

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

27 NOVEMBER 2023

1. CORPORATE RISK UPDATE

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT Audit and Risk Committee approve the Corporate Risk Summaries (Quarter 1 2023/24, Appendix 1 and Quarter 2 2023/24 Appendix 2) and note the management of Corporate Risk. In particular, the addition of a new risk Matrix and risk scoring.
- 1.2 THAT Audit and Risk committee approve the removal of the Prevention Corporate Risk 3.2.

3.2 The Fire Authority is unable to establish effective partnership arrangements and deliver community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.

2. PURPOSE OF REPORT

This update covers a six-month period and is provided to ensure Members remain informed about all aspects relating to the management of the Authority's Corporate Risks. It covers Quarter 1 2023/24 and Quarter 2 2023/24.

3. BACKGROUND

- 3.1. This report includes the Corporate Risk Summary for Quarter 1, 2023/24 and Quarter 2 2023/24 in addition, it provides an update on the management of Corporate Risk.
- 3.2. Corporate Risks are those risks which if they occurred would seriously affect the Authority's ability to carry out its core function or deliver its strategic objectives as set out in 'Our Plan'. Currently, the Service maintains eight Corporate Risks, some of which have more than one element.
- 3.3. Each Corporate Risk is assigned to a risk owner, who is a member of the Strategic Enabling Team (SET). The risk owner has the

overall responsibility for monitoring and reviewing the progress being made in managing the risk.

- 3.4. To enable for effective risk management, the risk owner will review and assesses each Corporate Risk monthly. A report is subsequently submitted to SET on a quarterly basis.

- 3.5. The review and the estimated risk rating undertaken is based on likelihood multiplied by impact. This quarter has seen the introduction of the new risk matrix as shown below.
- 3.6. The likelihood is a measure of probability of a given risk occurring using a scale of 1 (low) to 5 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 5 (high).

RISK MATRIX

		Impact				
Likelihood		Negligable	Minor	Moderate	Critical	Catastrophic
	Remote	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost Certain	5	10	15	20	25

■ = Risk Appetite
 ■ = Risk Tolerance
 ■ = Unacceptable Risk

Risk Appetite will be awarded Green confidence which is the highest level that can be awarded.

Risk Tolerance will be awarded Amber confidence In all cases, work is in progress to enable for a green rating to be attained.

Unacceptable Risk will be awarded Red confidence in all cases work is progress to enable for an amber/green rating to be obtained.

- 3.7. In undertaking a review of the Corporate Risks, the risk owner will consider the following: -
- The direction of travel of the risk
 - The overall confidence that the risk owner has in the risk being realised. This is a professional judgement as to the risk owner's confidence in the control environment
 - The current risk scores (Likelihood and Impact)
 - Any issues that have emerged during the previous month
 - Any forthcoming changes that may emerge that could affect the risk

- Any changes to the control measures that are in place which are designed to reduce the likelihood of risk realisation, or its impact should the risk be realised
 - The requirement for additional control measures to further reduce the likelihood or impact and strengthen the control environment
 - Any interdependencies with other Corporate Risks
 - The recommended risk score rating
- 3.8. As part of the review the risk owner has to consider the risk score and rating and updated the summary sheet. The risk owner has provided assurance that the control measures identified are still effective in the management of the risk and identified whether any new risk events or controls have been implemented or are required.
- 3.9. Where ongoing additional controls are being implemented, risk owners have confirmed the progress in implementing such controls. Risk has been transferred from an Excel document to our 3PT project management system, which is working very well. We are also now reporting risks live month by month and no longer reporting retrospectively which is a significant improvement and means recording and reporting are both more accurate and readily available.

