

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

23 MARCH 2015

1. **CORPORATE RISK UPDATE QUARTER 3 – 2014/2015**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approves the Corporate Risk Assurance Map Summary (Appendix 1) and notes the Quarter 3, Position Statement (Appendix 2) for each risk.

2. **PURPOSE OF REPORT**

This quarterly update is provided to ensure Members remain informed about all aspects relating to the management of the Authority's corporate risks.

3. **BACKGROUND**

- 3.1 In accordance with the Service's risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit Committee on a quarterly basis, following its submission and discussion at the 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 the Strategic Enabling Team. 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

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risk rating undertaken on the basis of likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1(low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

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

- 3.5 In order to ensure that Members are kept informed of corporate risk matters 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.
- 3.8 Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls.
- 3.9 The Position Statement attached as Appendix 2 provides the detail of the risk management activity undertaken or ongoing in respect of Authority's eleven Corporate Risks for Quarter 3 of 2014/2015. The overall risk rating and scores remain unaltered this quarter when compared to the previous quarter. The Level of Risk Owner confidence in the effectiveness of the Service's risk management and control environment remains high with the following confidence opinions being awarded:-
- Corporate Risks 1, 7, 8, 9, 10, 11 and 13 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.
 - Corporate Risks 2, 4, 5, 6 and have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
 - No red (limited) confidence opinions were awarded.

Significant Changes to Risk Control Environment

Risk 4 – The Fire Authority would be unable to ensure that 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.

- 3.10 Following intelligence received from Employee Opinion Survey (EOS) in which frontline personnel expressed frustration regarding the difficulties implementing and maintaining effective partnerships, ACFO Service Delivery has asked that the risk to the delivery of partnerships in light of this intelligence is considered.

- 3.11 The intelligence received from EOS, perhaps indicates that there is a lack of understanding of the role of Partnership Officers and Community Risk Reduction Officers in terms of enabling and facilitating risk based partnership delivery through the provision of specific expertise and support and this could be impacting upon the quality of partnerships and the governance arrangements surrounding them. How these resources are used is a (within the parameters of the organisational framework) a matter for individual commands to determine based upon specific risks within those areas. It would not be in the best interests of local communities to manage these resources centrally.
- 3.12 Within this particular Corporate Risk, the role of Partnership Officers and Community Risk Reduction Officers is absolutely vital in ensuring the effective management, control and governance of partnerships. Given, the issues raised at station it is appropriate to review of current partnership arrangements. In order to proactively and positively respond to this intelligence, the ACFO Service Delivery has consulted Scrutiny Committee and a review of the Service's partnership working arrangements, including data sharing has been commissioned by the Scrutiny Committee. It is expected that this work will be completed in October 2015.
- 3.13 As a consequence of the intelligence received, the Risk Owner has awarded an amber confidence opinion to the overall risk management environment associated with this risk.

4. **EQUALITY IMPACT ASSESSMENT**

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

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit of Risk Management, June 2014.

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PHIL LOACH
CHIEF FIRE OFFICER

CORPORATE RISK SUMMARY

Please see attached document Appendix 1.

CORPORATE RISK – POSITION STATEMENT

Corporate Risk Amendments January 2015

Risk 1- The Fire Authority would be unable to maintain the positive engagement of employees resulting in an inability to deliver its key priorities and objectives

Emerging Issues	The Risk Owner 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. Therefore, the risk rating remains high generating an overall Risk Score of likelihood 4 x impact 3 = 12.
Changes to control measures	<p>An additional control has been added to reflect that the Risk Owner and Strategic Enabler, Principal Officer Support Team have proposed some recommendations for to address a number of themes arising from the Employee Opinion Survey (EOS). The report recognises the need for continued, systematic and sustained face to face communications for all employees with the Strategic Enabling Team and will seek to build upon the positive engagement approach undertaken by Principal Officers last year.</p> <p>The Service is currently developing its health and well being strategy, in particular around personal resilience. This approach will enhance the control environment around risks associated with staff becoming disengaged as a consequence of inadequate support systems and structures to deal with personal wellbeing matters.</p>
Assurance Updates	<p>The level of assurance provided by control owners against this particular risk is high, with the assurances being green and provided within the last 12 months. A number of assurances have been updated in this quarter, reflecting the proactive approach to managing this particular risk.</p> <p>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>

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.
Changes to control measures	Due to other work pressures implementation of the following Control Measures have been delayed, specifically, Data Centre split, ICT Security strategy and Business Continuity Plan work. A small number of additional controls require updating to reflect there current true position. A small number of Control Owners require updating to reflect current ownership.

