



**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:** 10 July 2015

**Purpose of Report:**

As part of the Authority's governance and scrutiny process, to update Members on the key risks to which the Authority is exposed and highlight the potential risks that should be considered as part of the strategic decision-making process.

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## **1. BACKGROUND**

- 1.1 The Authority's risk management process requires that the Corporate Risk Register, which is used to gain assurance on the management of the key risks to which the Service is exposed and to guide resource allocation, is updated on a regular basis to ensure that it remains relevant. This updating is done on a quarterly basis and reported to the Authority twice a year. The key criteria for reporting a risk on the Corporate Risk Register is that it is sufficiently significant to warrant ownership by a Principal Officer.
- 1.2 This report provides Members with an oversight of the key risks to which the Authority is exposed and an opportunity to debate any of the risks or associated control measures as part of the assurance and scrutiny process.
- 1.3 The Authority also has a Strategic Risk Register. This is an outward-facing assessment of the potential external risks that could have a future impact on the strategic direction of the Authority, or should be considered when setting Service Priorities. It serves to ensure that the Authority remains alert, and agile enough to respond to potential change.

## **2. REPORT**

- 2.1 The updated Corporate Risk Register has been consulted on and discussed at both Service Managers' Forum and Corporate Management Board, and is provided at Appendix A.
- 2.2 At the present time, the three risks with the highest residual rating, after the application of existing risk control/mitigation measures are:
  - Mobilising (20 VH) – in respect of understanding the extent of the risks that are present in the Emergency Services Mobile Communications Project (ESMCP);
  - Workforce issues (20 VH) – the Authority needs to consider the potential effect on industrial relations at a national level in view of the general election results and how this may impact on service provision at a local level;
  - The use of vehicles on Authority business (15 VH) – The Finance and Resources Committee has taken an active role in the monitoring of this risk and recently received a report on action being taken by the Road Risk Group (RRG). A further update on the activity of the RRG has been requested for early 2016.

Members are asked to note these risks and seek assurance from Principal Officers as to the effectiveness of existing control measures and the progress in the implementation of any further control measures identified as necessary.

- 2.3 The Strategic Risk Register is included at Appendix B. Members are asked to note the contents of the Strategic Risk Register and to consider its contents when engaged in medium-long term strategic decision-making.

### **3. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resource implications arising from this report.

### **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this report consolidates existing work streams that may themselves be subject to an Equalities Impact Assessment.

### **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 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, particularly where there is a systemic failure that could leave the Authority and individual managers at risk of legal action. Risk management is a key element of the corporate governance framework and it is imperative that risk identification and management is both up-to-date and embedded in the decision-making, governance and scrutiny processes of the Authority.

### **9. RECOMMENDATIONS**

It is recommended that Members:

- 9.1 Note the content of the Corporate Risk Register, and seek assurance from Principal Officers as to the effectiveness of existing control measures and the progress in the implementation of any further control measures identified as necessary.

9.2 Note the contents of the Strategic Risk Register and to consider its contents when engaged in medium-long term strategic decision-making

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

None.

John Buckley  
**CHIEF FIRE OFFICER**

## CORPORATE RISK REGISTER

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
<b>Service Priority: Service Delivery</b>										
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
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

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
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	Business Risk Manager to establish whether terrorism extension required for casualty insurance cover	DCFO
Workforce issues	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 Risk that the Service will be unable to effectively introduce organisational change due to a lack of employee engagement	5	5	25 VH	Contingency plans in place to provide cover during strike action by operational staff 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
<b>Service Priority: Employees and Workforce</b>										
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 7.2D process provides a structured methodology for assessing the hazards and risks associated with specific sites Operational Assurance Team facilitates learning from operational incidents	2	5	10 H	Case study of Meridian Lightweight Technologies will test adequacy of site specific risk identification	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 (reviewed 2014) to identify training needs. Maintenance of competence policy in place	3	3	9 H	Operational competence progression being reviewed with outcomes due by the end of 2015  Scheme for maintenance of competence to be updated once trial of competency recording system undertaken	ACFO Corporate Support

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
<b>Service Priority: Improvement and Governance</b>										
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 & associated action plan 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	Implementation of Road Risk Group action plan following submission to Finance and Resources Committee updates on progress to be provided via the Road Risk Group and Service Health, Safety and Welfare Committee	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

