



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

CORPORATE RISK MANAGEMENT

Report of the Chief Fire Officer

Date: 16 January 2015

Purpose of Report:

To present the Committee with updated Corporate and Strategic Risk Registers.

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1. BACKGROUND

- 1.1 Members of the Finance and Resources Committee have requested a report twice a year that provides evidence of the Authority's risk management activity, including up-to-date versions of the Strategic and Corporate Risk Registers and a list of the top ten corporate risks.
- 1.2 The reporting of risk management activity to Members via the Finance and Resources Committee forms part of the Authority's planned and systemic approach to the management of risk. The purpose of this is both to aid strategic decision-making and provide assurance.

2. REPORT

- 2.1 The Strategic Risk Register, which is used to ensure that the Authority has the flexibility to respond to factors that may affect long-term strategic vision or aims, has been reviewed and is attached at Appendix A. It should be noted that on this occasion, it was felt that no revision was necessary.
- 2.2 The Corporate Risk Register, which identifies significant operational risks that require the attention of, or monitoring by the Corporate Management Board has been updated following consultation with the risk owners; consultation with Service Managers, allowing an opportunity for significant departmental risks to be escalated; and debate at Corporate Management Board. The updated Corporate Risk Register is attached at Appendix B.
- 2.3 Members of the Finance and Resources Committee are reminded that the purpose of a corporate risk register is to ensure Principal Officers and senior managers are taking responsibility for the management of the most significant risks to which the Authority is exposed.
- 2.4 The following risks are those that have a 'high' or 'very high' risk score (shown in parentheses. Note: maximum risk score = 25) following the implementation of control measures:
 - Mobilising (20)
 - Workforce issues (20)
 - Use of vehicles on Authority business (15)
 - Major, multi-agency incident (12)
 - Legal compliance (10)
 - Preventable deaths (10)
 - Health, safety and welfare (10)
 - Avoidable environmental impact (10)
 - Budget performance (9)
 - Workforce sustainability (9)
 - Availability of assets (9)
 - Major ICT systems (9)

3. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources implications arising directly from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has been completed and there are no equality implications arising directly from this report.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

8. RISK MANAGEMENT IMPLICATIONS

The failure of the Authority to effectively manage the risks to which it is exposed in itself poses a risk. Risk management is a key element of the corporate governance framework and it is imperative that progress is made in adopting a strategy and policy, embedding risk management in the business culture of the Authority and in reporting to Members and providing assurance on this matter.

9. RECOMMENDATIONS

It is recommended that Members:

- 9.1 Note and endorse the Strategic Risk Register.
- 9.2 Note and endorse the Corporate Risk Register.
- 9.3 Note the most significant risks facing the Authority.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

Appendix A

Strategic Risk Register

(Subject to ratification by Finance and Resources Committee)

Strategic Risk	Action	Potential Impact
Change in UK government	Keep informed of political intentions at a national level to establish whether a future government may change the emphasis of fire and rescue service activity, i.e. localism, greater national resilience roles, shifts in the balance of prevention/response/enforcement. Monitor possibility of any national decisions following Knight review.	High
Change in local balance of power	Keep informed of political intentions at local level to ascertain possible future intentions in terms of budget setting and significant shifts in local priorities.	Medium
Interest rates: currently low	Consider implications as part of annual Treasury Management Strategy with reference to BoE forward guidance. May choose to undertake capital projects on basis of low borrowing rates, but remain aware of potential future refinancing costs when interest rates rise.	Medium
Inflation	Monitor economic situation and forecasting data as any significant or sustained rise in the inflation rate may put pressure on interest rates and on cost base.	High

Strategic Risk	Action	Potential Impact
Recession/growth and the burden of taxation	Recession and associated decreases in tax receipts, in particular local retained NDR could be susceptible to more rapid variation .Develop means of effectively utilising increased funding once sustained growth is achieved in order to minimise future risk of recession Treasury management to shield investments' exposure to institutions which are not well prepared to cope with future economic downturn.	High
Increased levels of poverty	Question assumptions in IRMP with regard to the identification of vulnerable groups.	High
Stakeholder expectations increased in periods of strong funding	Focus corporate objectives on statutory responsibilities. Consider potential impact of future funding restrictions prior to committing to work not covered by statute and have an exit strategy planned. Manage public expectation to a level that is consistently attainable, rather than to short-term levels of funding.	High
National or local demographics, migration and age profiles	Ensure that corporate objectives and long-term planning prepares the Service for serving an ageing population, not just a future elderly population. Question how the Service can attract and retain good quality employees in a situation of decreasing supply. Be aware that cultural migration has the potential to influence the cultural balance of a whole community. Individual cultures should not be viewed in isolation.	High

