

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

15 JUNE 2015

1. CORPORATE RISK UPDATE

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approves the Corporate Risk Assurance Map Summary (Appendix 1) and notes the Quarter 4 Position Statement (Appendix 2) for each risk.

2. PURPOSE OF REPORT

This 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 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

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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 the Authority's eleven Corporate Risks for Quarter 4 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.

Overall Corporate Risk Environment

- 3.10 To date the Authority has managed to maintain and improve its delivery model and balance its budget despite a £28M (35%) cut in funding (forecast up to March 2016). Following on from the general election, it is forecast that the anticipated cuts to the central grant will deepen and at a quicker pace than original indications. The Service awaits confirmation of this position. A recently communicated joint message from the CFO and Chair of the Authority sets out the concerns of the Authority and Service alike that the Government will seek to double the currently expected grant reduction of £14M between 2016/17 and 2018/19.

- 3.11 There is no specific significant impact upon the Authority's corporate risks in terms of delivering the priorities, objectives and outcomes set out in The Plan at this current time, as the Service has been proactive in addressing its financial reductions forecast. Should the 'deeper and quicker' approach be implemented the impact of this decision upon the Authority's corporate risks will be considered from a perspective of its impact on our ability to continue to deliver our priorities, objectives and outcomes.
- 3.12 By way of providing assurance to Members as to the Service's approach to managing its corporate risks, a draft of Internal Audit's review of corporate risk management arrangements has been received by Officers. This report provides a substantial assurance of the arrangements in place to manage corporate risk. Substantial assurance is the highest level of assurance that can be awarded through an internal audit review.
- 3.13 Through a structured approach, the Strategic Enabling Team are considering where appropriate implementing a range of approaches, across both support and delivery services to enable further efficiencies to be made whilst continuing to meet its legislative responsibilities. As part of this work alternative staffing models are currently being considered and this has been reflected on Corporate Risk 9 concerning the provision of sufficient and effective resources.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to and/or 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 arising from this report.

BACKGROUND PAPERS

Internal Audit of Risk Management, May 2015.

The contact officer for this report is Deputy Chief Fire Officer, Phil Hales, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1

Corporate Risk Assurance Map - Summary - April 2015

Outcome of risk realisation		Owner	Direction of travel	Overall confidence	Likelihood	Impact	Risk Score
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.	SET People	↔		4	3	12
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.	SET ICT	↔		3	3	9
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	ACFO Service Delivery	↔		2	2	4
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.	DCFO Service Support	↔		4	3	12
6	The Fire Authority would be unable to ensure that operational incidents are dealt with safely and effectively using appropriate levels of resources and personnel.	DCFO Service Support	↔		2	4	8
7	The Fire Authority would be unable to deliver the core responsibilities of preventing, protecting and responding effectively as a result of insufficient key assets such as buildings and vehicles.	SET Finance & Resources	↔		2	3	6
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.	SET Finance & Resources	↔		3	3	9
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.	SET People	↔		2	3	6
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.	ACFO Service Delivery	↔		2	2	4
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.	DCFO Service Support	↔		2	4	8
13	The Fire Authority suffers a significant health, safety or environmental failure, resulting in legal challenge and/or litigation.	DCFO Service Support	↔		2	3	6

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CORPORATE RISK – POSITION STATEMENT

Corporate Risk Amendments May 2015Position Statement

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	<p>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.</p> <p>The Service is currently engaged with the representative body on proposed staffing trials. The Service recognises that this does have the potential to affect the positive engagement of employees. However, in considering alternative delivery model trials the Service is confident that its framework for engaging and consulting with both employees and representative bodies is satisfactory</p>
Changes to control measures	There have been no changes to control measures in this quarter.
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	<p>The overall risk score is 9. The risk is medium.</p> <p>This risk continues as medium based on progress against previous risks and the emergence of additional risks relating to the Emergency Services Mobile Communication Programme (ESMCP), moving to new ICT platforms and implementation of location and device independent working.</p>
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Changes to control measures	<p>Classification of the brigade's information assets has been prioritised to ensure appropriate data handling and the creation of appropriate ICT environments.</p> <p>Upon completion appropriate availability and resilience can be applied to these assets. In addition, work is ongoing to establish accreditation for Code of Connection (CoCo) to the Emergency Services Network (ESN) and the Public Services Network (PSN).</p>
Assurance updates	The overall risk confidence opinion is amber with an assurance refresh set for completion in quarter 2 of 2015.

