

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

20 JANUARY 2014

1. CORPORATE RISK QUARTER 2 UPDATE

Report of the Chief Fire Officer.

RECOMMENDED

- 1.1 THAT the Committee approves the Corporate Risk Assurance Map Summary (Appendix 1) and notes the quarter 2 Position Statement (Appendix 2) for each risk.
- 1.2 THAT the Committee notes the Internal Audit annual audit of Corporate Risk arrangements will take place in quarter 3 of 2013/14

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 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.
- 3.3 Each corporate risk has assigned to it a Risk Owner, who is a member of Corporate Board. 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). 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 order to ensure that Members are kept informed of corporate risk matters a Position Statement (Appendix 2) and the overall Corporate Risk Assurance Map Summary are attached (Appendix 1).
- 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. Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.

Reduction in Overall Risk Score

3.8 The overall risk score for Corporate 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'* has been reduced from 9 to 6. This is because the Risk Owner has reduced the likelihood score associated with this risk from 3 to 2. As a consequence of the ongoing implementation of the operational staffing strategy, the Service has been successful in recruiting sufficient numbers of new entrant Firefighters to enable for the operational establishment to be maintained. Following completion of their initial 8 week training programme, new entrants will be posted to fire stations in December 2013.

3.9 Also, the Service has permanently appointed to a number of previously temporary appointments at Area Manager and will shortly do so at Group Manager level (December 2013). The Risk Owner is of the opinion that both paragraphs 3.9 and 3.8 provide sufficient evidence of a strengthening of the control environment and as such the likelihood of risk realisation as a consequence of insufficient or ineffective employees has reduced.

Industrial Action

3.10 The risk score for Corporate 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'* and Corporate 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' remain high risk with both generating an score of likelihood 4 x impact 3 =12. This is as a consequence of the ongoing trade dispute between the Government and the Fire Brigades' Union regarding pension reform. Industrial Action has taken place on a number of occasions. However on all occasions the Service has put in place effective pre-planned contingency arrangements to enable for an emergency response service to be maintained.

- 3.11 All other risk scores and ratings remain unchanged in this quarter when compared to the previous quarter.

Risk Owners Confidence Opinion

- 3.12 Risk Owners provide a 'Confidence Opinion' on the Corporate Risk Assurance Map summary. The opinion is the Risk Owners judgement as to the effectiveness of the control environment in managing each particular risk. The opinion is awarded using a red, amber or green rating system. The confidence opinion provides a useful overview to Members as to the effectiveness of the Service's risk management arrangements.

- A green rating is given when the collective control environment is judged to be robust in managing risk and the majority of controls detailed on the assurance map are applied continuously or with minor lapses.
- An amber rating is given when the collective control environment is judged to be sufficient in managing risk but improvements to strengthen the overall control environment have been identified.
- A red rating will be given when the Risk Owner believes that the collective control environment does not enable for the management of risk.

- 3.13 Risk Owners have provided the following confidence opinions:

- Corporate Risks 1, 7, 8, 9, 10, 11 and 13 have been awarded a green confidence opinion.

- Corporate Risks 2, 4, 5, 6 and have been awarded an amber confidence opinion.
 - No red confidence opinions were awarded.
- 3.13 In respect of all corporate risks awarded an amber confidence opinion, additional controls designed to strengthen the management of each of these risks has been identified and is ongoing. Following the implementation of and embedding of these additional controls the Risk Owner will reconsider the confidence opinion. The Position Statement (Appendix 2) details the additional work ongoing.
- 3.14 The outcome of the latest review was reported to officers at the Corporate Performance Review meeting on 6 November 2013.

Annual Review of Corporate Risk Arrangements

- 3.15 Notification has been received from Sandwell MBCs Internal Audit function that the review of our corporate risk arrangements will commence in quarter 3. The focus of the audit will be upon the effectiveness of the control arrangements in place to enable for the management of Corporate 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'*. Given that we are in a period of ongoing industrial action this audit is particularly timely in terms of providing an assurance of our controls and identifying opportunities for improvement.

