

# CHESHIRE FIRE AUTHORITY

MEETING OF : POLICY COMMITTEE **ITEM: 4**  
DATE : 22<sup>nd</sup> JUNE 2016  
REPORT OF : HEAD OF PLANNING PERFORMANCE AND  
COMMUNICATIONS  
AUTHOR : CHRIS ASTALL

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**SUBJECT: RISK MANAGEMENT BOARD ANNUAL REPORT**

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## **Purpose of Report**

1. To present the annual Risk Management Board (RMB) report to Policy Committee, which summarises the key activities and decisions made by RMB during 2015-16. The RMB forward plan for 16-17 is presented as **Appendix 1**.

## **Recommended That:**

- [1] the content of this report be noted;
- [2] Members feedback to RMB any comments relating to the content of this report or any additional items to be considered for inclusion in RMB's forward work plan for 2016-17.

## **Background**

### **Risk Management Board Terms of Reference 2015-16**

2. The responsibility for Risk Management at Member level has been delegated to the Policy Committee. In addition, the Authority has appointed two Risk Management 'Champions' who attend RMB twice a year. The notes of all RMB meetings are now included for information in the Policy Committee papers to ensure that Members are able to maintain an appropriate knowledge of key organisational risks and how they are being treated over the course of the year.
3. For the majority of 2015-16 RMB meetings were scheduled quarterly. In January 2016 the Board made a request for Corporate Programme Office to explore the option of RMB meetings scheduled six monthly as they had assurance that the risk management process was well embedded across the organisation. The Board approved the move from quarterly to six monthly meetings in March 2016.

4. The chair of RMB is the Chief Fire Officer and Chief Executive and the group is responsible for promoting and supporting compliance with the Corporate Risk Management Framework and for managing the strategic risk register. The Terms of Reference for the group are reviewed annually and were presented to RMB in March 2016 within minimal changes from the previous year. These are attached as **Appendix 2**
5. RMB uses a forward plan to guide the agendas for the RMB meetings. The completed work programme for 2015-16 is attached as **Appendix 3**.

## Information

### Review of the Strategic Risk Register

6. RMB reviews each strategic risk on the risk register, taking note of progress against response plans, and re-evaluating the risk scores based on current information.
7. The tables below summarise new strategic risks identified, risks that have increased in scoring and risks closed during 2015-16:

#### *New Strategic Risks for 2015/16:*

<b>Risk Ref</b>	<b>Risk Title</b>	<b>Risk Impact</b>	<b>Current score</b>	<b>Target Score</b>
<b>868</b>	Clawback of funding by government as a result of the Authority's reserve level	As a result of the Government's belief that Local Authorities are accumulating high levels of reserves, there is a risk that the Government could clawback funding which could lead to the Authority not being able to deliver the programmes needed to deliver its IRMP, or fund capital and high level one off revenue spending.	<b>12</b>	<b>6</b>
<b>871</b>	Changing regional arrangements impacting budgets and governance	If Halton decide to go into the Liverpool city region then there is a risk that the current Cheshire Fire Authority and IRMP and associated budget and governance arrangements will be heavily impacted. This risk has now been closed.	<b>9</b>	<b>6</b>
<b>889</b>	Lack of commitment from housing providers to fit sprinklers.	As a result of the austerity measures there is a risk that RSL's are unable to commit to the sprinkler system programme.	<b>16</b>	<b>9</b>

*Strategic Risks closed:*

<b>Risk ref</b>	<b>Risk Title</b>	<b>Reason for the closure</b>
<b>403</b>	Failure to win a prosecution/s in Community Fire Protection	Mitigated by the reserves in place.
<b>800</b>	Liability to pay back dated pension employer contributions for on call firefighters	Since this risk has come to fruition and the financial impact will be spread over future years.
<b>828</b>	Nepal school building project	Financial aspect to this risk has been mitigated due to the required funds being raised.
<b>860</b>	Potential local dispute regarding changes to shift system	Now that the Fire Brigades Union have signed up to both the Day Crewing and the Wholetime duty systems it is no longer likely.
<b>800</b>	Liability to pay back dated pension employer contributions for on call firefighters	This risk has come to fruition and the financial impact will be spread over future years.

*Revised Strategic Risk – Increased Score:*

There were no strategic risks where the score has increased since last reported to Policy Committee.

**PESTELO Analysis – Emerging Risks**

8. The PESTELO identifies the main political, economic, socio-cultural, technological, environmental, legal and organisational factors impacting the Service at a given time. It helps the organisation to understand and respond to the external environment, while remaining conscious of its internal capacity. It supports the planning process, from helping to shape the Five Year Strategy and Integrated Risk Management Plan (IRMP) to risk identification and feeding departmental plans. Key risk PESTELO headlines from 2015:

- Post general election issues, risks, opportunities and threats
- Analysis outlined the developing horizon in relation to the political, economic, socio-cultural, technological, environmental and legislative issues.
- Potential changes in local structures of neighbouring fire and rescue services specifically in relation to risks and impacts to the Service.

- Continuing to review savings opportunities and the potential impact on increased government spending in other areas which could result in further cuts elsewhere.
- Wider implications to the Service on potential Strategic risks in relation to Blue Light Collaboration needs to be explored.
- Outcomes of the Thomas Review.
- Post industrial action, cultural issues specific to fire and rescue services
- Recent changes in personal tax and pensions which could have an impact on future recruitment.