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>There have been no significant updates upon last quarter's position as reported to last Scrutiny Committee. The Scrutiny review of partnerships is ongoing and although the pace of the review has slowed because of the involvement of Members in the general election, this will pick up now the election has concluded.</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	The overall confidence opinion associated with this risk is 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	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.
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Changes to control measures	The responsibility for a number of control measures within the risk management environment has been re-aligned to reflect the current service structure. This has enabled for a number of assurances to be reconsidered and updated, with the highest level of 'substantial' green rating being awarded against the vast majority of controls.
Assurance updates	<p>The overall confidence opinion associated with this risk is amber on the basis of whilst the Service is doing all that is reasonably practicable to avoid industrial action, there is still likely to be a short term impact to the delivery of strategic priorities as a result of industrial action continuing over pension reform.</p> <p>This creates uncertainty as to how the Service would continue to meet its specific legislative response responsibilities should a significant or a number of incidents occur during a period of industrial action.</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	The overall risk Score remains at 2 (Likelihood) x 4 (Impact) = 8 and the risk remains at Medium.
Changes to control measures.	<p>The Service is undertaking the lead role on a number of the National Operational Guidance work-streams ensuring the effective contribution of WMFS in shaping and influencing this significant area of work. It is anticipated that much of this work to rationalise and standardise operational guidance will be completed in May.</p> <p>As part of the ongoing Emergency Services Mobile Communications Programme, funding principles have been circulated for agreement. This may create additional financial burden for the service. The Service continues to work towards a code of compliance for Public Services Network (PSN). Engagement continues on wider collaborative aspects between WMFS and WM Police. The service has updated its guidance on the use of blue lights for emergency incident purposes in line with the principles of 'every second counts'.</p> <p>The Service's continues to improve 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>Performance review of Incident Command framework has been rolled out to all flexible duty officers, providing resilience for this important form of assurance as well as building capability in the service.</p>

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	<p>Now that the integration with Staffordshire control staff is complete, it is now appropriate to review Fire Control staffing levels. This work has commenced.</p> <p>An evaluation of the Service's crisis management arrangements is ongoing. Particular focus is upon the possible opportunities for development and skill-sets that may be required for officers required to discharge this functionality.</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 (SSRI) arrangements is due to be completed by Summer 2015. 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>Discussions are ongoing regarding the impact of HS2 upon current command and control functionality. The Service has submitted a document to Peter Holland for his consideration of the Service's position.</p> <p>In accordance with the Service's planning framework, the Authority approved the budget at its 16th February 2015 meeting. As part of this the Property Management Asset Plan and Vehicle Replacement Programmes were agreed.</p>
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	<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.</p> <p>This has enabled for the Risk Owner to provide a Substantial (green) confidence</p>

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	opinion and this is reflected on the Corporate Risk Assurance Map summary.
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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 model and balance its budget despite a £28M (35%) cut in funding (up to March 2016). Following on from the general election, it is forecast that the anticipated cuts to central grant will deeper and at a quicker pace than original indications. The Service awaits confirmation of this position. The joint message from the CFO and Chair of the Authority sets out the concerns of the Authority and Service alike that the Government will seek to double the currently expected grant reduction of £14M between 2016/17 to 2018/19.</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.</p> <p>In terms of funding reductions for 2016/2017 and 2017/2018 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>
Changes to control measures	<p>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.</p>
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>

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	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.
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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 funding challenge.</p> <p>As part of its workforce planning arrangements, the Service is proposing to trial a number of alternative delivery models at selected fire stations throughout the West Midlands. Discussion is still on-going with representative bodies. 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>

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

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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>The current score is still valid and therefore an update on the performance of our risk management arrangements is not required this quarter.</p>
Changes to control measures	There are no changes to or additional control measures required.
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>Discussions are ongoing regarding the impact of HS2 upon current command and control functionality. The Service has submitted a document to Peter Holland for his consideration of the Service's position.</p> <p>The risks (and controls) present are reflected on the risk log.</p> <p>The joint control working arrangements between Staffordshire and West Midlands are embedded. It is, therefore, appropriate to consider whether the current resources and staffing model represent the most efficient way of working.</p>
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>

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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 (staff development) to further strengthen the risk environment are being considered.
Assurances updates	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 2015/2016. 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