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 do not relate 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 associated with this report.

BACKGROUND PAPERS

Corporate performance Review papers, 6 November 2013.

PHIL LOACH
CHIEF FIRE OFFICER

CORPORATE RISK ASSURANCE MAP SUMMARY

Please see separate PDF document.

APPENDIX 2

CORPORATE RISK POSITION STATEMENT

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	Director Human Resources as the designated Risk Owner for this risk has determined that with the continued uncertainty over industrial action that the likelihood score (potential for risk realisation) should be maintained at a level of 4 as the risk of further action is still high, until agreement between the Government and FBU is reached.
Changes to control measures	<p>Due to the continued uncertainty over industrial action and the potentially unknown impact on morale it has been decided to postpone the Employee Opinion Survey until early 2014.</p> <p>The employee assistance scheme contract provided by Validium has now been extended until November 2015.</p> <p>The revised recruitment and selection policy and Standing Order is due to be presented to Corporate Board by the end of November and rolled out to the organisation after this by way of briefing sessions with managers (during next quarter)</p>
Assurance Updates	<p>Level 1 assurance has been provided by Control Owners across the majority of controls in place to support the management of risk. The majority of controls assured have been awarded a green (substantial) rating. Independent assurance has been provided for a number of the controls maintained on the assurance map. Where satisfactory assurances ratings have been given, corrective action has been identified to enable substantial assurance to be awarded in the future. To date no red ratings (limited assurances) have been awarded and as such no matters have arisen that require immediate intervention action.</p> <p>Taking this into account the Risk Owner is assured that the collective control environment is strong and effective. This is reflected in the 'substantial (green) 'confidence opinion' which is shown on the Corporate Risk Assurance Map Summary.</p> <p>Investors in People (IIP) interim review is taking place in October 2013. This review may provide for an independent assurance as to the effectiveness of a number of control measures across the risk environment.</p>

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	<p>The overall risk score is unchanged at 9. The risk level remains at medium.</p> <p>The Risk Owner believes that whilst there is the potential to consider a risk reduction score on the basis of a likelihood reduction, this would be inappropriate at the current time given that a number of additional controls are presently being implemented and are not yet embedded.</p>
Changes to control measures	<p>The additional control that was previously added to the assurance map with respect to ICT recruitment, allowing maintenance of appropriate capacity and capability to deliver the prioritised ICT programme process, has been completed.</p> <p>Due to other work pressures implementation of the following Control Measures have been delayed: Data Centre split (March 2014), ICT Security strategy (March 2014), Validation work (Dec 2013), Business Continuity Plan work (March 2014).</p>
Assurance updates	<p>Level 1 assurance has been provided by Control Owners throughout the risk environment. No red (limited assurance) ratings have been awarded and as such no matters have arisen that require immediate intervention action. As stated above work is ongoing across the control environment to enable a substantial (green) assurance to be provided throughout the control environment. Given this ongoing work the Risk Owner has provided satisfactory (amber) confidence opinion as to the collective strength of the risk management arrangements in place. Work on the Control items is progressing well and the completion of this ongoing work will enable for the consideration of a substantial confidence opinion by the Risk Owner by the end of the financial year.</p>

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	<p>The overall risk score remains at 3 (Likelihood) x 2 (Impact) = 6. The risk level remains at medium.</p> <p>Extensive discussion has taken place with the Risk Owner who considered the possibility of reducing the risk likelihood score associated with risk realisation from 3 to 2 as a consequence of recent additional controls designed to strengthen the governance and control of partnerships. The Risk Owner believes that whilst there is the potential to reduce the risk likelihood score in the near future, this should not be considered until the additional controls as set out below have been completed, fully implemented and are suitably embedded and delivering positive measurable benefits for the organisation.</p>
-----------------	--

