

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT AND RISK COMMITTEE

19 JUNE 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 3 2022/23, Appendix 1 and Quarter 4, 2022/23, Appendix 2) and note the management of Corporate Risk and in particular the addition of a new Prevention Corporate Risk No 3.3.

2. **PURPOSE OF REPORT**

- 2.1 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 3, 2022/23 and Quarter 4, 2022/23.

3. **BACKGROUND**

- 3.1 This report includes the Corporate Risk Summary for Quarter 3, 2022/23 and Quarter 4, 2022/23. 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 8 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 reviews and assesses each Corporate Risk monthly. A report is subsequently submitted to SET monthly.

The review and the estimated risk rating undertaken is based on 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).

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|------------|---|--------|---|---|---|
| LIKELIHOOD | 4 | | | | |
| | 3 | | | | |
| | 2 | | | | |
| | 1 | | | | |
| | | 1 | 2 | 3 | 4 |
| | | IMPACT | | | |

3.5 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 control environment to mitigate/reduce the risk being realised,
- The current risk scores (Likelihood and Impact),
- Any issues that have emerged during the previous month,
- Any forthcoming issues that may be likely to 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.

3.6 As part of the review the risk owner has considered 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.

3.7 Where ongoing additional controls are being implemented, risk owners have confirmed the progress in implementing such controls. Work is currently taking place to move Corporate Risk from an Excel document to 3PT during 2023. This will provide a 'One Risk Management tool' and progress will be updated.

3.8 **Quarter 3, 2022/23 (October, November and December)**

The Corporate Risk Assurance Map Summary for Quarter 3 (December), 2022/23 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 15 elements of the risks. The following is the status at the end of Quarter 3 (December 2022).

- Corporate Risks 2.2, 2.3, 4.1, 5.2, 8.1 and 8.2 were awarded a **green** confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 1.2, 2.1, 3.1, 3.2, 5.1 and 7.2 were awarded an **amber** (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- Corporate Risks 6.1, 7.1 and 7.3 were awarded a **red** (limited) confidence opinion, due to the inadequacy of key internal controls being in place.

Increase/Decrease in Overall Corporate Risk Score

During Quarter 3, (October 2022- December 2022) Corporate Risk 1.2 increased to an overall risk score of 9 based upon an increase in Likelihood to 3 with Impact remaining at 3 The risk score in the previous quarter was 6. 'Overall Confidence' has been revised to amber from green giving a Satisfactory

Assurance. This was due to an increase in the likelihood of industrial action.

In addition, Corporate Risk 3.1 reduced its overall risk score to 4 based upon a reduction in both Likelihood 2 and Impact 2. The previous quarter risk score was 9. 'Overall Confidence' remains at amber giving a Satisfactory Assurance. This reduction is due to stability in the supplies of smoke detectors and the level of stock returning to a high level.

3.9 **Quarter 4, 2022/23 (January, February and March)**

The Corporate Risk Assurance Map Summary for Quarter 4, 2022/23 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 4 (March 2023).

- Corporate Risks 1.2, 2.2, 2.3, 5.2, 8.1 and 8.2 were awarded a **green** confidence (substantial) opinion, which is the highest level that can be awarded.
- Corporate Risks 2.1, 3.1, 3.2, 3.3, 4.1, 5.1 and 7.2 were awarded an **amber** (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- Corporate Risks 6.1, 7.1 and 7.3 has been awarded a **red** (limited) confidence opinion, due to the inadequacy of key internal controls being in place.

Increase / Decrease in Overall Corporate Risk Score

The Likelihood associated with Risk 1.2 was reduced from 3 to 2. The Impact remained at 3, reducing the risk score from 9 to 6 which changed to 'overall confidence' giving a Satisfactory Assurance this was due to the threat of industrial action being removed through the pay discussions with the NJC, this is mainly due to the risk on reputation being removed.

During Quarter 4 Risk 3.1 increased its risk score of likelihood 2 impact 2 with a total risk of 4 'Satisfactory Assurance'. This was due to the delivery of Tymly for Prevention requires ICT capacity

and external support through consultancy. Risk 3.2 also increased its risk to likelihood 2 impact 2 with a total risk score of 4 'Satisfactory Assurance' as effective partnerships cannot be established, the service will not be able to engage with the most vulnerable in our communities and the overall confidence levels remained the same.

The likelihood and impact for Risk 6.1 decreased the risk rating, to a likelihood score of 3 and Impact score of 4 giving an overall risk rating from 'likely' to 'possible' due to cancellation of industrial action.

