions designed to strengthen the control arrangements and ensure the effective governance of partnerships are currently being implemented and are detailed below.
Changes to control measures	An additional control has been recorded to reflect that a task and finish group, encompassing a range of stakeholders throughout Operations has been commissioned to review and revise the Service's partnerships Standing Order and toolkit. It is intended that the revised arrangements will be communicated service wide by end of May 2013. The Standing Order and toolkit are the mainstay controls in enabling the effective governance of partnerships and will set out the arrangements to ensure that from inception to conclusion all partnerships are managed in line with good practice in this area. Areas covered for example will include the requirement to have in place a terms of reference/SLA which defines the level of approval required, objectives of a partnership, key activities, resource requirements, enables for the identification and management of risks, ongoing evaluation arrangements, performance reporting, monitoring and exit arrangements. Adherence to the revised guidance will ensure that any gaps in our governance arrangements previously identified by the internal auditor are closed. The communication of the revised arrangements will strengthen the control environment against a number of risk triggers reducing the potential for risk realisation. In support of enhancing our governance arrangements in this area, a review of all partnerships maintained upon the partnerships database has been undertaken. As a consequence of this work the amount of ongoing partnerships that are recorded on the system has been reduced to around 70. This work provides assurance that the Service is engaged in partnerships that support the delivery of the Service's Vision and Mission. The lead officer with responsibility for each of these partnerships has been asked to confirm that where appropriate an SLA /Terms of Reference is in place.
Assurance updates	Level 1 assurance has been provided for the majority of controls within the risk environment. No red ratings (limited assurances) have been awarded and as such no matters have arisen that require immediate intervention action

Risk 5 – The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods.

Emerging	There are no emerging issues. The overall risk rating associated with this risk is

Issues	'Medium', generating an overall risk score of 9
Changes to control measures	There have been no changes to control measures during the reporting period. However, in light of a recent Internal Audit into the Service's business continuity arrangements, a small number of recommendations are to be implemented which will improve the Service's arrangements in this area and enhance the control environment. Currently consideration is being given to • Introducing an assessment to demonstrate compliance with the new Business Continuity standard ISO22301 and whether certification of compliance with the ISO standard should be provided internally or by an external provider. • Amending the review frequency of business continuity plans to once a year • Recording the outcomes of business continuity plan reviews. A number of minor amendments will be made, in light of this review, to the Service's Business Continuity Standing Order 1/31.
Assurance Updates	The Internal audit of business continuity arrangements provided for a satisfactory assurance (amber rating) at level 3, implementation of the recommendations contained within should enable for the substantial assurance (green) to be achieved. Level 1 assurance has been provided for some of the controls within the risk environment. No red ratings (limited assurances) have been awarded and as such no matters have arisen that require immediate intervention action.

Risk 6 – The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively, using appropriate levels of resource and personnel.

Emerging Issues	The overall risk Score remains unchanged at 8 and the risk remains at Medium.
Changes to control measures.	There have been no changes to control measures.
Assurance Updates	A number of level 1 assurances have been provided across the risk environment. To date no red (limited assurance) ratings have been awarded and as such no matters have arisen that require immediate intervention action.

Risk 7 – The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective key assets, such as buildings and vehicles.

Emerging Issues	The overall risk score remains unchanged at 6. The risk level remains at Medium.
Changes to control measures	In order to ensure the effective and efficient use of land and buildings, the Authority has in place a Property Asset Management Plan. The plan sets out the property asset position and property priorities over the next five years and is designed to support and enable West Midlands Fire Authority to deliver its legislative requirements, objectives, strategies and plans. The 2013/14 plan will be submitted for Authority approval in February 2013. Subject to approval, the plan will support the reduction of risk realisation as a consequence of strengthening the control environment around the triggers of building stock not being fit for purpose or located in the areas that do not allow for the effective delivery of service delivery objectives. There has been some slippage in the planned security review of Service buildings undertaken by Sandwell MBC. The Facilities Manager has agreed the corrective action to be taken with the service provider and it is planned that the programme of review will be back on schedule by September 2013. This corrective action will ensure that the Service does not become exposed to increased risk as a consequence of its buildings not being secure. A proposed vehicle replace programme will be submitted to the Authority at its February meeting. The proposed investment will ensure that the vehicle fleet remains efficient and effective strengthening the control environment and reducing the potential for risk realisation as a consequence of insufficient or ineffective vehicles.
Assurance Updates	Level 1 assurance has been provided across the majority of controls. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.