### **Risk Management training**

9. During 2015 RMB commissioned the annual risk management training programme which was delivered by an external provider. The training was designed to provide a health check and additional assurance that the Service's Risk Management Framework was aligned to the Institute of Risk Management (IRM) standards.
10. The training was attended by the Service Management Team (SMT); Risk Champions and Member Risk Champion, the feedback from delegates who attended the training was exceptionally positive. The risk management training programme for 2016 is still under development.

### **Annual Refresh of the Corporate Risk Management Framework 2015**

11. The Risk Management Framework and Policy is reviewed by Risk Management Board annually. In 2015 there was a full refresh of the framework resulting in the policy and the practitioner's guidance being produced as two separate documents.
12. The Corporate Programme Office worked closely with RW Training who agreed to be our 'critical friend' and reviewed both documents for compliance/best practice. The following feedback was received from RW Training: *'A full review of both the policy/strategy and practitioner documents has been completed and a few areas for improvement have been identified, both documents are really well written, very understandable and comprehensive'*.
13. Risk Management Board approved the new Framework at the October 2015 meeting and the policy and framework was approved by the Policy Committee in December 2015.

*The table below summaries the key changes in the policy:*

<b>Risk Topic</b>	<b>Key Changes</b>	<b>Risk Management Policy</b> page no.
Early Warning Indicators	Guidance added as a result of an outstanding ALARM action following the 2012 benchmarking exercise	8
Glossary	This has now been added in both documents as a result of Risk Champion feedback	12
Risk on a Page	A quick and simple chart that includes all key information in one place. Risk Champions requested this document was added to both documents	15

### **Crisis Management Plan – Annual Review**

14. RMB has responsibility for reviewing the Service’s Crisis Management Plan on an annual basis and the refreshed version of the plan was presented in October 2015.
15. A number of business continuity exercises were scheduled for 2015-16 in Warrington and Halton and a full test of the Crisis Management Plan is currently planned for 2018. It was agreed that Members should be invited to the next planned exercise.
16. An exercise to test the fallback arrangements at the contingency site in Manchester for NW Fire Control has also taken place.

### **Terms of Reference – Risk Champions Group**

17. The Risk Champion Group are a collective officer peer group who proactively support and challenge each other in the management of risk within each department, and who in conjunction with the Corporate Programme Office help embed and drive the approved risk management process within Cheshire Fire & Rescue Service.
18. The group met monthly for the first year and meetings are now scheduled quarterly.
19. Outcomes from the Risk Champions Group are presented to RMB every six months.
20. Risk Champions are required to provide verbal progress on their local and thematic area of expertise to RMB when scheduled in the forward plan and from time to time may be requested to attend and present their thematic risk register to the Risk Management Board (RMB).

21. Terms of Reference for the Risk Champions Group was presented and approved by RMB in January 2016 and is attached as **Appendix 4**

### **Use of Early Warning Indicators to access external risk to the service**

22. The use of Early Warning Indicators (EWIs) to assess External (National and International) risks to the Service was highlighted during the 2012 ALARM Risk Management Benchmarking exercise undertaken by Cheshire Fire and Rescue Service, where it was identified that at the time there was no specific evidence of the use of EWIs to alert the Service to the potential national risks and impacts.
23. In January 2016 RMB asked the Corporate Programme Office (CPO) to investigate further the use of EWIs within the Service. In March 2016 the CPO Manager presented a report to the Board that suggested the next steps for the introduction of the use of EWIs within the existing Corporate Risk Management Framework.
24. The report presented to RMB detailed the definition of EWIs and the link with the Service's key performance indicators (KPIs), which suggested that EWIs could trigger advanced warning of the delivery of a KPI or project being at risk.
25. The report also highlighted that, at a national level, potential risks were already captured through the UK Government Horizon scanning and the National risk register and locally through the annual PESTELO report prepared by the Service's Policy and Inclusion Manager.
26. The Board were amenable to the idea of undertaking further work on the introduction of EWIs but queried the value of any additional work at this time as the current risk management process was delivered to a very high standard. The Board therefore suggested that the review of EWIs should be revisited following the publication of a national suite of indicators by the Government.
27. The Service has signed up to undertake the ALARM Risk Management exercise again in June 2016 where there will be an opportunity to share best practice with other organisations taking part in the exercise in relation to the identification and use of EWIs.

### **Financial Implications**

28. The fee for the internal audit of the risk management self-assessment was met from the approved annual internal audit budget.
29. Costs relating to implementing risk treatment plans are considered on a case by case basis and either met from existing departmental budgets or

referred to the Budget Management Board for assessment of business need and cost efficiency.

## **Legal Implications**

30. Risk management can relate to legal aspects of the Authority's business, however, the content of this report does not have any specific legal implications. Legal risks to the organisation are incorporated in the Service's risk registers.

## **Equality & Diversity Implications**

31. There are risks that have Equality & Diversity implications and these are identified in our themed risk registers.

## **Environmental Implications**

32. There are risks that have Environmental implications and these are identified in our themed risk registers.

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## **BACKGROUND PAPERS:**

- Appendix 1 Forward Plan 2016-17
- Appendix 2 RMB Terms of Reference
- Appendix 3 Completed work plan 2015-16
- Appendix 4 Risk Champions Terms of Reference