4. **QUARTER 1 2023/24 (April, May, June)**

- 4.1. The Corporate Risk Assurance Map Summary for Quarter 1 is attached as **Appendix 1**. It provides the confidence levels of the risk management activity in respect of the Authority's 8 Corporate Risks. It should be noted that some risks have more than one element, providing an update on 16 elements of the risks. The following is the status at the end of Quarter 1 (June 2023).
- 4.2. A summary of the changes in Risk Scores is shown below:
- Risks within Appetite (Green) = 11
- Risks within Tolerance (Amber) = 5
- Unacceptable Risks (Red) = N/A

- Corporate Risks 1.2, 2.1, 2.2, 2.3, 3.2, 3.3, 4.1, 5.1, 5.2, 8.1 and 8.2 were awarded a **Green** confidence (within appetite) which is the highest level that can be awarded.
- Corporate Risks 3.1, 6.1, 7.1, 7.2 and 7.3 were awarded **Amber** confidence (within tolerance). In all cases, work is in progress to enable for a green rating to be attained.
- There were no Corporate Risks awarded **Red** (Unacceptable)

4.3. Increase/Decrease in Overall Corporate Risk Score

During Quarter 1 there was a decrease in 7 Risk scores.

- **2.1** – The risk score has reduced from a rating of 9 which is within risk tolerance to a risk rating of 3 which is now within risk appetite level
- **3.2** – Risk Score reduced from a 9 which is within risk tolerance to a risk rating of 6 which is now within risk appetite level
- **3.3** – Risk Score reduced from 4 to 2 both within risk appetite level
- **5.1** – Risk Score reduced from 8 which is within risk tolerance to a risk rating of 6 which is now within risk appetite level
- **6.1** – Risk Score reduced from 12 which is within Risk tolerance rating to a risk rating of 8 which remains within Risk Tolerance level
- **8.1** – Risk Score reduced from 9 to which is within risk tolerance to a risk rating of 4 which is now within Risk Appetite level
- **8.2** – Risk Score reduced from 6 to 4 with both within Risk Appetite level

4.4. During Quarter 1, (April – June 2023) there was no change to 9 Risks

- **1.2** – Risk Score remained at 6 within Risk Appetite level
- **2.2** – Risk Score remained at 6 within Risk Appetite level
- **2.3** – Risk Score remained at 6 within Risk Appetite level

- **3.1** – Risk Score remained at 9 within Risk Tolerance level
- **4.1** – Risk Score remained at 4 within Risk Appetite level
- **5.2** – Risk Score remained at 6 within Risk Appetite level
- **7.1** – Risk Score remained at 12 within Risk Tolerance level
- **7.2** – Risk Score remained at 9 within Risk Tolerance level
- **7.3** – Risk Score remained at 12 within Risk Tolerance level

5. **QUARTER 2 2023/24 (July, August, September)**

5.1. The Corporate Risk Assurance Map Summary for Quarter 2 is attached as Appendix 2. It provides the confidence levels of the risk management activity in respect of the Authority's 8 Corporate Risks. It should be noted that some risks have more than one element, providing an update on 16 elements of the risks. The following is the status at the end of Quarter 2 (September 2023).

5.2. A summary of the changes in Risk Scores is shown below:

Risks within Appetite (green) = 8

Risks within Tolerance (amber) = 8

Unacceptable Risks (red) = N/A

- Corporate Risks 1.2, 2.2, 2.3, 3.2, 3.3, 4.1, 5.1, and 8.2 were awarded a **green** confidence (within appetite) which is the highest level that can be awarded.
- Corporate Risks 2.1, 3.1, 5.2, 6.1, 7.1, 7.2, 7.3 and 8.1 were awarded **amber** confidence (within tolerance). In all cases, work is in progress to enable for a green rating to be attained.
- There were no Corporate Risks awarded **red** (Unacceptable)

5.3. **Increase/Decrease in Overall Corporate Risk Score**

During Quarter 2, (July- Sept 2023) there was a decrease in 2 Risk scores.