Strategic Risk	Action	Potential Impact
Social media	Be aware that social media invites interaction, and may place pressure on political and management decisions. Ensure consistency of message across all media platforms.	High
Technology: Delivery of services Management of delivery Back-office support	Look to use technology to do better things, not simply the same things better. Take a balanced view – be aware of the capabilities of new technologies, but ensure that the use of technology is driven by the corporate objectives and not the other way around.	Medium
Weather extremes	Assess whether the corporate objectives provide sufficient flexibility in terms of people, equipment and finance to respond to extreme weather events. Consider the influence of NFRS on planning, with reference to flooding risk in particular.	High
Green technologies	Increasingly mandated through legislation, or encouraged by taxation policy and social pressure, the corporate objectives should reflect, or be developed in the context of the increasing importance of green technologies. Security of supply may become an issue.	High

Strategic Risk	Action	Potential Impact
Statutory obligations: <ul style="list-style-type: none"> • What you deliver • How you deliver it 	Ensure clarity over which elements of current service provision are underpinned by statute and what is delivered under 'moral obligation'. Acknowledge that any elements of the current service delivered under moral obligation and not likely to become a statutory obligation constitute a low priority and may have to cease. Remain informed, across all professions, of variations in legislative requirements.	Medium
Competition law: Deregulation of sector	Consider how the Service would respond to partial or total deregulation of fire service provision, for example, an increase in the number of private fire and rescue services serving large commercial organisations, or the contracting out of non-statutory or specialist functions.	High
Employment law	Be alert to changes in societal norms and expectations that may result in the need to more clearly reflect equalities, diversity and human rights in corporate objectives.	High
Legal precedents	Maintain an awareness of live litigation that relates to operational activity or organisational management and act as appropriate on any outcomes.	Medium

Strategic Risk	Action	Potential Impact
The wider public sector	Consider implications of a local government or frontline public body encountering financial stress, particularly where shared services exist, and cross-border arrangements.	High

Appendix B

Corporate Risk Register

(Subject to ratification by Finance and Resources Committee)

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Service Priority: Service Delivery										
Operational equipment	Inadequacy of operational equipment or personal protective equipment	3	4	12 VH	Appropriate specification and selection of equipment, process for commissioning and procuring equipment Robust maintenance procedures in place	2	3	6 M		ACO Finance & Resources
Mobilising	Loss of mobilising capability Replacement of Airwave system (ESMCP) – extent of financial impact not yet known and potential issues during transition in terms of continued Airwave availability.	4	5	20 VH	Secondary and tertiary mobilising arrangements in place. Maintenance contract in place for current system. New mobilising system includes cover arrangements Engagement with relevant CFOA and ESMCP groups Fall-back to LFRS and DFRS	4	5	20 VH	Work on ESMCP expected to start end 2014 – CMB to consider the impact of this and what lessons can be learned from the Tri-Service Control project	DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Availability of assets	The risk that the Service will lose widespread access to key assets – this may include premises, equipment, ICT systems and data or employees	3	5	15 VH	Business continuity management plan and process in place Asset maintenance plans supported by Redkite asset management system Planned replacement and upgrade programmes Defect reporting and repair procedures in place Competent management and managers	3	3	9 H		ACO Finance & Resources
Major, multi-agency incident	The risk that the Service will fail to work effectively in such an incident	4	4	16 VH	Multi-agency exercises to practice response Partnership working on the development of protocols Training resulting from JESIP being delivered and incorporated in to major exercise planning	4	3	12 H		DCFO
Workforce issues	Increasing potential for poor industrial relations arising from local decision making due to financial constraints and national political/macro-economic factors resulting in a loss of morale or workforce availability	5	5	25 VH	CMB revised contingency plans for strike action to account for reducing internal availability for cover DCFO and ACFO have responsibility for maintaining positive industrial relations	4	5	20 VH		DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Service Priority: Employees and Workforce										
Health, Safety, and Welfare	The risk arising from the hazards associated with the Service's activities which may cause injury, ill-health or death to employees and/or non-employees and could result in both criminal and civil sanctions, reputational damage and negative effects on service delivery and employee morale	4	5	20 VH	The availability of 'competent persons' to advise the Service of its duties and necessary risk controls which are then translated in to safe systems of work	2	5	10 H	Review of 7.2D procedure by Corporate Services Support and Service Delivery by end March 2015	ACFO Corporate Support
Workforce sustainability	Inability to maintain sufficient or adequate workforce to meet service requirements. Issues around competency of staff, loss of corporate memory and single points of failure or critical persons in specific roles	3	4	12 VH	HR function with advisory capacity and suite of policies. Workforce planning, providing overview of workforce. L&D function, operational training against role maps and PDR process to identify training needs. Maintenance of competence policy PDR review undertaken 2014	3	3	9 H	Operational competence progression being reviewed Scheme for maintenance of competence to be updated on delivery of new HR system Monitoring of (re)training requirements arising from redundancy situations	ACFO Corporate Support

