

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT AND RISK COMMITTEE**

**28 NOVEMBER 2022**

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, 2022/23, Appendix 1 and Quarter 2, 2022/23, Appendix 2) and note the management of Corporate Risk.

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 1, 2022/23 and Quarter 2, 2022/23.

3. **BACKGROUND**

- 3.1 This report includes the Corporate Risk Summary for Quarter 1, 2022/23 and Quarter 2, 2022/23. In addition, it provides an update on the management of Corporate Risk with the new approach which emerged from the Business Continuity arrangements which were put in place in March 2020.
- 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 'The 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 reviews and assesses each Corporate Risk monthly. A report is subsequently submitted to SET on a quarterly basis.

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).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

- 3.5 In undertaking a review of the Corporate Risks, the risk owner reviews the Corporate Risks and in doing so considers the following:-

- The direction of travel of the risk
- The overall confidence that the risk owner has in the risk being realised
- The current risk scores (Likelihood and Impact)
- Any issues that have emerged during the previous month
- Any forthcoming issues that are 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 the risk realisation or its impact should the risk be realised
- Additional control measures currently implemented to further reduce the likelihood or impact
- 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.
- 3.8 Work is currently taking place to move Corporate Risk from an isolated document to being incorporated into a 'One Risk Management Approach' for the Service. The Audit & Risk Committee will be fully briefed as this work progresses.

### **Increase/decrease in Overall Corporate Risk Score**

- 3.9 During Quarter 1, (June 2022), Corporate Risk 5.2 decreased its risk score to Likelihood 3, Impact 3, providing an overall risk score of 9, 'Satisfactory Assurance'. This was from a previous risk score of Likelihood 4, Impact 3, providing a risk score of 12 'Limited Assurance'. This decrease was due to the 'Command and Control' system within Fire Control being on a more reliable platform. However, within Quarter 2, (September 2022) the risk score decreased further to Likelihood 2, Impact 3, providing a risk score of 6, 'Substantial Assurance'. This was due to the Command-and-Control system (Vision 4) within Fire Control being fully embedded.

In addition, in June of Quarter 1, Corporate Risk 6.1 increased its risk score to Likelihood 4 and Impact 4 with an overall score of 16 'Limited Assurance'. The previous score had been Likelihood 3 and Impact 4, giving an overall score of 12, this was also classed as 'Limited Assurance'. This increase was due for the need to review the service mitigation plan for industrial action. It was considered that the current mitigation plan is not robust to ensure service delivery.

A new risk was introduced during Quarter 1, Corporate Risk 7.3 (*The Fire Authority is unable to prevent, respond to or recover from malicious attempts to damage or disrupt devices, services and networks and the information on them*). This new risk is rated as an overall score of 12, Likelihood 3 and Impact 4 'Limited Assurance'.

During Quarter 2 (September), Corporate Risk 2.1 increased to Likelihood 3, Impact 3 giving an overall risk score of 9, 'Satisfactory Assurance'. This has increased from Likelihood 2, Impact 3 and a score of 6 'Substantial Assurance'. This increase is due to the potential for industrial action.

### **Quarter 1, 2022/23 (April, May, and June)**

### **Quarter 2, 2022/23 (July, August, and September)**

3.10 The Corporate Risk Summary for Quarter 1 (June), 2022/23 is attached as Appendix 1 and Quarter 2 (September) 2022/23 is Appendix 2. It provides the confidence levels of the risk management activity in respect of the Authority's eight 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 2 (September 2022).

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

### **3.11 Corporate Risk Statement Summary**

#### **3.11.1 Corporate Risk 1.2, External (Political and Legislative Environment)**

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

Discussions are ongoing with the West Midlands Combined Authority (WMCA) who joined a SET development session on

inclusive growth during October 2022. The service continues to await the outcome of the Fire Reform White Paper consultation which the new Fire Minister has referenced is currently being worked through, and still on the government agenda. There is a consideration regarding the potential for industrial action and what impact this may have on our ability to position the organisation for reform, or any reputational damage which may result from this.