Changes to control measures	<p>The recently commissioned task and finish group has flagged all of the requirements, carried out consultation and the team is now putting the backup and support in place. The communication and implementation of the revised arrangements will strengthen the control environment against a number of risk triggers reducing the potential for risk realisation.</p> <p>Following the recent review and consequential restructure of the prevention based resources function appointments have been made to the role of Prevention Support Officer and x4 Partnerships Officers. Recruitment is still ongoing with respect to the positions of Community Risk Reduction Officers (CRROs). Once appointment to these posts is complete and all staff are established within Commands more effective governance and management of partnership activity will occur throughout the Service.</p> <p>With respect to the development of the partnerships database by ICT, further investigation needs to take place regarding the resource requirements and timescales before a delivery date can be finalised.</p> <p>The review of governance arrangements is close to being completed with a final report and a set of recommendations to be produced.</p>
Assurance updates	<p>Level 1 assurance has been provided for the majority of controls within the risk environment. A number of controls in place provide for satisfactory assurance. As set out above, the additional ongoing controls once implemented will provide for a substantial (green) assurance rating to be awarded across the majority of the control environment. Therefore at the current time Risk Owner has provided a satisfactory (amber) confidence opinion as to the effectiveness of the control environment. The implementation of the additional controls detailed above will enable for a substantial confidence opinion to be awarded and a reduction in the overall risk score will be considered when there is demonstrable continuous improvement.</p>

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	<p>Director TOPS as the designated Risk Owner for this risk has determined that the likelihood score (potential for risk realisation) that was previously raised from 3 to 4 should be maintained at this level whilst the threat of industrial action is ongoing.</p> <p>Linking in with the establishment of the Business Continuity Management Team (BCMT) in the organisation the Service's Business Continuity Plans will be refreshed and updated but it is not anticipated that this is a major piece of work.</p> <p>Work is presently taking place on the organisation's Critical Incident Stress Management arrangements with a view to ensuring that a more robust process is in place. Training for flexible duty system officers is scheduled for late 2013 with the final rollout of new arrangements by March 2014.</p>
-----------------	--

Changes to control measures	One period of industrial action has taken place and the contingency arrangements that have been put in place ensured that no issues arose and all incidents were satisfactorily dealt with. However the arrangements will remain in place until the strike has been settled.
Assurance Updates	Level 1 assurance has been provided for some of the controls within the risk environment. No red ratings (limited assurances) have been awarded and as such no matters have arisen that require immediate intervention action. Given the current level of uncertainty surrounding possible continued industrial action, what form this action may take, by whom and how many, allied to the continued uncertainty as to the level of external resources available to support the delivery of core activity should strike action occur, the Risk Owner has awarded a satisfactory (amber) confidence opinion as to the strength of the control arrangements currently in place to manage risk realisation.

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 at 2 (likelihood) x 4 (impact) = 8 and the risk remains at Medium.
Changes to control measures.	<p>Following on from a recent independent review as to the adequacy and application of the Service's Site Risk Survey (SRS) arrangements a limited (red) opinion rating as to the effectiveness of SRS as a control in preventing risk realisation as a consequence of insufficient information on key risk premises available to operational staff at incident ground has been awarded. SRS is intended to ensure that risk assessed informed decisions can be made pre- incident and at the incident ground, through the provision of relevant, timely and accurate information, ensuring safe and effective firefighters and operations. It is intended to enable the Service to build a localised view of where site specific risk resides that will inform and drive a risk-based approach to how we respond including training and development. Through the provision of a single source entry all personnel can view the same information relating to any identified site risk within the West Midlands. This can be done via the mobile data terminals on vehicles. Considerable work is being carried out on producing a comprehensive set of documents and 2 individuals are currently working on this. However until this work is complete the risk remains high and the Risk Owner wishes it to remain at the same level.</p> <p>Standing Order 2/11 regarding death or injury to operational staff has now been absorbed into SO 19/11 (Crisis Management Plan Managing a Fatal Incident and HSE Visits) and was issued in July 2013. Command Group training is currently taking place.</p>
Assurance Updates	Level 1 assurance has been provided across the risk environment. However, the Risk Owner has awarded an overall Satisfactory (amber) confidence

	opinion as to the collective strength of the controls in preventing or reducing risk realisation. This judgement has been informed by the independent limited (red) assurance awarded in respect of SRS. Whilst action to improve SRS arrangements is underway and ongoing a substantial (green) confidence rating will not be awarded until improvements have been implemented and embedded.
--	---