A new risk was introduced during Quarter 4, Corporate Risk 3.3 (*The Fire Authority is unable to complete and establish correct origin and cause of Tier 2 Fires (complex investigations) by the Fire Investigation and Prevention Section (FIPS) resulting in reduced confidence, credibility and increased litigation and reputational damage and a reduction in the evidence base to help define the prevention strategy*). This new Risk 3.3 has been given the overall confidence score of Amber (Satisfactory Assurance) this is Likelihood score 2 and Impact score 2 indicating 'low impact'.

3.10 Corporate Risk Statement Summary

3.10.1 Corporate Risk 1.2, External (Political and Legislative Environment)

The risk owner reported the following during Quarters 3 and 4:

In Quarter 3, The Service is planning for a significant disruption to normal business should the FBU ballot of its members provide a mandate for industrial action. Potential disruption may impact upon our ability to respond in a timely effective way to the wider reform agenda.

Quarter 4, The accepted grey book pay increase will have to be found from existing budgets. For the current year 2022/2023 this will be supported from Reserves.

This will increase the requirement on the Service to make further efficiencies to ensure a balanced budget.

The Home Office is undertaking a Firefighter productivity and efficiency review. The Service will contribute to and influence this review. The review may provide the evidence base to additional future funding opportunities via the Precept.

3.10.2 Corporate Risk 2.1, People (Positive staff engagement)

The risk owner reported the following during Quarters 3 and 4:-

In Qtr 3 The collective grievance at stations with two pump rescue ladders had been heard and not upheld as decisions around staffing are made in support of ensuring the most effective delivery of Community Risk Management Plan. The Strategic Enabling Team had to consider the possible options to reduce the impact of staffing to employees at these stations.

In Qtr 4 The risk owner reported that during Quarter 4 the following had emerged:

The FBU Membership have accepted a revised pay settlement of 7% for 2022/23 and 5% for 2023/24. The Service has continued to deliver its Business Continuity Plans. This will ensure that the Service had adequately trained staff to respond to any future period of business continuity disruption.

The Service has reinvigorated its Risk Based Crewing Project. This will look at alternative approaches and models for resourcing at multi-pumps and late fire stations. This work is part of the wider Blended Fleet Project.

3.10.3 Corporate Risk 2.2, People (Insufficient or ineffective employees)

The risk owner reported the following during Quarters 3 and 4:

In Quarter 3 There continues to be an ongoing issue regarding a shortage of Emergency Response Drivers (ERD). The CFO and SET have considered a range of options for resolving this issue and the CFO has approved a plan to manage short to longer term solutions to increasing the driver pool over the next three years.

In Quarter 4 A review of the Distributed Training Model and an Organisational Assurance review of Incident Command commenced. These will both inform recommendations for change in support of the Service's commitment to setting its people up to succeed and achieve excellence through continuous improvement. The outcomes of these reviews will ensure that our people provide continue to provide assertive, effective and safe services in the delivery of Our Plan.

A review of the People Programme Delivery Plan will review several key areas to ensure that the Service continues to deliver an outstanding service. This will include the Trainee Firefighter Development Programme Review.

A Paper was presented to the Scrutiny Committee on the 24th of April 2023 outlining the Terms of Reference for the review of Training and Development.

3.10.4 Corporate Risk 2.3, People (Safe and healthy workplace)

The risk owner reported the following during Quarters 3 and 4: -

In Quarter 3 The potential for industrial action has emerged, this will be highlighted in Risk 6.1. In supporting the delivery of legally compliant business

continuity arrangements the Health, Safety and Wellbeing team has provided advice in relation to competence requirements for resilience cover.

In Quarter 4 A review of the quarterly Health Safety and Wellbeing reports, has identified that data for competence and fitness was not available through Oracle. This has been raised within the Digital & Data team to resolve.

3.10.5 Corporate Risk 3.1, Prevention (Engagement with community)

The risk owner reported the following during Quarters 3 and 4:

In Qtr 3 The Fire Brigade Union (FBU) voted to reject the pay offer and therefore members are being balloted on strike action. It is unclear at this time what the outcome will be and therefore what if any impact this will have on the delivery of prevention activities. Various scenarios of Business Continuity arrangements are being drawn up.

A dedicated Cost of Living Crisis MESH page has been published and is updated regularly with advice and guidance to support the delivery of Prevention, Protection and Response activity with the aim of mitigating the increase in risk and vulnerability to fire related to the crisis. As part of the Business Continuity planning, there is a need to consider the potential impact of public sector strikes of partner organisations and the impact this could have on Safe and Well (SAW) referrals and onward referrals for support from a SAW visit.