### 3.11.2 **Corporate Risk 2.1, People (Positive staff engagement)**

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

A letter was received from the National Joint Council (NJC) to the Home Secretary rejecting the 2% pay offer for Grey Book conditions of service which has the potential for industrial action. A revised offer of 5% was made which was also rejected. Balloting is taking place which could lead to industrial action during December 2022.

During Quarter 2 there has been an increase in absences aligned to the absence management policy which, along with restricted duties, is the most significant contributor to an increasing ridership factor. This is impacting on the ability to staff effectively and also has a financial impact where Voluntary Additional Shifts (VAS) are offered to address the gaps in shifts.

### 3.11.3 **Corporate Risk 2.2, People (Insufficient or ineffective employees)**

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

There is an ongoing issue regarding Emergency Response Drivers (ERD) that is currently impacting on the service delivery model with an estimated 80 ERD drivers below requirements. A mitigation plan has been developed and actions are being co-ordinated by a dedicated resource within the Workforce Planning Team with contribution from stakeholders for the delivery of proposed solutions.

The current state of skills deficiencies with ERD and the lack of Crew Commanders will remain before there is an improvement due to the timeline to implement short, medium, and long-term

solutions. This impacts on staffing, distribution of workloads, health, and the wellbeing of staff.

**3.11.4 Corporate Risk 2.3, People (Safe and healthy workplace)**

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

Following the recent introduction of a temporary Health, Safety, and Well-being (HSW) Advisor to lead on the development and delivery of training, a risk has emerged regarding capacity within Organisational, Learning and People Development (OLPD) to deliver e-learning within foreseeable timescales that is developed by the HSW Team. High level discussions are taking place with OLPD to discuss a plan and agree timescales for delivery. The potential impact of this is not meeting legal compliance and the sharing of key information.

**3.11.5 Corporate Risk 3.1, Prevention (Engagement with vulnerable members of the community)**

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

The supply chain for smoke detectors from all suppliers has improved significantly and the requirement for national reporting to the national procurement team has ceased.

The targets for Safe & Well have been revised removing the requirement to deliver two per appliance per day to provide opportunity for greater focus on risk and vulnerability and nurturing referral pathways with partners

**3.11.6 Corporate Risk 3.2, Prevention (Partnership arrangements)**

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

Work is being undertaken to review and update the partnerships governance arrangements post COVID in preparation for the internal audit of partnerships in Quarter 4, 2022/23.

**3.11.7 Corporate Risk 4.1, Protection**

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

The development of a new 'Building Safety Regulator Regional Team' may impact on staffing numbers and capacity. This is in the early planning stages and funds are available from the Home Office as a mitigation plan.

There is a risk with the capacity within 'Digital & Data' which has resulted in the business-to-business gateway not being completed. The new fire safety legislation requires businesses over £18M to share risk information with the Fire and Rescue Service (FRS) and the FRS needs to be able to receive, interpret and use the data to reduce risk

### **3.11.8 Corporate Risk 5.1, Response (Operational)**

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

The Fire Brigades' Union (FBU) are balloting to accept/reject the revised pay offer. The skills deficiencies for Emergency Response Drivers and Crew Commanders are relevant to CR5.1 but have been covered earlier within this report.

### **3.11.9 Corporate Risk 5.2, Response (Fire Control)**

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

Reporting data for both West Midlands Fire Service (WMFS) and Staffordshire Fire Service (SFS) remains an ongoing issue and it is being managed as a priority in Digital and Data.

There is intelligence to suggest that the FBU will ballot for strike action and that this would be supported by Fire Control. The service is unclear at the moment of the impact of Industrial Action (IA) on staffing levels in Fire Control. Business Continuity Plans have been shared with (SFS). As a result of the potential for IA, work has begun on planning for the training of non-striking staff from across the service who could support Fire Control during IA.

