

Public Document Pack

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Tuesday, 24 September 2019 in Main Conference Room, Service Headquarters, Fulwood commencing at 10.00 am.

IF YOU HAVE ANY QUERIES REGARDING THE AGENDA PAPERS OR REQUIRE ANY FURTHER INFORMATION PLEASE INITIALLY CONTACT DIANE BROOKS ON TELEPHONE NUMBER PRESTON (01772) 866720 AND SHE WILL BE PLEASED TO ASSIST.

AGENDA

PART 1 (open to press and public)

Chairman's Announcement – Openness of Local Government Bodies Regulations 2014

Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chairman who will then instruct that those persons are not photographed, filmed or recorded.

1. APOLOGIES FOR ABSENCE
2. DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the agenda.
3. MINUTES OF THE PREVIOUS MEETING (Pages 1 - 8)
4. EXTERNAL AUDIT - ANNUAL AUDIT LETTER (Pages 9 - 22)
5. INTERNAL AUDIT MONITORING REPORT (Pages 23 - 32)
6. RISK MANAGEMENT (Pages 33 - 50)
7. DATE OF NEXT MEETING

The next scheduled meeting of the Committee has been agreed for 10:00 hours on 28 January 2020 in the Main Conference Room, at Lancashire Fire & Rescue Service Headquarters, Fulwood.

Further meetings are: scheduled for 31 March 2020
 proposed for **21 July 2020 OR 28 July 2020** and
 29 September 2020

8. URGENT BUSINESS

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

9. EXCLUSION OF PRESS AND PUBLIC

The Committee is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, they consider that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

PART 2

10. URGENT BUSINESS (PART 2)

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Tuesday, 30 July 2019, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

N Hennessy (Chairman)
S Clarke
S Holgate
A Kay
M Khan
J Shedwick (Vice-Chair)
D Smith

Officers

K Mattinson, Director of Corporate Services (LFRS)
J Bowden, Head of Finance (LFRS)
D Brooks, Principal Member Services Officer (LFRS)

In attendance

R Baker, External Audit, Grant Thornton
R Tembo, External Audit, Grant Thornton
J Taylor, Internal Audit, Lancashire County Council

1/19 APOLOGIES FOR ABSENCE

None received.

2/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

3/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 2 April 2019 be confirmed as a correct record and signed by the Chairman.

4/19 INTERNAL AUDIT ANNUAL REPORT 2018/19

The report was presented by Mrs J Taylor, Senior Auditor, Lancashire County Council. The Internal Audit Annual Report summarised the work that the Internal

Audit Service had undertaken during 2018/19 and the key themes arising from it. It provided an opinion on the overall adequacy and effectiveness of the systems of governance, risk management and internal control.

On the basis of programme of work for the year, the Head of Internal Audit provided substantial assurance over the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control.

The opinion was based on the individual assurance levels provided for each of the individual audit reviews undertaken in 2018/19, detailed in the report now presented to Members.

Mrs Taylor advised that overall a strong control environment continued to operate, overseen by a Service Management Team that was responsive to internal audit findings and committed to continuous improvement. No significant areas of weakness in governance, risk management or control had been identified from the audit or consultancy services and where areas for improvement had been identified, actions had been agreed to enhance aspects of the control framework further and to ensure that it was effectively operating throughout. Follow up work confirmed that agreed actions were being appropriately implemented. It was confirmed that consideration was also given to the wider sources of assurance available including the results of the HMICFRS Inspection and the findings of Grant Thornton as the Authority's external auditor.

The work of the Internal Auditor was one of the key control measures in place within the Authority. As such, the annual report provided an assurance to Members that risks were being managed and controlled, and fed the Authority's overall assessment of the internal controls that operated within the Service.

With reference to point 3.12 on page 11 of the agenda pack regarding optimising rota management, County Councillor Holgate expressed concern that the 'majority' of appliances were 'largely' available and that the current processes were 'inefficient' which had significant resource implications and a detrimental impact on staff wellbeing. The Director of Corporate Services advised that Members of the Performance Committee did monitor appliance availability, and our on-call availability was the envy of many Fire Services with performance around 90%. He confirmed that included within the number of actions agreed to address inefficiencies was a project which had been set up to look at sourcing a digital/electronic system that could identify where cover was needed and the availability of staff to cover. It was agreed that the project outcomes would be reported by the lead Director to the Chairman of the Performance Committee.

Mrs Taylor advised that confirmation was awaited from the internal auditors of the Local Pension Partnership that audit work in relation to pension administration had been completed. Mr Baker advised that the pension administration audit covered a whole range of work for LCC and Grant Thornton did not rely on that information as part of its audit of the Authority.

RESOLVED: - That the Audit Committee noted and endorsed the report.

The Authority was required to produce an Annual Governance Statement as part of the year end process for 2018/19 along with the Authority's financial statements, following a review of the effectiveness of the internal controls in place. The report and the statement set out the key elements of the Authority's governance framework, how these had been evaluated, the outcome of the assessment of effectiveness and any areas for improvement.

