

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

19 JANUARY 2015

1. **CORPORATE RISK UPDATE QUARTER 2 - 2014/15**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approves the Corporate Risk Assurance Map Summary (Appendix 1) and notes the quarter 2 Position Statement (Appendix 2) 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 In accordance with the Service's risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit Committee on a quarterly basis, following its submission and discussion at the Quarterly Performance Review Meeting.
- 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 Each corporate risk has assigned to it 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 periodically undertake an assessment of each corporate risk. The frequency of this review will be based upon the estimated risk rating undertaken on the basis of likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1(low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

	HIGH RISK - periodic review every 6 weeks
	MEDIUM RISK - periodic review every 3 months
	LOW RISK - periodic review every 6 months
	VERY LOW RISK - periodic review every 12 months

- 3.5 In order to ensure that Members are kept informed of corporate risk matters the overall Corporate Risk Assurance Map Summary (Appendix 1) and a Position Statement (Appendix 2) are attached.
- 3.6 In undertaking a review of corporate risks, the Risk Owner has reviewed the Corporate Risk Assurance Map. The Assurance Map provides details of:-
- the strategic objectives and performance indicators relevant to the risk.
 - the current risk score.

- a description of events that could lead the corporate risk to be realised.
- the control measures in place 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.
- Control Owners who are responsible for the implementation, maintenance and review of individual control measures.

- 3.7 As part of the review the Risk Owner has considered the risk score and rating and updated the Assurance Map. The Risk Owner has provided assurance that the control measures identified are still effective in the management of risk and identified whether any new risk events or controls have been implemented or are required.
- 3.8 Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.
- 3.9 The Position Statement attached as Appendix 2 provides the detail of the risk management activity undertaken or ongoing in respect of Authority's eleven Corporate Risks for quarter 2 of 2014/15. The overall risk rating and scores remain unaltered this quarter when compared to the previous quarter. The Level of Risk Owner confidence in the effectiveness of the Service's risk management and control environment remains high with the following confidence opinions being awarded.
- Corporate Risks 1, 4, 7, 8, 9, 10, 11 and 13 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.

- Corporate Risks 2, 5, 6 and have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- No red (limited) confidence opinions were awarded.

Significant Changes to Risk Control Environment

- 3.10 In respect of the effective governance of partnerships (Corporate Risk 4), the assurance map has been amended to recognise the Services commitment to safeguarding vulnerable people. Training is to be provided to all personnel to raise awareness and enhance the effective management of partnerships.
- 3.11 A cross functional group has been commissioned to review the partnership strategy and toolkit. As part of this work there is a requirement to identify and implement the processes to ensure that all partnerships are supported by a Service Level Agreement/Terms of Reference and arrangements are in place to manage risk. This is reflected on the assurance map as an additional control. The Head of Community Safety is currently considering whether this work is required, as it may be that the Service's recent re-structure which provides localised specialist partnership officers is more appropriate to supporting the effective governance, management and delivery of effective partnerships. As a result of a recent Serious Case Review, work is ongoing to evaluate the need for further measures to strengthen the control environment around this particular risk.
- 3.12 In terms of the effective management of operational incidents (Corporate Risk 6), following a sample audit of around 2,500 of the Service's 43,000 water hydrants, it was discovered that around 9% of the sample could not provide water. A number of other maintenance/ low level repair issues were also discovered. A possible reason for this level of degradation may be as a result of moving away from the station based personnel testing programme of hydrants, primarily as a consequence of changing legislation.

- 3.13 Currently an approach to resolving this issue is being considered by the SET and will take into account the risk posed by a perceived total failure rate of approximately 10%, against the demand for hydrants (how often are augmented supplies required) and the level of resilience provided by the current amount of hydrants in the West Midlands which, in general, far exceed the hydrant standards set out in best practice guidance.
- 3.14 Whilst the Authority still manages its budget and accounts in such a way that provides for an unqualified financial opinion and recognition through the value for money conclusion, the external auditors have recognised the continued challenge presented by the Government funding cuts agenda. To date the Authority has managed to maintain and improve its delivery mode and balance its budget despite a £21M (26%) cut in grant funding. It is likely that grant funding will be cut by around £15m over the next 3 years. This means the Service will have to continue to challenge its whole business model and structure in order to maintain its commitment to the community set out in its Plan to deliver a risk based 5 minute attendance standard for its most serious emergencies, whilst delivering a balanced budget (Corporate Risk 8).
- 3.15 In respect of HS2, a report on this matter was submitted to Executive Committee on 20 January 2014. The Service continues to monitor this matter closely and is in negotiation with representatives from HS2 regarding specific issues relating to the construction phase of the HS2 project. The risks (and controls) present are reflected on the risk log.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out.

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.

[IL1: PROTECT]

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit of Risk Management, June 2014.

The contact officer for this report is Deputy Chief Fire Officer, Phil Hales, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER