WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

7 JANUARY 2013

1. **CORPORATE RISK REGISTER**

   Report of the Chief Fire Officer.

   RECOMMENDED

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

2. **PURPOSE OF REPORT**

   Members are asked to approve the Corporate Risk Assurance Map risk ratings and note the Position Statement which details the work undertaken in support of the management of each of the Service's Corporate Risks.

3. **BACKGROUND**

3.1 In accordance with the Service's risk management strategy, the Corporate Risk Assurance Map is submitted for approval by the Audit Committee on a quarterly basis, following its submission and discussion at the Corporate 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. The Corporate Risk Assurance Map summary provides a description of each risk and an overview of its risk rating (scores and level). This is attached as Appendix 1.

3.3 Each Corporate Risk has assigned to it a Risk Owner. The Risk Owner is the person with overall responsibility for monitoring and reviewing the progress being made in managing the risk. In relation to Corporate Risk the Risk Owner is a member of Corporate Board.

3.4 In support of 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). This review will be undertaken in accordance with the following schedule.

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 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 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.
- Control owners who are responsible for the implementation, maintenance and review of control measures.

3.6   As part of the review the Risk Owner has considered the risk rating and updated the Assurance Map to ensure the currency and accuracy of information. 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. Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.

3.7   The review process has concluded and a Position Statement has been produced. The Position Statement provides an overview for Members of the outcome of the review and details amendments, changes and additions to the Corporate Risk Assurance Map. The Position Statement is attached as Appendix 2 and confirms that Risk Owners have determined that the risk rating awarded to all 11Corporate Risks remains unchanged from last quarter.

3.8   Members of the Audit Committee received awareness training on the Service's approach and strategy for managing Corporate Risk on 26 November 2012.

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 a 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 financial implications arising from this report.

Ref. AU/AC/81412125

BACKGROUND PAPERS

Corporate Performance Review Papers, 7 November 2012
Audit Committee, Corporate Risk Awareness Training, presentation handouts, 26 November 2012.

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CHIEF FIRE OFFICER

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<div align="right">**APPENDIX 2**</div>

<u>Corporate Risk Assurance Map Amendments October 2012</u>

<u>Position Statement</u>

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. The overall risk rating associated with this risk is 'Medium', generating an overall risk score of 9
Changes to control measures	A new control measure has been added to reflect that the Service receives weekly notifications from the Local Resilience Forum in respect of potential Industrial Action. This information provides effective intelligence and strengthens the control environment around the risk realisation trigger of industrial action.
Assurance updates	As part of the Operational Assessment (OPA) process our formal engagement arrangements with representative bodies were assessed. OPA complimented the Service on the quality of its formal engagement arrangements- providing for an independent substantial green assurance (level 2) across the range of controls designed to reduce the likelihood of risk realisation as a consequence of a lack of inappropriate consultation mechanisms with representative bodies. Level 1 assurance is to be provided across the control environment by January 2013.

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. Owing to the uncertain financial future within the organisation, particularly in the Support Services, there has been a reduction of staff with two having left and the potential of further leavers soon. ICT have been unable to fill temporary and permanent jobs that have been advertised There are maintained upon the assurance map a number of additional control measures currently being implemented across the risk environment.

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	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 will provide a report to CB asking them to consider and inform ICT priorities. As part of this work current staffing levels, the requirement to implement additional control measures to maintain an effective control environment and the capacity implications of doing this will be highlighted. Following discussions with CB a draft priority plan is currently be considered by CB and other key stakeholders. A report seeking confirmation of the priority plan will be submitted by the Strategic Head of ICT to CB in February 2013.
Changes to control measures	A new control has been added to the assurance map to reflect that CB will shortly confirm the ICT priority plan (February 2013). This will strengthen the risk environment by ensuring the likelihood of risk realisation as a result of reduced funding impacting upon ICT resources is minimised as resources will be channelled to providing priority work. In terms of additional controls (that is ongoing work), the renewal of the WAN (wide area network) contract has been agreed with the supplier and a procurement path agreed internally. Alongside this there are budget restrictions which limit our ability to *enhance* the existing WAN resilience. Therefore these two additional control measures can be removed from the log. A number of other additional controls throughout the risk environment have been completed including the sharing of services across 2 data centres and the documenting of layman processes and procedures enabling for extra resilience against extensive or Service wide data loss as well as reducing the risk realisation caused by excessive downtime. The milestone and implementation dates allocated to a number of existing additional controls will be reconsidered following ICT/CB determination of the priority plan.
Assurance updates	Following a recent level 3 Sandwell internal audit of ICT business continuity planning arrangements, the ICT management team are currently considering the draft report. Following approval this report content will be considered to determine if it provides for any assurances across the control environment. Level 1 assurance is to be provided across the control environment by January 2013.

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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 an Internal Audit Review, which highlighted some potential lapses within the control environment (Inconsistency in use of 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 is currently reviewing all Operations partnerships and in particular the arrangements to enable for the effective governance and management of those partnerships. This review was completed at the end of October 2012. A draft report is currently being considered by key stakeholders and it is anticipated that the report will be finalised in January 2013. Standing Order 22/2 which details the Service's partnerships strategy and toolkit, is a key preventative control in enabling for the effective management and governance of partnerships. The responsibility for this Order sits with the Director Resources. Consideration should be given to allocating responsibility for this Order to the Director Operations, under whose remit, the vast majority of partnerships sit. This Order, which has not been updated since February 2008, is central to enabling for the effective management of partnerships. The failure to review this document following recent Service review and structural change (in particular the role of the partnerships officer) may expose the Authority to increased risk as a consequence of out of date arrangements for the management of partnerships still being followed and the failure to re-determine appropriate arrangements to enable for the effective governance of partnerships . The current review of partnerships is focussed only upon Operations partnerships. However, there maybe other partnerships operating within the Service which sit outside of the Operations Directorate. The Service should ensure that any all partnerships, irrespective of whether they sit within the Operations Directorate or otherwise, are managed in accordance with the Service's strategy and as such adhere to any updated guidance contained within Standing Order 22/2. This will enable for the effective management and governance of partnerships throughout the Service.
Changes to control measures	The outcomes of the wider review into partnership arrangements will inform the Risk Owner as to the effectiveness of the current control environment. The review may identify the need to introduce new or improve upon existing controls in order to prevent the occurrence of those events, activities or circumstances that could lead to risk realisation.

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Assurance updates	The ongoing review of partnership arrangements will enable for a level 2 (independent) assurance opinion as to the effectiveness of the controls recorded on the corporate risk assurance map. Level 1 assurance is to be provided across the control environment by January 2013.

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 Issues	There are no emerging issues. The overall risk rating associated with this risk is 'Medium', generating an overall risk score of 9
Changes to control measures	New control measures have been added to reflect that the Service receives weekly notifications from the Local Resilience Forum in respect of Industrial Action, Fuel, Flooding as well as a general West Midlands update. This information provides effective intelligence and strengthens the control environment around the risk realisation triggers of fuel shortage, industrial action and flooding. An amendment to the assurance map has been made to reflect that Fire Control has developed a staff degradation plan.
Assurance Updates	As part of the Internal Audit Plan 2012/13 an audit of our business continuity planning arrangements has been undertaken. This audit has provided for a satisfactory assurance (amber rating) at level 3. The improvement plan detailed within the internal audit report is currently being considered by Senior Managers within TOpS. Level 1 assurance is to be provided across the control environment by January 2013.

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.	A number of control measures have been updated to reflect more appropriately the Control Owners throughout the control environment. Following on from our recent Operational Assessment (OPA) a number of existing controls are being reviewed • A review of Site Risk Survey (SRS) is underway to ensure information about high risk premises is captured and disseminated. As part of this work the accuracy of the

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	information, review frequency and accessibility of this information to operational crews will be tested. Group Commander (GC) Operational Intelligence and SRS is leading on this review, which will report it findings in March 2013. • A review of Risk Critical Information (RCI) is ongoing. GC Emergency Response and Planning Team is leading on this work, which will report its findings in January 2013. This ongoing SRS/RCI work will enable for the controls to be evaluated, strengthened and will reduce the likelihood of risk realisation as a consequence of lack of procedural information, using unsafe working practices or insufficient information being available on risk premises. • Arrive to Perform is currently being evaluated. This work is being led by the Group Commander Operational Training Support and is due to report in March 2013. • A review of the Service's Exercise Policy is to be commissioned in December 2012 to ensure that future delivery of training and exercises is co-terminus with the Service's risk profile. GC Operational Training Support is leading on this work. This review will incorporate a range of Service stakeholders and will be cognisant of the risk profiling work being undertaken at a Local Resilience Forum level. Both this work and the arrive to perform work will support a reduction in the likelihood of risk realisation as a consequence of inappropriate levels of training being received. An additional control has been added to the assurance map to detail that the Station Commander, Emergency Response Planning Team is currently scoping work in support of revised arrangements for the mobilising of command officers to incidents. This work will strengthen the control environment around risk realisation being caused by incidents not being managed effectively.
Assurance Updates	Following on from the OPA Assessment Peer Review, independent (level 2) assurance has been provided for the following key controls. • RCI intranet based application personal receipt of process • Arrive to perform • SRS • Service Exercise Policy RCI, arrive to perform and the Service Exercise Policy have been given a green (substantial) level 2 assurance rating, although some minor improvements to each of these control environments have been suggested, hence the ongoing review/ evaluation work. SRS has been awarded an amber rating (satisfactory) as it has been previously been recognised (but confirmed by OPA) that a review of the

	functionality, quality of information, adherence to inspection frequencies and use of SRS by operational crews is required and has begun. Level 1 assurance is to be provided across the control environment by January 2013.

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	A number of references have been amended to reflect that a number of controls fall within the roles and responsibilities of the Facilities Manager.
Assurance Updates	Level 1 assurance to be provided across the control environment by January 2013.

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. However, the finance settlement due during December 2012 will provide some clarity regarding future funding. If grant reductions are more severe than a flat-line reduction, the scale of service changes would be more significant than are assumed in the current plans.
Changes to control measures	A new control has been added to reflect 'The Plan' which details the Service's key priorities, strategic objectives and outcomes (and is underpinned by the integrated risk management plan) to be delivered within a balanced budget is being refreshed. The Stop, Make, Buy, Ally work has been completed, therefore this has been removed as an additional control designed to prevent risk realisation as a consequence of CSR grant reduction. A number of Control Owner references have been updated to reflect more accurately responsibility for specific controls.
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

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	• BuS programme • Value for money strategy • General balances Level 1 assurance is to be provided across the control environment by January 2013.

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	A new preventative control has been introduced to reflect the role of the Scrutiny Committee in terms of supporting, directing and monitoring Service progress in achieving its equality objectives as set out in the Equality and Diversity report. This control will be effective in reducing the likelihood of risk realisation as a consequence of ineffective recruitment practices, inability to attract and retain employees and failure to engage with the community
Assurance updates	Level 1 assurance is to be provided across the control environment by January 2013. 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 of failure to inspect premises on a risk appropriate basis. Additional enhancements have been proposed to RBiP which will enable a more risk focussed approach to inspection. The need for this ICT based enhancement 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 confirm ICT priorities- February 2013.
Changes to control measures	The need to provide adequate resources to support the Olympics has ended. Therefore, the control measure in place to prevent the realisation of risk as a consequence of not meeting key legislative

	responsibilities during the Olympics has been removed. An additional control measure has been added to reflect that the Strategic Head of Fire Safety has produced a report detailing a new potential structure for Fire Safety. This report takes into account the Management Review on Fire Safety and the Admin Review will be submitted to CB in due course. Two officers have started a Fire Engineering degree course. This will provide resilience within the Fire Engineering function and enhance the controls in place to prevent risk realisation as a consequence of failure to enforce/advise/consult in premises designed around a fire engineering solution The Service has trained 30 operational officers to undertake Fire Safety inspections this will provide 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. 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 required training will be delivered by March 2013. This has been reflected as an additional control.
Assurance updates	Level 1 assurance is to be provided across the control environment by January 2013.

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). Evacuation of HQ Fire Control – A 'no notice' exercise to test the current process and procedures to enable for the evacuation of fire control to secondary control has been undertaken. As part of this exercise the arrangements for re-instating HQ Control and returning to normal operating arrangements have been tested. The learning outcomes arising as a result of the exercise are currently being evaluated. As soon as the outcomes are known they will be assessed for their impact upon the risk environment and any changes to risk controls will be identified. A power failure in the Nechells area of Birmingham caused some concern with regard to the adequacy of risk control measures documented within Corporate Risk 11. As a consequence of this Fire Control, in conjunction with ICT, Estates and a number of

	external partners ran a real time exercise to test the existing preventative controls that are currently in place (transformers, generators, uninterrupted power supply (UPS) back up batteries) to enable Fire Control to continue to deliver its command and control responsibilities in the event of a loss of mains power supply. This extensive testing provided evidence of the systems ability to maintain supplies against a range of scenarios and demonstrated that the back up systems worked as intended.
Changes to control measures	As a consequence of the power supplies testing, a control has been provided to reflect that such testing will be undertaken on at least an annual basis at both HQ Fire Control and Secondary Control.

The requirement to simplify the critical control panel was identified as a learning outcome of the supplies testing. This work is due to be completed by Facilities management by December 2012.

Testing has not yet been undertaken at Secondary Control and this ongoing requirement has been reflected on the assurance map. It is anticipated that testing will take place in December 2012. |
| Assurance updates | Following the power supplies live environment testing, a substantial level 1 green assurance has been provided across the range of controls designed to prevent or reduce the likelihood of risk realisation as a consequence of a loss of power supply at HQ Fire Control.

Level 1 assurance is to be provided across the control environment by January 2013. |

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 8 and is unchanged. Therefore, the risk level remains at Medium.
Changes to control measures	An additional control measure has been added. Following on from the Service's recent Operational Assessment a review of 'Near Hit' is ongoing and will report at the end of March 2013.
Assurances updates	Level 1 assurance is to be provided across the control environment by January 2013.

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