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 2(likelihood) x 3 (impact) = 6. The risk level remains at Medium. The Risk Owner has determined that this score is appropriate.
Changes to control measures	There have been no significant changes to control measures during the review period.
Assurance Updates	Level 1 assurance has been provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary.

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	<p>The risk score remains at 3 (Likelihood) x 3 (Impact) = 9. The overall risk level is Medium.</p> <p>The Risk Owner considered reducing the likelihood risk score from 3 to 2. A likelihood risk score of 2 is defined as 'Medium 10%-24%, likely to occur within 2-5 years'. However the reduction in central funding will continue beyond the current comprehensive spending review period. Given the continued uncertainty as to the level of future funding and that the level of central funding given is fundamental in enabling the effective delivery of Service's core objectives the Risk Owner has determined that the likelihood risk score of 3 defined as 'High 25%-50% or likely to occur within two years' is still appropriate.</p>
Changes to control measures	<p>There have been no significant changes to control measures during the review period.</p> <p>Grant Thornton, our external auditors, have presented their audit findings for the year 2012/13 and have issued an unqualified opinion on the Authority's financial statements.</p> <p>Based upon their review and the Authority's arrangements to secure economy, efficiency and effectiveness, they have provided an unqualified</p>

	value for money conclusion.
Assurance updates	<p>Level 1 assurance has been provided across the majority of the control environment with most controls measures being awarded at substantial (green) rating in terms of their effectiveness in managing risk triggers. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required.</p> <p>The Risk Owner therefore has provided for a substantial (Green) confidence opinion as to the collective strength of the control environment in managing this particular risk</p>

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	<p>The overall risk score is 2 (likelihood) x 3 (impact) = 6 (reduced from 9 in the last quarter) although the risk level remains at Medium. This means that it is likely to occur within a period of 2-5 years (10-24% chance).</p> <p>The Risk Owner has agreed the reduction of the risk likelihood score associated with risk realisation from 3 to 2 as a result of successful recruitment and selection processes for selected Senior Management posts and operational riders (staffing strategy).</p>
Changes to control measures	<p>The re-introduction of recruitment and selection processes to enable for the operational establishment to be maintained has been reflected as an additional control on the assurance map. To date, 55 firefighters have been recruited. They will start training in October 2013 and be posted to Stations in December 2013.</p> <p>Recruitment is in line with the expectations set out in the operational riders Staffing Strategy.</p> <p>The revised recruitment and selection policy and Standing Order is due to be presented to Corporate Board by the end of November and rolled out to the organisation after this by way of briefing sessions with managers (during next quarter)</p> <p>The potential HR attendance management post has been put on hold for the time being.</p>
Assurance updates	<p>A number of Level 1 assurances have been provided across the control environment. To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required.</p> <p>A number of satisfactory effectiveness opinions have been provided for the learning and development Standing Orders that are controls detailed on the</p>

	<p>assurance map. Where this is the case the necessary corrective action to provide for a substantial opinion has been identified.</p> <p>The Risk Owner has provided a substantial (green) confidence opinion as to the effectiveness of the control environment in managing this.</p>
--	---