Assurance updates	Level 1 assurance has been provided by Control Owners throughout the risk environment however some assurances require updating. The overall risk confidence opinion is amber.
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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	<p>The overall risk score remains at 2 (Likelihood) x 2 (Impact) = 4</p> <p>Following intelligence received from EOS in which frontline personnel expressed frustration regarding the difficulties implementing and maintaining effective partnerships, ACFO Service Delivery has asked that the risk to the delivery of partnerships in light of this intelligence is considered.</p> <p>However the intelligence received from EOS, perhaps indicates that there is a lack of understanding of the role of Partnership Officers and Community Risk Reduction Officers in terms of enabling and facilitating risk based partnership delivery through the provision of specific expertise and support and this could be impacting upon the quality of partnerships and the governance arrangements surrounding them. How these resources are used is a (within the parameters of the organisational framework) a matter for individual commands to determine based upon specific risks within those areas. It would not be in the best interests of local communities to manage these resources centrally.</p>
Changes to control measures	<p>Within this particular Corporate Risk the role of Partnership Officers and Community Risk Reduction Officers is absolutely vital in ensuring the effective management, control and governance of partnerships. Given, the issues raised at station it is appropriate to review of current partnership arrangements. In order to proactively and positively respond to this intelligence, the ACFO Service Delivery has consulted Scrutiny Committee and a review of the Service's partnership working arrangements, including data sharing has been commissioned by the Scrutiny Committee. It is expected that this work will be completed in October 2015.</p> <p>The assurance map has been amended to recognise the Services commitment to safeguarding vulnerable people. Training is to be provided to all personnel to raise awareness and enhance the effective management of partnerships.</p>
Assurance updates	In light of intelligence received from EOS, the Risk Owner has changed the overall confidence opinion as to the effectiveness of our risk management arrangements to amber.

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>Industrial Action continues</p> <p>DCFO as the designated Risk Owner for this risk has determined that the likelihood score (potential for risk realisation) should remain at 4. Therefore, the risk score remains at likelihood 4 x impact 3= 12. This professional judgement has been made on the basis that there is yet to be a resolution in the Trades dispute between the Fire Brigades' Union and the Government.</p> <p>The risks associated with HS2 and maintaining business continuity within Fire Control are set out in Corporate Risk 11, which details the potential disruption to normal working methods as a result of this construction work (Inappropriate working environment leading to evacuation to secondary fire control that cannot provide functionality beyond 48 hours).</p> <p>An independent Level 3 internal audit has provided substantial assurance of the Service's risk management arrangements in this area</p>
Changes to control measures	<p>Whilst the resources available during industrial action have caused the Service to become stretched in delivering its agreed response service to the community. To date the Service has been able to meet its emergency response requirements during the industrial action.</p>
Assurance Updates	<p>Level 1 assurance has been provided for some of the controls within the risk environment. Given the current level of uncertainty surrounding continued industrial action, allied to the continued uncertainty as to how the Service would provide effective response cover should a significant incident occur during these periods 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.</p>

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	<p>The overall risk Score remains at 2 (likelihood) x 4 (impact) = 8 and the risk remains at Medium.</p> <p>Grey Fleet –Flexible Duty Officers.</p> <p>In order to strengthen the risk management arrangements associated with officers using their own cars in discharging their duties, consideration is currently being given to a cost effective, legally compliant, fleet managed solution as utilised by most FRS' in England and Wales.</p>
Changes to control measures.	<p>Work is continuing to implement and embed the Service's improved Site Risk Survey (SRS) arrangements (site specific risk information SSRI). SSRI 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.</p>

	<p>As a consequence of joint working with Staffs FRS, new mobilising protocols mean that WMFS is providing a response further into Staffordshire than previously. In order to provide crews with appropriate information an interim approach to SSRI has been developed to ensure that this information is available to assist crews attending incidents.</p> <p>Water Supplies</p> <p>A risk trigger of 'insufficient or poorly maintained hydrants leading to the failure to augment water supplies' has been reflected on the assurance map. By way of response the work that has been done to identify the current position and the continuing work to provide a solution have been recorded as controls on the log. However, the overall control provided by the Service's current approach of dedicated hydrant technicians providing a maintenance and repair function for the Service's 43K has been changed to amber from green to reflect that there may be gaps in the current control environment.</p> <p>Brigade Response Vehicles (BRV)</p> <p>Following last year's incident in which a BRV overturned and a near hit was submitted an appropriate entry has been made on the assurance map. Given that, it was determined that there was no mechanical error involved in this incident, the control environment provided by the Service in terms of the training and provision of information is strong. However, any learning outcomes which could strengthen the control environment will be implemented as soon as possible.</p>
Assurance Updates	<p>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. A project to improve SRS arrangements is due to be completed by August 2014. Subject to the new arrangements becoming embedded and the Risk Owner being assured as to their effectiveness, the Risk Owner will consider the effectiveness opinion of SRS as a preventative control measure. This will provide the opportunity for the Risk Owner to consider his confidence opinion of the overall control environment.</p>