### **3.11.10 Corporate Risk 6.1, Business Continuity & Preparedness**

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

The service received the outcome of the National Fire Chiefs Council (NFCC) Survey relating to its response to IA. WMFS

received a RED rating which will result in the Chief Fire Officer (CFO) and the Chair of the Authority meeting with the Home Office to discuss the outcome of the survey and the next steps.

As a result of the Audit and Risk Committee report of the 26 September 2022 relating to the increase in the rating for Corporate Risk 6.1, a subsequent report was submitted to Fire Authority on the 10 October 2022. Fire Authority agreed that the Scrutiny Committee to be held on 7 November 2022 would review the recommendations outlined in the report and provide recommendations to Fire Authority on the 12 December 2022.

A letter from the CFO was sent to all staff to gauge their view on whether they would work during a period of IA. The return was 95, with 65 (across numerous roles) saying they would work, further analysis is being carried out on the roles and skills of the responses to support the Business Continuity Planning arrangements.

Following a review of external providers there is uncertainty of the availability of external providers to provide contingency arrangements for a period of IA in 2022 or early 2023.

A review of military sites is being completed which may result in a change to which strategically located military sites WMFS would use during IA, this is on the basis that a change improves the service's response times when programmed into the Dynamic Cover Tool.

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

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

A review of the Digital and Data team has commenced, this will lead to a restructure and provide an opportunity to improve both the retention of employees and attract new employees with key digital and data skills.

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

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



New legislation of a 'Data Protection and Digital Information Bill 2022', that is currently before parliament may offer new opportunities but will require a review of all policies related to data.

An opportunity has arisen to review the management of document repositories and communication channels to improve useability and compliance.

### **3.11.13 Corporate Risk 7.3, Digital & Data (Cyber Security)**

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

There may be an opportunity in the future to consider cyber resilience as a managed service.

### **3.11.14 Corporate Risk 8.1, Finance & Assets (Funding)**

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

The 'cost of living' crisis continues to attract much attention with concerns regarding price increases on a range of goods and services. Pay claims have been made by both the FBU and Unison, significantly in excess of the Authority's 2% assumption. A response offer has been given to Unison by the NJC for Local Government Workers and following a ballot, Unison have indicated acceptance of the offer. Allots are due to close during October for Unite and GMB and once all three Unions have established their respective positions, a co-ordinated response will be made to the employers regarding the offer. The FBU have rejected the pay offer made to them and have indicated the intention to undertake a ballot for strike action with their members.

The outcome of a two-year Comprehensive Spending Review (CSR) for 2023/24 is anticipated in December 2022. Also, the potential ongoing impact of COVID and other elements of the Ridership Factor above this year's budget assumptions would lead to cost pressures. In addition, it is anticipated that there will be pay award pressures generally in 2022/23 due primarily to cost of living increases. In addition, the full £3.8M appliance availability has not yet been identified (£2.3M is anticipated from Risk Based Crewing but the shortfall of £1.5M has not

been identified at this stage). Supply Chain pressures are beginning to result in cost increases, most notably in the cost of fuel and energy at this stage.

### 3.11.15 **Corporate Risk 8.2, Finance & Assets (Financial management)**

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

The Service is vigilant that there may be potential future ICT security breaches. In addition, the ongoing possibility of inappropriate acts by employees.

3.12 Corporate Risks will continue to be submitted to the SET meetings on a quarterly basis and reported into the Audit and Risk Committee every six months.

## 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**

Update on Corporate Risk 6.1, Business Continuity Arrangements  
Audit Committee Report, 26 September 2022

Creation of an additional Corporate Risk related to Cyber Security

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Audit Committee Report, 6 June 2022

Delivery of The Plan 2022/25, Authority Report, 14 February 2022

Corporate Risk Update to Audit Committee, Audit Committee Report, 7 December 2020

Frequency of Risk Reporting to Audit Committee, Audit Committee Report, 11 April 2016

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