



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

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

# Corporate Risk Management

Report of the Chief Fire Officer

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**Agenda Item No:**

**Date:** 17 January 2014

**Purpose of Report:**

To present Members with updated Strategic and Corporate Risk Registers and associated commentary.

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## **1. BACKGROUND**

- 1.1 Members of the Finance and Resources Committee requested at the 12 July 2013 meeting that they receive 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 Members also agreed at the 12 July 2013 committee to receive risk management training, and this has been arranged to commence at the rising of the meeting at which this paper is to be considered.
- 1.3 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 updated and debated by Corporate Management Board (CMB). The Strategic Risk Register is attached at Appendix A.
- 2.2 The amendments to the strategic risk register, together with the rationale for the changes are:
  - the impacts from EU: admittance of new Member States – the potential financial impact of this is now considered to be a low risk and has been removed from the Strategic Risk Register (low levels of risk do not warrant management attention and are unlikely to influence strategic direction);
  - Human Resources – this risk was quite specific and operational in its nature, rather than giving rise to an impact on strategic direction or objective-setting. It is already covered in the Corporate Risk Register and it is therefore not included in the Strategic Risk Register;
  - the wider public sector – this describes the counterparty risk that public bodies with which the Authority may be engaged in partnership working become unable to fulfil their partnership obligations, thus threatening service delivery. This risk also provides an indication that even without a change in government policy, organisations may find that they are unable to respond rapidly enough to changes in their operating environment.

2.3 The Corporate Risk Register, which identifies significant operational risks that require the attention of, or monitoring by CMB, has been updated following consultation with the risk owners; consultation with Service Managers, allowing an opportunity for significant departmental risks to be escalated; and debated at CMB.

2.4 To summarise, the key changes to the Corporate Risk Register were:

- Health, Safety, Welfare and Environment – it was agreed that the procedure which provides the operational intelligence required to protect life and property, was due to be reviewed. The Corporate Services Support Department has been charged by the Corporate Management Board with reviewing this process to ensure that it is fit for purpose, and this work will be planned for next year.
- Workforce Issues – this risk was split into two different risks to reflect that industrial relations has become an acute issue with the current industrial action and needs to be considered separately, whilst organisational sustainability remains a longer-term threat. The potential for a loss of corporate memory has been highlighted as part of the voluntary redundancy process and should be considered by managers putting forward business cases for making posts redundant. The recent strike action has demonstrated that due to factors outside of the Service's control, there is a reducing pool of non-uniformed operational staff to provide adequate cover and therefore it was identified that there was a need to revisit the contingency plans that are in place for such an eventuality as the previous assumptions regarding staff availability were no longer accurate (this work was undertaken shortly following the presentation of the Corporate Risk Register). Although the immediate problem is being addressed, there is a need to consider whether or not contingency crews should be maintained in the longer term as a way of managing future risks – this will be considered when the current industrial action has ceased. The likelihood of this risk occurring has potentially increased as the continuing financial constraints mean that difficult decisions may need to be made at national and local levels. Workforce Issues is now included under the Resilience corporate objective. The recent Fire Brigades Union ballot for Action Short of Strike has prompted managers to consider the potential impacts.
- Use of vehicles on Authority business – the further controls identified as necessary in the previous risk register have now been implemented. Despite this, the residual risk has been assessed as remaining unacceptably high and it is now important that the Road Risk Group considers the Service's response to recommendations made by the insurers in their fleet and driver review. The Service has opportunities to progress work in this area with the CFA regional health and safety and research work in conjunction with Nottingham Trent University. Agreement between the ACO,

Finance and Resources and the Assistant Chief Fire Officer has resulted in the ownership of this risk changing.

- Availability of assets – due to the description of the risk referring, in the main, to assets managed by the Finance and Resources directorate (such as property and vehicles), ownership of this risk has transferred to the ACO, Finance and Resources.
- Major, multi-agency incident – the lack of interoperability between the communications systems used by the various emergency services was identified as something that could affect operational response, and has in the past resulted in reputational damage. The Service has opportunities to engage in training as part of the Joint Emergency Services Interoperability Programme (JESIP), although it was noted that the effectiveness of this could be impacted by a lack of attendance from other blue-light services. The national project to replace the current contract for emergency services' mobile communications is being closely monitored – the existing contract ends in 2016.
- Preventable deaths – recognition was given to the contribution that Fire Investigation makes in identifying whether there had been a failure to intervene, or where an intervention was not effective. The Service is also developing a critical incident review process to investigate 'near miss' scenarios and the effectiveness of risk reduction measures are to be reported to the Service Managers Forum.
- Major projects – this generic risk has been removed from the Corporate Risk Register. The Business Risk Manager and Service Project Manager will meet as part of the Corporate Risk Register review process and discuss whether there are specific projects where the level of risk warrants attention and/or action at Corporate Management Board.