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	<p>The risk score using the likelihood x impact matrix is 2 (likelihood) x 2 (Impact) generating an overall risk score of 4 which is unchanged from the previous quarter.</p> <p>Confirmation has been received from the Risk Owner that this risk score is still current.</p>
Changes to control measures	<p>All staff are now based from Fire Service Headquarters and the system of Location Independent Working has been rolled out.</p> <p>All of the necessary portable IT equipment is expected to be rolled out to staff by 8th Jan 2014.</p> <p>The reviewed and refreshed risk based inspection programme (RBIP2) is due to go live from 2nd December 2013.</p>
Assurance updates	<p>Level 1 assurance has been provided across the range of control measures. The level 1 control environment provides for substantial assurance (green rating) across the majority of controls. No controls were identified as providing limited assurance (red rating) and therefore no immediate interventions were identified as being required. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion and this is reflected on the Corporate Risk Assurance Map summary. Confidence is high that the controls will deliver on time and provide the necessary assurance.</p>

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	<p>The overall risk score remains at 2(likelihood) x 4(Impact) = 8.</p> <p>The potential to sell the Academy is currently being investigated. Secondary Control is maintained upon this site. Any decisions regarding the future of the Academy site will take this into consideration and this has been reflected on the assurance map. Assurance has been given that a secondary control will be maintained and any changes will be made to allow the necessary lead-in time for transferring to an alternative site.</p> <p>The potential for the High Speed rail ‘HS2’ to impact upon the functionality of HQ Fire Control is currently being investigated by Corporate Board and this ongoing work has been reflected on the assurance map.</p>
-----------------	--

<p>Changes to control measures</p>	<p>In support of the transition to collaborative arrangements the planned interim solution 'go live' date has been implemented. Staffordshire FRS are now operating on the Vision system that is operated in the West Midlands. However there are some issues that still require resolution so Staffs 'Firecat' system remains switched on for the present time.</p> <p>Following a test of the power and uninterrupted power supply (UPS) at the Academy issues were identified with the UPS battery system for secondary control. Further tests were carried out and essential upgrades were made to ensure it would remain functional.</p> <p>In the event of a Fire Control evacuation calls are currently redirected to Staffordshire FRS. This will not be possible under shared control arrangements. Therefore discussions are ongoing with North West Control and London Control regarding supporting this work. This is part of a wider piece of work looking at closer working with these controls.</p> <p>Although there is still considerable uncertainty over whether HS2 will go ahead it must be assumed that it will take place until a decision is taken that this is not the case. Clearly it has potential to have a significant impact on the viability of Control and indeed the operation of the whole of headquarters. This situation continues to be monitored closely by Corporate Board</p>
<p>Assurance updates</p>	<p>Level 1 assurance has been provided across the majority of the control environment with a substantial (green rating) being provided for much of the controls. Where amber assurances have been provided corrective action has been identified. To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required. As satisfactory opinion in respect of the collaborative project has been provided. The Service has a range of control measures in place (detailed on the assurance map) to ensure the continued delivery of a command and control function should any unforeseen difficulties occur as a result of the switch over to the shared Interim arrangements. Therefore, the Risk Owner has provided a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p>

Risk 13 – The Fire Authority suffered a significant health, safety or environmental failure, resulting in a legal challenge and/or litigation

<p>Emerging Issues</p>	<p>None. The overall risk score is 2 (impact) x 3 (likelihood) = 6 and the risk level remains at Medium.</p>
<p>Changes to control measures</p>	<p>Near hits reporting has risen by 47% compared to the same period last year with 75-80% seeing a positive outcome. This suggests that work to raise the profile of this has been successful.</p> <p>Following a recent serious injury to a firefighter SO 19/3 (Reporting and Investigation of Injuries) is to be reviewed.</p>

	<p>With respect to injuries to contractors the annual check of forms was carried out and Routine Notice 70/2013 was issued. However around 20% of these forms are still not being signed off by the Officer in Charge.</p>
Assurance updates	<p>Level 1 assurance has been provided across the majority of the control environment To date no limited assurances (red ratings) have been identified and as such no immediate interventions are required. Where satisfactory assurances have been provided action to provide for substantial (green) assurance has been identified. Performance against health and Safety PIs 19&20 continues to be strong. This has enabled for the Risk Owner to provide a Substantial (green) confidence opinion as to the overall collective strength of the control environment and this is reflected on the Corporate Risk Assurance Map summary.</p>