Risk 8 – The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively due to a lack of funding or the misuse of funds e.g. fraudulent activity.

Emerging Issues	The risk score remains at 9. The overall risk level is Medium.
Changes to control measures	Despite the grant reduction within the 2013/14 finance settlement being below the national average reduction, the trigger to risk realisation associated with reduced central funding has been amended to reflect that Government grant funding is likely to reduce beyond the current comprehensive spending review (CSR) period and into future years. The current range of controls in place to prevent risk realisation are adequate, however given the extended timeframe for reduced funding the Service will continue to review the range of controls beyond the current CSR period. A control measure has been added to reflect that control in respect of risk realisation as a consequence of fraudulent activity is provided by the internal audit strategy and annual plan. As well as undertaking a planned programme of testing of our key financial systems and other internal controls, specific provision is made within the plan to undertake counter fraud activity.
Assurance updates	A number of Level 3 assurances have been provided as part of the external auditors 2011/12 audit year work. Green (substantial) assurances have been provided against the controls detailed below, following the Auditor issuing the value for money

	conclusion details of which are set out in the Annual Governance Report.
	 • Medium and long term financial plan • BuS programme • Value for money strategy • General balances Level 1 has been provided across the majority of the control environment. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.

Risk 9 – The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of insufficient or ineffective employees.

Emerging Issues	The overall risk score is unchanged (9) and the risk level remains at Medium.
Changes to control measures	Despite the grant reduction within the 2013/14 finance settlement being below the national average reduction, the period of grant reduction is likely to be ongoing beyond the current comprehensive spending review (CSR) period. Continual ongoing reductions in funding may mean that the Service is required to consider alternative approaches, beyond the current level of approaches in place, in order to continue to balance its budget. This has been reflected on the assurance map and a new trigger added 'insufficient funding leading to widespread redundancies'. The controls in place to reduce the potential for risk realisation associated with this trigger have been added to the assurance map and include • Director's continued commitment to organisational review and redesign (service support and delivery) beyond the life of BuS • Workforce planning
Assurance updates	A number of Level 1 assurances have been provided across the control environment. To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required. As a consequence of achieving the Investors in People (IIP) standard it is likely that an independent, external assurance (level 2) across a range of controls detailed on the risk log will be achieved. Work is ongoing to determine the assurances offered by IIP.

Risk 10- The Fire Authority would be unable to manage its responsibilities under the Regulatory Reform (Fire Safety) Order and associated legislation, resulting in a decline in non domestic fire safety standards or legal action being taken against the Authority.

Emerging issues	The overall risk score has been maintained at its current level of 6. The risk rating is Medium. The Risk Based Inspection Programme (RBiP) is a key control in preventing the realisation of risk as a consequence failure to inspect premises on a risk appropriate basis. Additional enhancements have been proposed to RBiP which will enable for a more risk focussed approach to inspection. The priority to be given to this work is currently being considered by the TOpS management team. Should this enhancement work be included on the TOpS ICT priority plan it will be considered by Corporate Board as part of a wider report produced by the Strategic Head of ICT in which CB will consider and identify ICT priorities.

Changes to control measures	An amendment has been made to the control measure concerning staff establishment to reflect that CB has recently confirmed that the Fire Safety establishment at 66 officers.

An additional control measure has been added to reflect the decision to relocate Fire Safety Staff FHSQ base by June 2013. The Strategic Head of Fire Safety will continue to monitor establishment levels in light of this additional work to ensure the establishment level is maintained. This compliments the ongoing location independent work. The ICT equipment required to support location independent working have been identified and confirmed with ICT.