- **1.2** - the risk score has decreased from a rating of 6 which is within Risk Appetite to a risk rating of 3 remaining within risk appetite

- **3.3** - the risk score has decreased from a rating of 4 which is within Risk Appetite to a rating of 2 which remains within Risk Appetite

5.4. During Quarter 2, (July – Sept 2023) there was an increase in 4 Risk scores.

- **2.1** - the risk score has increased from a rating of 3 which is within Risk Appetite to 12 which is now within Risk Tolerance
- **5.2** - the risk score has increased from a rating of 6 which is within Risk Appetite to a rating of 9 which is now within Risk Tolerance
- **8.1** - the risk score has now increased from a rating of 4 which is within Risk Appetite to a rating of 12 which is within Risk Tolerance
- **8.2** - the risk score has now increased from a rating of 4 which is within Risk Appetite to a rating of 6 which remains within risk appetite

5.5. During Quarter 2, (July – Sept 2023) there was no change to 10 Risk scores.

- **2.2** – Risk Score remains at 6 within Risk Appetite
- **2.3** - Risk Score remains at 6 within Risk Appetite
- **3.1** – Risk Score remains at 9 within Risk Tolerance
- **3.2** - Risk Score remains at 6 within Risk Appetite
- **4.1** – Risk Score remains at 4 within Risk Appetite
- **5.1** – Risk score remains at 6 within Risk Appetite
- **6.1** - Risk score remains at 8 within Risk Tolerance
- **7.1** - Risk score remains at 12 within Risk Tolerance
- **7.2** - Risk score remains at 9 within Risk Tolerance
- **7.3** – Risk Score remains at 12 within Risk Tolerance

6. **CORPORATE RISK STATEMENT SUMMARY**

6.1. **Corporate Risk 1.2, External (Political and Legislative Environment)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.1.1. In Quarter 1 Unison had asked their members to ballot for Industrial Action (IA) and although there would have been an impact on the service had good and effective plans in place through Business Continuity Planning and impact to the external environment was deemed to be minimal, the Industrial Action did not go ahead.
- 6.1.2. In Quarter 2 the likelihood of the risk occurring had decreased due to the increase in partnership activities such as the Tri-Service (three Chiefs) meeting that has not yet taken place.

6.2. **Corporate Risk 2.1, People (Positive staff engagement)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.2.1. In Quarter 1 Unison had balloted their members for strike action and, whilst the majority voted in favour of strike action, the overall engagement in the ballot meant that there was no mandate to strike. This meant that Business Continuity Planning was stood down with all learning being captured and stored for future processes.
- 6.2.2. Ongoing discussions with representative were reported as positive and there was progress being made across a number of areas. For example, Risk based crewing. There was an acknowledgement that effective communication and engagement helped to build and continues to maintain positive relations.
- 6.2.3. In Quarter 2 (August) collective grievances were submitted by both Fire Officers' Association and Fire Brigades' Union, both of which were responded to. Fire Officers' Association accepted the outcome and at present have not raised an appeal. However, Fire Brigades' Union have appealed the decision and remain firm in their view of the situation.

6.3. **Corporate Risk 2.2, People (Insufficient or ineffective employees)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.3.1. During Quarters 1 & 2 there was minimal activity to report, and the risk score remained the same as a result.

6.4. **Corporate Risk 3.1, Prevention (Engagement with Community)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.4.1. In Quarter 1 The long waiting list for people who have multiple and complex needs who require the support of a Complex Needs Officer (CNO) continued to be an issue.
- 6.4.2. There was a system issue that had been identified however that was rectified making it easier to get a clear idea of the scale of the issue. Prevention Team are working on mitigation plan.
- 6.4.3. Also there was an action plan developed to manage Safe and Well To-do lists on stations. There were 5,500+ referrals on the system. Following a focussed effort by Ops crews this was reduced to below 3,000.
- 6.4.4. In Quarter 2 The Home Safety Centre had reduced the inbox to Zero and this has been maintained. The Home Safety Centre is now working on assisting crews to make appointments from the station to-do-lists

6.5. **Corporate Risk 3.2, Prevention (Partnership arrangements)**

The risk owner reported the following during Quarters 1 and 2: -

- 6.5.1. In Quarter 1 The risk to partnerships had been reported to have decreased over a long period, mainly as there are now very few formal partnership arrangements in place. It was recommended to disestablish this risk and incorporate it under corporate risk 3.1 a report will be submitted to support this.
- 6.5.2. In Quarter 2 there was no change to the Risk Score and there was no further detail to report.
- 6.5.3. It is requested that the Audit and Risk Committee approve the removal of this risk 3.2.