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	<p>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.</p> <p>Following discussions with representatives from HS2 regarding the proposed route and its potential impact upon Fire Service Headquarters and the immediate surrounding area, the Service is assured that upon completion of the works there will be no significant impact upon the day to day effectiveness of Headquarters, Fire Control and Safeside.</p> <p>In accordance with the Service's planning framework, the Authority approved the</p>
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	budget at its 16 th February 2015 meeting. As part of this the Property Management Asset Plan and Vehicle Replacement Programmes were agreed.
Changes to control measures	<p>Some relatively minor updates have been made to the assurance map. However, this is a well managed risk with a strong control environment.</p> <p>An addition has been made to reflect the move to improve security arrangements as the Service moves towards an electronic swipe card system. This will replace the yellow disk keys and provide a better system of control, strengthening the security arrangements at all fire service locations.</p>
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. Whilst the Authority continues to manage its budget and accounts in such a way that provides for an unqualified financial opinion and value for money conclusion, the external auditors have recognised the risk posed by the continued challenge presented by the Government funding cuts agenda.</p> <p>To date the Authority has managed to maintain and improve its delivery mode and balance its budget despite a £21M (26%) cut in funding. It is likely that the Service central funding will be cut by around £16M over the next 3 years. This means the Service will have to continue to and challenge the it's whole business model and structure in order to maintain its commitment to the community set out in its Plan to deliver prevention, protection and response services, through allocating its resources based upon risk, which is underpinned by the principle of meeting a 5 minute attendance standard for our most serious emergencies.</p> <p>Through a structured approach, the Strategic Enabling Team are considering and where appropriate implementing a range of approaches, across both support and delivery services to enable further efficiencies to be made whilst continuing to meet our delivery model commitments to the community of the West Midlands.</p> <p>Given that the level of central funding 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. In terms of funding reductions for 2016/17 and 2017/18 the Service will continue to explore a number of avenues in order to balance its budget. As part of this, a referendum may be considered and this has been reflected on the assurance map.</p>
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Changes to control measures	The control environment remains strong and is supported by independent assurance provided by both external and internal auditors. Both the external and internal audit programmes have provided independent evidence that the Service still continues to provide value for money (The Value for Money conclusion) and provides an unqualified opinion of the Authority's accounts, supported by effective governance arrangements as detailed in the annual governance statement. This has enabled for a number of control measures to be independently updated.
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 and are supported by a number of level 3 assurances. 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 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 been amended to reflect the outcomes of the Principal Management review and the creation of the Strategic Enabling Team (SET). The Risk Owner is the Strategic Enabler for People.</p>
Changes to control measures	<p>The Service continues to explore a range of avenues to address the ongoing estimated reduction in funding- estimated to be a further £16Million grant reduction during the period 2015-2018. As part of this a number of alternative approaches to service delivery staffing are to be trialled at a selected fire stations over the coming months. This additional control has been reflected on the assurance map.</p> <p>The Service continues to innovate to manage the risks associated with ineffective leadership. A number of programmes are in place to support officers and Members alike. These controls are reflected on the assurance map and include:</p> <ul style="list-style-type: none"> • Member development strategy • Managing for excellence • Leading excellence • Personal effectiveness courses <p>In support of providing assurance of its approaches to organisational development, a number of controls on the assurance map (standing order 6) will be reviewed and updated to provide a more appropriate framework and guidance for personnel. This is a joint piece of work between People Support Services and Operational Training.</p>

Assurance updates	<p>The Risk Owner has ensured that control owners have provided assurance for the controls for this particular risk. This proactive approach has strengthened the control environment and level 1 assurance has 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>The Risk Owner has provided a high (green) confidence opinion as to the effectiveness of the control environment in managing this risk.</p>
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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>Work is ongoing to understand and deliver better integration and new ways of working will enable for a more efficient and effective service delivery function across protection, prevention and response that supports the achievement of the vision in The Plan of making West Midlands safer.</p> <p>As a consequence of restructure, some functionality previously undertaken by Fire Safety has now passed to Service Support to enable a more integrated approach to policy development and meeting training and development needs.</p> <p>The current score is still valid.</p>
Changes to control measures	<p>There are no changes to or additional control measures required. However, the responsibility for number of controls has been amended to reflect the Service's structural arrangements, roles and responsibilities.</p>
Assurance updates	<p>Level 1 assurance has been updated and 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.</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 Service is currently in ongoing discussion with representatives from HS2 regarding the proposed route and its potential impact upon FSHQ and the immediate surrounding area. A paper on this matter was submitted to Executive Committee on 20th January 2014. The Service continues to monitor this matter closely and has submitted a petition. The risks (and controls) present are reflected on the risk log.</p> <p>HS2 still continues to create uncertainty in respect of secondary control funding. A risk based argument based upon Fire Control's CNI level 3 status and the increased likelihood and impact of risk occurrence associated impact as a result of the HS2 construction (noise/vibration for example) being brought to Fire Control as a result of this work has been produced. It is hoped that this work will help provide evidence to HS2 Limited of the requirement to financially support a secondary control of primary functionality and facilities as a result of WMFS having to manage risk brought in by HS2. A non binding independent decision on this will be made by Peter Holland following representation by the DCFO. It is not appropriate to raise the likelihood of risk realisation at this time but this situation is ongoing and will be closely monitored.</p>
Changes to control measures	No change this quarter
Assurance updates	<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. 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

Emerging Issues	None. The overall risk score is 2 (impact) x 3 (likelihood) = 6 and the risk level remains at Medium.
Changes to control measures	No changes to measures in this quarter. Although assurance has been provided by the testing of the Crisis Planning arrangements some improvements to further strengthen the risk environment are being considered.
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 continues to be strong and this has been reflected in reduced targets against PIs for 2014/2015. 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>