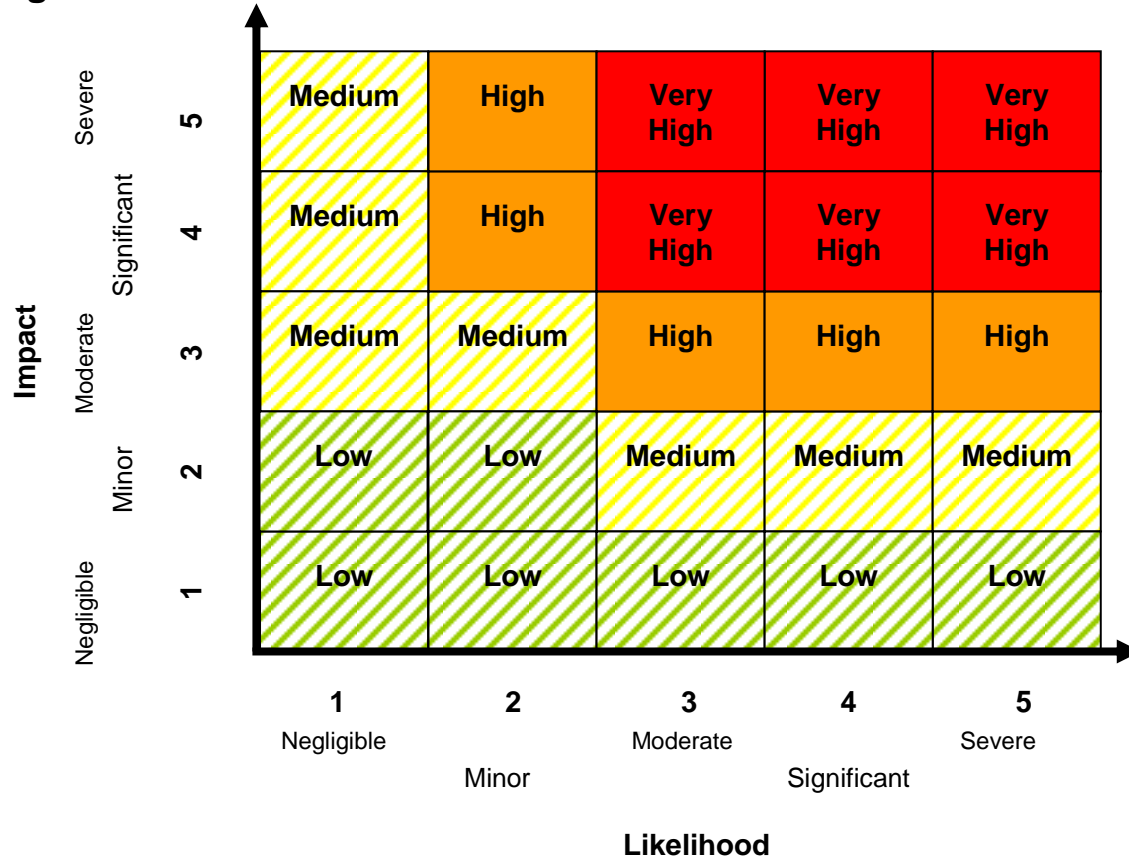


Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
Employee and Member conduct	Any or all of the following risks: the Service will suffer a major irregularity or fraud unethical behaviour or misconduct on the part of employees or members	3	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). The Code of conduct for Members has been confirmed as legally compliant.	2	3	6 M	HR currently undertaking a review of the Code of conduct for Employees.	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	Business Risk Manager to discuss quality control of outsourced activities with the Director of Finance and Resources	DCFO

Risk Title	Risk Description	L	I	Risk Score	Existing Controls	L	I	Risk Score	Further Controls Required	Risk Owner
State aid challenge	The Service may 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 de minimus 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
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
<b>Service Priority: Engagement and Partnerships</b>										
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
<b>Service Priority: Environment</b>										
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 in progress. 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



## Strategic Risk Register

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
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

Strategic Risk	Action	Potential Impact
National or local demographics, migration and age profiles	<p>Ensure that corporate objectives and long-term planning prepares the Service for serving an ageing population, not just a future elderly population.</p> <p>Question how the Service can attract and retain good quality employees in a situation of decreasing supply.</p> <p>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.</p>	High
Social media	<p>Be aware that social media invites interaction, and may place pressure on political and management decisions.</p> <p>Ensure consistency of message across all media platforms.</p>	High
Technology: Delivery of services Management of delivery Back-office support	<p>Look to use technology to do better things, not simply the same things better.</p> <p>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.</p>	Medium
Weather extremes	<p>Assess whether the corporate objectives provide sufficient flexibility in terms of people, equipment and finance to respond to extreme weather events.</p> <p>Consider the influence of NFRS on planning, with reference to flooding risk in particular.</p>	High
Green technologies	<p>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.</p>	High
Statutory obligations: <ul style="list-style-type: none"> <li>• What you deliver</li> <li>• How you deliver it</li> </ul>	<p>Ensure clarity over which elements of current service provision are underpinned by statute and what is delivered under 'moral obligation'.</p> <p>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.</p> <p>Remain informed, across all professions, of variations in legislative requirements.</p>	Medium

Strategic Risk	Action	Potential Impact
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
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