This Corporate Risk was established 10-15 years ago when there was the potential for the service to have significant liability related to grant funding and the delivery of projects that were externally funded and/or required match funding. At this time Local Area Agreements were in operation and there were significant amounts of regeneration and European funding available that the service was able to access. This is no longer the case and therefore it is proposed that there does not need to be a separate Corporate Risk.

It is proposed that risks associated with effective partnership arrangements are incorporated into Corporate Risk 3.1. and managed as a new risk trigger 3.1.7. stating: Partnership arrangements are not effective in delivering community outcomes, resulting in a significant impact upon the organisation's financial standing, reputation and ability to deliver key objectives.

6.6. **Corporate Risk 3.3, Prevention**

The risk owner reported the following during Quarters 1 and 2: -

- 6.6.1. In Quarter 1 The risk score had decreased, this was because we had recently started to implement the FI Quality Management system in preparation for submission for ISO accreditation. There was also significant support in place from neighbouring Police Forces and the Forensic Regulator to indicate that we are making good progress towards accreditation.
- 6.6.2. In Quarter 2 The ISO Quality Management System was reported to have been operational for 4 months and was proving to be effective in managing risk and processes. The Audit and non-conformance procedures are both now live awaiting authorisations. It was also reported that the peer review system had been operational for 10 months and was proving effective.

6.7. **Corporate Risk 4.1, Protection**

The risk owner reported the following during Quarters 1 and 2: -

- 6.7.1. In Quarter 1 and 2 there was minimal information recorded and the risk scoring remained the same for both quarters.

6.8. **Risk 5.1, Response (Operational)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.8.1. In Quarter 1 An Incident Command Project was established following the Level 2 Assurance Review of our Incident Command (IC) function/capability. This included the review and revision of policies, structures, systems and processes to enable the assertive, effective and safe resolution of incidents.
- 6.8.2. In Quarter 2 Risk based crewing went live at the 3 multi pump stations (Highgate, Coventry, Walsall) and this was confirmed to ensure that we can proportionately resource to the risk.

6.9. **Corporate Risk 5.2, Response (Fire Control)**

The risk owner reported the following during Quarters 1 and 2: -

- 6.9.1. In Quarter 1 the risk score remained the same with nothing significant to report.
- 6.9.2. In Quarter 2 Ongoing performance issues with the Command & Control System (Vision 4) were reported and they had the potential to slow down our ability to mobilise appliance within 80 seconds (PI1a). There were also a number of priority issues that were being investigated by the supplier.

6.10. **Corporate Risk 6.1, Business Continuity & Preparedness**

The risk owner reported the following during Quarters 1 and 2: -

- 6.10.1. In Quarter 1 UNISON, balloted for Industrial Action with a closing date of the 4th of July. The outcome of the ballot was that they did not reach the required 50% threshold (43.5%), meaning they did not have a mandate to take industrial action.
- 6.10.2. WMFS then undertook an impact assessment to determine any likely foreseeable impacts that may arise from UNISON members entering into strike action with mitigation plans in place.
- 6.10.3. In Quarter 2 The Minimum Service Levels Bill (now Act) received Royal Assent on 20 July 2023. The new law allows regulations to be laid that will enable minimum service levels to be applied in six key sectors: health services; fire and rescue services; education services; transport services; decommissioning of nuclear installations and management of radioactive waste and spent fuel; and border security.
- 6.10.4. This means that once regulations are in place for these sectors, then in the event of future strike action, employers that provide the services set out in the regulations will be able to issue work notices to specify the workforce required and the work to be done in order to meet the minimum service level. The union that has called the strike action must take reasonable steps to ensure that

their members who are listed on the work notice comply with that notice.