Quarter 4 - There continues to be a long waiting list for people who have multiple and complex needs who require the support of a Complex Needs Officer (CNO). People are waiting a long time to be allocated a CNO and these individuals are those whose risk and vulnerability to fire is highest. This has been compounded by issues with Activity Assistant that means there is a lack of confidence in CNO referrals coming through.

Also an issue has arisen around the management of Safe And Well To-do lists on stations. Meaning there are a significant number of high-risk referrals and/or have been on the list for many months and/or have had no contact attempts made, this is being managed and progress reported back weekly into SET.

3.10.6 Corporate Risk 3.2, Prevention (Partnership arrangements)

The risk owner reported the following during Quarters 3 and 4:

In Qtr 3 The dedicated Cost of Living Crisis MESH and Website page has been published and is updated regularly with advice and guidance to support the delivery of Prevention Protection Response activity with the aim of mitigating the increase in risk and vulnerability to fire related to the crisis. This includes information and resources for our partner organisations to help them understand the links between the crisis and fire and this has been shared with the aim of increasing referrals for Safe & Well to mitigate cost of living associated fire risks.

In Qtr 4 it was noted that there is a long waiting list for people who have multiple and complex needs who require the support of a Complex Needs Officer (CNO). These people are waiting a long time to be allocated a Complex Needs Officer (CNO). These individuals are those whose risk and vulnerability to fire is highest. The long waiting times have the potential to adversely affect the organisations reputation and relationships with partners.

3.10.7 Corporate Risk 3.3, Prevention

This is a new risk which has been introduced in Quarter 4 (March 2023).

Corporate Risk 3.3 (The Fire Authority is unable to complete and establish correct origin and cause of Tier 2

Fires (complex investigations) by the Fire Investigation and Prevention Section (FIPS) resulting in reduced confidence, credibility and increased litigation and reputational damage and a reduction in the evidence base to help define the prevention strategy). This new Risk 3.3 has been given the overall confidence score of Amber (Satisfactory Assurance) this is Likelihood score 2 and Impact score 2 indicating 'low impact'.

A comprehensive series of controls to prevent and mitigate risk realisation have been developed.

3.10.8 **Corporate Risk 4.1, Protection**

The risk owner reported the following during Quarters 3 and 4:

In Quarter 3 The Industrial Action (IA) risk remains a possibility with the Representative Bodies balloting their members on the latest pay offer. Protection IA guidance has been developed for the Business Continuity Management Team. This will enable Protection to continue with its activities and statutory duties.

In Quarter 4 The risk aligned to the changes to the Business Safety Review scope of work recognised slow progress. A request to the National Fire Chiefs Council has been made to provide more information and direction including agency agreements aligned to the Memorandum Of Understanding.

There is also an ongoing issue with the Corporate Gazetteer not updating Tymly for new properties, resulting in a number of unknown risks within the community (fire standard 2 maintain risk information system. A paper proposing options to resolve this issue will be developed for the consideration of the Strategic Enabling Team.

3.10.9 Risk 5.1, Response (Operational)

The risk owner reported the following during Quarters 3 and 4: -

To support this Business Continuity Planning, arrangements were put in place and were developed with links to Corporate Risk 2.2 and 6.1. This included Business Continuity Resilience training for Flexi Duty System Officers, Middle Managers and Resilience Officers.

The Manchester Arena Inquiry recommendations were being reviewed and considered by the Organisational Assurance team with an action plan being developed.

In Quarter 4 There was a revised pay offer from the National Joint Council which the Fire Brigades Union have taken to their members who have accepted the revised settlement. Continuity Planning were developed, links to CR 2.2 & 6.1 and Business Continuity Resilience training was underway for Flexi Duty System Middle Managers and Resilience Officers. The approaches taken will provide a robust system of control to mitigate against any future business disruption.

3.10.10 Corporate Risk 5.2, Response (Fire Control)

The risk owner reported the following during Quarters 3 and 4:

Call handling training has begun and further requests for support have been communicated to staff. This will ensure resilience in the event of industrial action.

Despite the threat of industrial action being removed as a consequence of the agreement of the revised pay settlement, call handling training for Industrial Action has continued. This will ensure resilience capability is in place for any future shortfall in resources.

3.10.11 **Corporate Risk 6.1, Business Continuity & Preparedness**

The risk owner reported the following during Quarters 3 and 4:

In Quarter 3 The FBU have a live ballot that closes on the 30th of January 2023.

Business Continuity Management Team and Business Continuity Planning Team are in place to manage the actions and activities and have developed robust business continuity plans.