2.5 The last report to this Committee identified the top 10 risks on the Corporate Risk Register. As the purpose of this report is to alert Members to the most significant risks facing the Authority in the day-to-day delivery of its services, this report highlights those risks that have a 'high' or 'very high' risk score following the implementation of control measures (shown in parentheses):

- workforce issues (20);
- use of vehicles on Authority business (15);
- major, multi-agency incident (12);
- legal compliance (10);
- preventable deaths (10);
- health, safety, welfare and environment (10);
- budget performance (9);
- workforce sustainability (9);
- availability of assets (9).

These are the key risks to which CMB should be allocating additional management effort and resource as they currently have the greatest potential of stopping the Authority from achieving its strategic aims and objectives.

- 2.6 For information, the Authority's current risk management strategy statement may be found at Appendix C.

### **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.

Frank Swann  
**CHIEF FIRE OFFICER**

## Appendix A

### 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

Strategic Risk	Action	Potential Impact
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
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"> <li>• What you deliver</li> <li>• How you deliver it</li> </ul>	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
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

Risk Title	Risk Description	L	S	Risk Score	Existing Controls	L	S	Risk Score	Further Controls Required	Risk Owner
<b>Corporate Objective: Diversity and Workforce</b>										
Health, Safety, Welfare and Environment	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 planned to ensure it is fit for the purpose of providing operational intelligence – to be reported back to Service Managers' Forum	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	3	3	9 H		ACFO Corporate Support

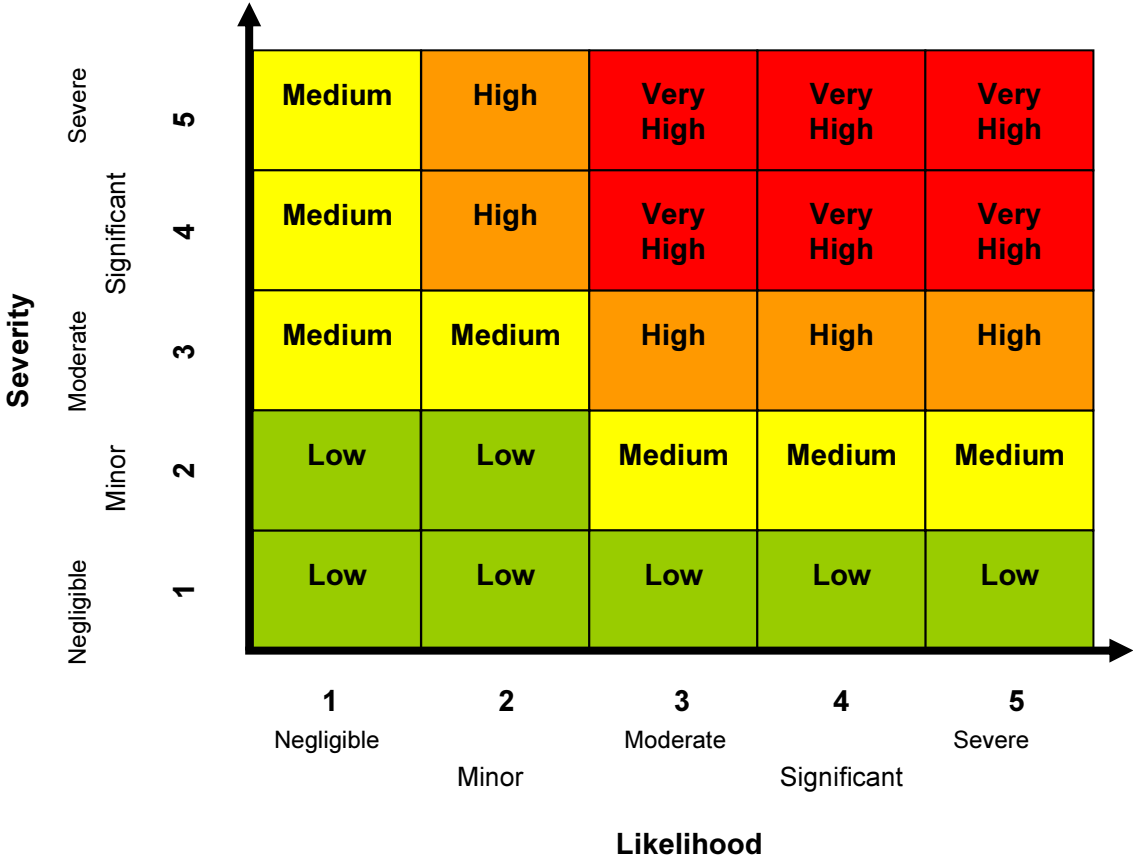
<b>Risk Title</b>	<b>Risk Description</b>	<b>L</b>	<b>S</b>	<b>Risk Score</b>	<b>Existing Controls</b>	<b>L</b>	<b>S</b>	<b>Risk Score</b>	<b>Further Controls Required</b>	<b>Risk Owner</b>
The use of vehicle on Authority business	The risk of accidents or other events arising from vehicle defects or 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	3	5	15 VH	Road Risk Group to consider outcomes arising from insurer review Engagement with Nottingham Trent University research group	ACO Finance & Resources
<b>Corporate Objective: Response</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  Risks around replacement of Airwave system (ESMCP) – financial details not yet known	3	5	15 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	2	3	6 M	National ESMC project to be monitored.	ACO Finance & Resources