6.10.5. There is a view that we are heading towards further rounds of pay negotiation in 2024/25 (grey book), and ongoing focus on areas such as pensions detriment, as well as local changes in the coming years, it is felt reasonable to say that medium term further industrial action is likely and there for the risk score and rag rating for 6.1 likely is to move from a Risk Score of 8 which is Amber within Risk Tolerance level to a Risk Score of 12 Amber which remains within Risk Tolerance level

6.11. Corporate Risk 7.1, Digital and Data (Provide and support ICT)

The risk owner reported the following during Quarters 1 and 2:-

6.11.1. In Quarter 1 the risk score remained the same with nothing significant to report.

6.11.2. In Quarter 2 Ongoing discussions with SSS indicated that there would be a need to maintain status quo when windows operating system was updated, and we would continue to support our C&C and ICCS systems. Upgrades to these two systems are planned to be implemented in 2024/25. This is due to SSS capacity to upgrade these for us in year. Timeline for implementation of UKG replacing SMART has been agreed in principle for Jan 2024.

6.12. Corporate Risk 7.2, Digital and Data (Management of information)

The risk owner reported the following during Quarters 1 and 2: -

6.12.1. In Quarter 1 the risk score remained the same with nothing significant to report.

6.12.2. In Quarter 2 there was some issues highlighted around ongoing data breaches and complex Freedom of Information (FOI) and there was also some progress on the ongoing upskilling and improving confidence in dealing with complex issues as people were embedded into new roles.

6.13. Corporate Risk 7.3, Digital and Data (Cyber Security)

The risk owner reported that during Quarter 1 and 2: -

- 6.13.1. In Quarter 1 the risk score remained the same with nothing significant to report.
- 6.13.2. In Quarter 2 it was reported the status around cyber security remained the same with a positive trajectory along with the planned update of the window 12 operating system which was due to be completed by 31st October 2023.

6.14. **Corporate Risk 8.1, Finance & Assets (Funding)**

The risk owner reported the following during Quarters 1 and 2: -

- 6.14.1. In Quarter 1 The provisional Out-turn position for 2022/23 was presented to SET on 29th May. By releasing funding, predominantly from the Insurance Reserve, the pay award impact above the 2% pay award assumption has been accommodated and a number of other funding priorities in the current year were also able to be dealt with by creating a number of new Earmarked Reserves.
- 6.14.2. A report was submitted to SET and subsequently to JCC proposing the extension of Risk Based Crewing to multi-pump and late Stations. This would be the most significant contributor to the Authority's efficiency target of £1.9M which needs to be met in the current year.
- 6.14.3. In Quarter 2 Insufficient funds means that we are in the process of budget setting for 2023/24, so will be able to provide more assurance later in the year. As earmarked reserves have reduced, and there are increasing capital & revenue pressures.

6.15. **Corporate Risk 8.2, Finance & Assets (Financial management)**

The risk owner reported the following during Quarters 1 and 2:-

- 6.15.1. In Quarter 2 The Annual Whistleblowing report was submitted to the Audit and Risk Committee on 19th June, along with the potential for future ICT security breaches and the possibility of inappropriate acts by employees.
- 6.15.2. In quarter 2 Additional work is required around the misuse use of funds to improve monitoring & forecasting so that relevant information is presented timely & corrective action can be taken as required.

7. **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 do not relate to a policy change.

8. **LEGAL IMPLICATIONS**

There are no direct legal implications associated with the implementation of the recommendations set out in this report.

9. **FINANCIAL IMPLICATIONS**

There are no financial implications associated with the implementation of the recommendations set out in this report.

10. **ENVIRONMENTAL IMPLICATIONS**

There are no specific environmental impact of this report, as it does not relate to a policy change.

BACKGROUND PAPERS

- Corporate Risk Update to Audit Committee Qtr 3 & 4
- Appendix 1 Assurance Map Qtr 1
- Appendix 2 Assurance Map Qtr 2
- Audit and Risk Committee Report 19 June 2023

The contact for this report is Head of Portfolio Marc Hudson, telephone number 07973 810139

Wayne Brown
CHIEF FIRE OFFICER