West Midlands Ambulance Service have carried out two periods of strike action, this did not impact on the delivery of services and was monitored closely there were further periods of Industrial Action planned and will be managed in a similar way.

Quarter 4 - On the 8th of February 2023 the National Joint Council increased the pay offer to a multiyear one 7% and 5%, this has been put to Fire Brigades Union members to ballot (outcome at 2pm on 6th March), which was subsequently accepted. Business Continuity Management Team and Business Continuity Planning Team remain in place to manage the actions and activities in preparation for industrial action. There have been further periods of Industrial Action across the public sector, this is monitored through Emergency Planning and the link into the Local Resilience Forum.

Following National Joint Council Agreement, the Major Incident Protocol following will be developed and agreed with the Fire Brigades' Union.

3.10.12 **Corporate Risk 7.1, Digital and Data (Provide and support ICT)**

The risk owner reported the following during Quarters 3 and 4:

An opportunity has arisen to provide targeted training for the Strategic Enabling Team as part of their role as Information Asset Owners (IAO). This will build capability and strengthen control around information management and GDPR risk.

Quarter 4 A Talent go live and signing of contract for Time and Attendance System will support the eventual removal of risk associated with system failure and reduce our legacy platforms.

Progress has been made around the Oracle Talent Launch. Further training is needed for some staff however legacy systems risks reducing and improved reporting position is already showing areas for improvement.

3.10.13 **Corporate Risk 7.2, Digital and Data (Management of information)**

The risk owner reported the following during Quarters 3 and 4:

Quarter 3. Following a potential data breach, The Data Protection Office carried out extensive liaison with Data subjects and addressing individual concerns. Data Subjects were offered independent third-party checking services to allow them to take further steps to protect themselves and their data if necessary (there was a low uptake of this). This was reported to the ICO who have taken no further action but provided advice and guidance. The data breach has been closed.

In Quarter 4 There is a possible opportunity to improve information protection through provision of consistent operating system. This is currently being investigated.

3.10.14 **Corporate Risk 7.3, Digital and Data (Cyber Security)**

The risk owner reported that during Quarter 3 and 4:

Endpoint Protection software was due for renewal in February, a SET Paper has been submitted for approval. The report from June 2022 indicated no further cyber breach has occurred after extensive analysis. Providing assurance of our control arrangements.

Quarter 4 There is an ongoing focus in this area in creating opportunities for remediation of long-standing issues. Implementation of new technologies is reducing risks and ongoing transformation projects are reducing the number and size of our legacy systems.

The National Fire Chiefs' Council have engaged with the Home Office to deliver the Cyber Assessment Framework which will identify areas for improvement.

Cyber Assessment Framework assessment has been provided and we are now awaiting feedback, but we as a Service are confident that we have been able to evidence positive elements of our cyber mitigations.

3.10.15 **Corporate Risk 8.1, Finance & Assets (Funding)**

The risk owner reported the following during Quarters 3 and 4:

Quarter 3 - The 2023/24 provisional Finance Settlement was announced on the 19th of December, which overall was more favourable than anticipated. The referendum limit of £5 per Band D property (rather than a 3% increase) provides the opportunity to secure additional funding, subject to Authority approval.

Quarter 4 - At the Fire Authority Meeting held on 13th February 2023, approval was given to the Fire Authority to raise Council Tax by just under the £5 Band D property referendum limit as part of the 2023/24 budget

arrangements. The 2-year Grey Book Pay award for 2022/23 (7%) and 2023/24 (5%) was accepted. The budget assumptions had reflected a 6% pay award for 2022/23 and 5% for 2023/24. As a result, efficiency savings of £1.9M are required in 2023/24 to achieve a balanced budget.

3.10.16 **Corporate Risk 8.2, Finance & Assets (misuse of funds)**

The risk owner reported the following during Quarters 3 and 4:

It was recognised there was the potential for future Information Technology security breaches & the possibility of inappropriate acts by employees relating to the risk of fraud related activity.

As a mitigation to the above, a contract for cyber security was put in place to enhance digital security arrangements.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 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.

5. **LEGAL IMPLICATIONS**

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

6. **FINANCIAL IMPLICATIONS**

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

7. **ENVIRONMENTAL IMPLICATIONS**

- 7.1 None.

BACKGROUND PAPERS

[Audit and Risk Committee, 28 November, Corporate Risk Update](#)

[Audit and Risk Committee, 28 November, Corporate Risk Update - Appendix 1](#)

[Audit and Risk Committee, 28 November, Corporate Risk Update - Appendix 2](#)

[Audit and Risk Committee, 20 March 2023, Addition of Fire Investigation Corporate Risk](#)

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