The Service has trained a number of operational officers who are now undertaking Fire Safety inspections this provides additional resilience to the Service. This has been reflected on the assurance map as a preventative control designed to control risk realisation as a consequence of having insufficient officers to undertake audit and enforcement activity. Similarly out of office Fire Safety cover is provided by command group officers as part of flexible duty rota. The number of flexi duty officers could potentially be reduced. The Strategic Head of Fire Safety will monitor and evaluate the impact of this decision to ensure that this control continues to be effective. This has been reflected on the control measure.

A training needs analysis of Command Group Officers is currently ongoing to determine the training requirement to ensure Command Officers are trained to a Fire Safety Adviser level. It is anticipated that the first Command Group training will be delivered by April 2013. This has been reflected as an additional control. |
| Assurance updates | Level 1 assurance has been provided across the majority of controls. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. |

Risk 11 – The Fire Authority would be unable to maintain its command and control function, resulting in an inability to receive process and respond to emergency calls effectively.

Emerging Issues	The overall risk score remains at 8 (Medium).

In order to test evacuation arrangements, two recent Fire Control evacuation exercises have been undertaken. These exercises which involved staff decanting to secondary Fire Control, were successful with no significant improvements being identified.

A fully functional, efficient and effective Secondary Control is essential to maintaining the command and control function in the event of an evacuation of Fire Control being required. An annual testing regime at secondary Fire Control is to be established. Initially testing will focus on the Uninterrupted Power Supply (UPS) and generators. Testing will take place in February 2013. |
| Changes to control measures | A number of controls have been added to more accurately reflect the control environment in place to manage risk realisation as a consequence of the failure of the ICT based command and control mobilising system in Fire Control.

A testing strategy is to be introduced to ensure that communication methods between Fire Control and other FRS' are efficient and effective

A Review of incident room functionality has been undertaken and revised procedures have been developed. This will strengthen the control environment and enhance |

	arrangements in place should Fire Control experience increased call volume spate conditions. The fallback resilience arrangements for communicating with Fire Stations are currently under review. This will determine the most efficient arrangements for contacting stations in the event of landline failure.
Assurance updates	Level 1 assurance has been provided across the majority of the control environment with a substantial (green rating) has been provided for much of the controls. To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required.

Risk 13 – The Fire Authority suffered a significant health, safety or environmental failure, resulting in a legal challenge and/or litigation

Emerging Issues	None. The overall risk score is 6 and the risk level remains at Medium. The potential for risk realisation as a result of a Health and Safety (HSE) Fee For Intervention (FFI) has been considered by the Strategic Advisory Group. FFI is HSE's cost recovery regime implemented from 1 October 2012, under regulations 23 to 25 of The Health and Safety Fees Regulations 2012. These Regulations put a duty on HSE to recover its costs for carrying out its regulatory functions from those found to be in material breach of health and safety law. Duty holders who are compliant with the law, or where a breach is not material, will not be charged FFI for any work that HSE does with them Following assessment it has been determined that the potential for FFI will not in this risk score being raised. This is based upon intelligence received to date which indicates that • HSE activity is currently concentrated on private bodies as opposed to public bodies. • As yet there are no examples of unannounced FFI taking place within public bodies. • A material failing resulting in for example the issue of a prohibition notice or improvement notice as a result of FFI would need evidence of significant Organisational failing. Given the current levels of control in place – essentially a dedicated H&S function supported by established systems, structures, procedures, processes and culture the Service is controlling this foreseeable risk effectively. • Examples of costs incurred to date by other organisations would not be significant enough to impact upon risk associated with unplanned costs. FFI may be an opportunity to provide an external level 2 assurance of our control environment, so as such this process should be nothing for the Service to fear. The Safety, Health and Environment Team will continue to monitor FFI developments and given the scope of FFI it is appropriate to raise the profile of it throughout the Service – this has been reflected on the assurance map.
Changes to control measures	As stated above an additional control measure has been added to reflect the activities undertaken in support of raising awareness of FFI. A new control has been added to reflect that the Service has in place a Crisis Management Plan (Standing Order 19/11) to ensure the effective and efficient management of fatal or serious safety events and HSE visits.

Assurances updates	Level 1 assurance is to be provided across the control environment by February 2013. To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required.