Risk Title	Risk Description	L	S	Risk Score	Existing Controls	L	S	Risk Score	Further Controls Required	Risk Owner
<b>Corporate Objective: Resilience</b>										
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 in place Competent operational 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	4	3	12 H	Joint training resulting from Joint Emergency Services Interoperability Programme in respect of major incident operations and communications to be delivered next year.	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	Formal negotiation and consultation channels with representative bodies through industrial relations officer.  Contingency plans for strike action have been amended in the light of reducing availability of non-union employees to provide cover	4	5	20 VH	The use of contingency crews in the longer term to be considered by CMB when the current industrial action has ended.  The potential impact of the “Yes” ballot for Action Short of Strike is currently being considered by managers	DCFO

Risk Title	Risk Description	L	S	Risk Score	Existing Controls	L	S	Risk Score	Further Controls Required	Risk Owner
<b>Corporate Objective: Prevention</b>										
Preventable deaths	The risk that a person will die in a fire or other 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	2	5	10 H	Critical incident review process planned for 'near miss' situations. Evaluation Officer to present review of effectiveness of risk reduction measures to Service Managers' Forum	DCFO
<b>Corporate Objective: Governance and Improvement</b>										
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
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	Specific code of conduct for Employees to be developed by HR in 2015/16 business plan	ACO Finance & Resources

<b>Risk Title</b>	<b>Risk Description</b>	<b>L</b>	<b>S</b>	<b>Risk Score</b>	<b>Existing Controls</b>	<b>L</b>	<b>S</b>	<b>Risk Score</b>	<b>Further Controls Required</b>	<b>Risk Owner</b>
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	2	5	10 H		DCFO

# Risk Scoring Matrix



## **Appendix C**

### **Corporate Risk Management Strategy Statement**

Nottinghamshire Fire and Rescue Service is a risk aware organisation. It recognises that the structure and management of the 'business' gives rise to risks that need to be managed at the corporate level.

These 'corporate risks' are different to community risk, which is identified through IRMP and statutory duties, and informs the nature of the services to be delivered; and operational risk, such as the health and safety of employees when delivering those services.

The Service will seek to manage its corporate risks using proven, internationally-recognised techniques and standards and strives to achieve excellence in corporate risk management activity when assessed against both recognised standards and peer organisations. It will effect this excellence in corporate risk management through a Principal Officer 'Champion', the employment of a professionally qualified and experienced Business Risk Manager, and the engagement of Elected Members in an assurance role via the Finance and Resources Committee. Corporate Management Board shall have the overall responsibility for ensuring that the Service's corporate risks are effectively managed.

Individual corporate risk management responsibilities will be detailed in a corporate risk management policy, with tools and techniques for effecting corporate risk management made available via associated procedures and/or guidance documents.

The Service recognises that it is not always possible, nor desirable to completely eliminate risk, and that this may result in different levels of risk being acceptable for different work streams or elements of business activity. This appetite and tolerance for risk will be established through debate and consensus, and reports concerning performance against those appetites and tolerances will be scrutinised by management and Elected Members. Managers will be encouraged to embrace projects and work that involve well-managed risk as part of an overall low risk approach.