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Service Priority: Improvement and Governance										
The use of vehicles on Authority business	The risk of accidents or other events arising from vehicle defects or by the driving of employees	4	5	20 VH	Road Risk Group Transport function to manage vehicle assets Driver training by L&D function Insurance cover to mitigate financial losses Driving safety policy Generic blue-light risk assessment Generic non-emergency driving risk assessment External review completed by insurers Engagement with Nottingham Trent University Emergency Services Research Group on eye-tracking research	3	5	15 VH	Driver training needs to be reviewed by Area Manager-Service Delivery and Business Risk Manager Generic driving-related risk assessments to be reviewed Business Risk Manager to progress work on other recommendations outlined in the fleet and driver review	ACFO Service Support
Budget performance	The risk that revenue or capital budgets will significantly overspend or underspend	4	4	16 VH	Medium-term financial strategy. Annual review of budget planning assumptions. Finance staff work with budget managers to develop realistic budgets. Regular budget monitoring reported to CMB and F&R Committee	3	3	9 H		ACO Finance & Resources

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Employee and Member conduct	Any or all of the following risks: the Service will suffer a major irregularity or fraud unethical behaviour or misconduct on the part of employees or members	3	4	12 VH	Finance and Business Risk Management function Effectiveness of financial internal controls assessed by internal audit function Scheme of financial management Counter-fraud policy Indemnity insurance (does not cover fraud)	2	3	6 M	HR currently undertaking a review of the Code of conduct for Employees CMB to discuss and agree how to review the Code of conduct for Members	ACO Finance & Resources
Legal compliance	The risk that the service will fail to comply with legal requirements	4	5	20 VH	Professional experts employed in areas such as HR, finance, procurement, health & safety Monitoring Officer Business Risk Manager helps to identify vulnerabilities Use of external lawyers to advise on compliance in areas not covered by in-house expertise Policies and procedures setting out expectations for compliance with legal requirements	2	5	10 H	Director of Finance and Resources to consider how to effect quality assurance in respect of outsourced areas of work	DCFO
State aid challenge	The risk that the Service will be required to pay a proportion of any fine levied by the EU in respect of alleged state aid to FRS trading companies	3	2	6 M	If state aid is proven, NFRS (Trading) Limited does not make sufficient profit to meet the deminimus limit for liability to attach.	3	2	6 M	Maintain engagement with progress of the case, establish whether any other related costs may be recharged and establish potential impact on general reserves	DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Major ICT systems	The risk that the Service fails to identify or make adequate resource provision for on-going updating and development, resulting in earlier obsolescence and sub-optimal functionality, or the need for costly reactive technical support	5	3	15 VH	Project management process in place Post implementation support considered as part of the project management process	3	3	9 H	Tri-service review of major ICT systems to identify potential for joint working on support provision	DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Service Priority: Engagement and Partnerships										
Preventable deaths	The risk that a person will die in a incident, where the Service failed to put in place an intervention which would have reduced the risk, or where an intervention was ineffective	4	5	20 VH	Operational response Work with partner agencies to identify and target high risk individuals with community safety interventions Fire investigations can identify instances where interventions were not made, or were ineffective Risk Reduction initiatives being evaluated for effectiveness Serious fire incident review panel in place to investigate 'near misses'	2	5	10 H		DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Service Priority: Environment										
Avoidable environmental impact	The risk that the Service will fail to comply with environmental legislation resulting in the potential for enforcement action Failure to give consideration to environmental factors when making other business decisions may result in missed opportunities for financial savings, reducing waste and emissions and purchasing environmentally superior assets of consumables	3	5	15 VH	Energy saving and generation considered as part of new build/refurbishment projects Emissions control considered as part of vehicle procurement Access to competent environmental advice	2	5	10 H	Environmental risk management audit due by 2014 Develop environmental strategy based on findings of the audit Integrate and embed environmental priorities into day-to-day business Set targets for the reduction of waste, energy consumption and fuel usage	ACFO Corporate Support

Risk Scoring Matrix