The Audit Committee had previously approved a revised Code of Corporate Governance, in line with guidance produced jointly by CIPFA (Chartered Institute of Public Finance Accountants) and SOLACE (Society of Local Authority Chief Executives). The Code defines corporate governance as the way an authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

In order to assess the effectiveness of the Authority's current arrangements a self-assessment had been undertaken by the Executive Board who had considered the various sources of assurance that supported the core principles outlined in the report and the outcome of this was considered by Members under appendix 1 as now presented. One of the key elements of this was external assurance on our systems, and this was provided by our auditors, both of whom provided positive reports, and by the HMICFRS Inspection which rated the Service as Good.

The assessment also considered recommendations made as part of last year's Annual Governance Statement, and an update on the position in respect of these was considered as presented.

It was noted that the Internal Auditors undertook a review of Sources of Assurance in the first quarter of 2018/19, as part of the internal audit programme. This review confirmed that LFRS had sufficient, relevant sources of assurance to satisfactorily manage its risks in order to ensure compliance with the Code of Corporate Governance and achieve overall Service objectives.

The various reviews highlighted a number of areas for further improvement. As part of the review, the Service was required to identify and disclose any significant internal control issues, of which there had been none, hence the overall conclusion was that the system of internal controls was adequate.

The Chairman commented that on page 43 of the agenda pack the key element of governance in relation to compliance with the principles of data transparency was assessed as 'adequate'. In addition the review of effectiveness on page 56 confirmed the corporate governance arrangements were in all cases 'at least adequate' with the majority areas good. She then queried how all areas could move to a good assessment. In response, the Director of Corporate Services confirmed that the term adequate did mean the Authority complied with the transparency code. If there was an area that Members wanted to be looked at again, he would need to discuss it with the Executive Board who would consider any implications (time constraints, other priorities etc) to make a considered decision.

Mr Baker added that the external auditors did consider and provide a view on the annual governance statement; including whether it had been produced in accordance with the guidelines and that it represented their understanding of the Authority. He confirmed that substantial assurance had been received from internal audit and that if something did happen he would expect a recertification.

RESOLVED: - That the Committee noted and endorsed the self-assessment and the Annual Governance Statement.

6/19 EXTERNAL AUDIT - UNDERSTANDING HOW THE COMMITTEE GAINS ASSURANCE FROM MANAGEMENT

This item was considered before the Statement of Accounts.

In order to comply with Auditing Standards, the External Auditors, Grant Thornton were required to obtain an assurance as to how those charged with governance gained assurance over management processes and arrangements, as set out in their letter dated March 2019, copy considered by Members.

A response had been prepared by the previous Chairman of the Audit Committee which was considered by Members.

RESOLVED:- That the Committee noted and endorsed the response submitted.

7/19 EXTERNAL AUDIT - LETTER OF REPRESENTATION

This item was considered before the Statement of Accounts.

As part of the year-end process the Authority was required to sign a letter of representation. This letter confirmed that the Authority had disclosed all relevant information in its accounts for the year in question and that all issues which should have been brought to the attention of the auditors had been.

The Treasurer confirmed that there were no issues that should have been brought to the attention of the auditors but which had not been. The Treasurer confirmed he would sign the letter at the meeting, as there were no further issues which he felt required disclosure.

RESOLVED: - That the Audit Committee authorised the signing of the letter by the Chair of the Committee.

8/19 EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2018/19

This item was considered before the Statement of Accounts.

Under the statutory Code of Audit Practice for Local Government bodies our external auditors, Grant Thornton were required to issue a report to those charged with governance summarising the conclusions from their audit work. Members considered this report which was presented by Mr Baker.

Mr Baker advised that the statutory deadline to complete the audit work had been brought forward to the end of July which meant a more pressured timescale however, it was noted that at the time of writing the report the audit work was substantially complete and there were no issues that would require further modification of the audit opinion or material change to the financial statements.

As such the anticipated audit opinions were:-

- The anticipated audit report opinion would be unqualified;
- The External Auditors anticipated issuing an unqualified value for money conclusion.

In response to a question raised by Councillor Smith regarding the frequency of property valuations, Mr Baker confirmed that 20% were fully revalued with the rest updated using a desk top evaluation. The Director of Corporate Services advised that this Committee considered how property was valued from changes identified in the code of practice a number of years ago (resolution 15/13 refers) which set out that the same type of assets be valued at the same time; whereas the Authority commissioned revaluations of its assets on a rolling basis given the majority of buildings were fire stations.

As reported on the agenda (Revisions to the Statement of Accounts 2018/19) there was one adjusted mis-statement relating to costs associated with both the Fire-fighter Pensions scheme and the Local Government Pension Scheme, which arose from a legal challenge in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015. Initial accounting advice provided by CIPFA was to treat this as a contingent liability, however following the Supreme Court's refusal to allow an appeal the accounting policy adopted by external auditors required the additional liability to be recognised in the accounts. It was noted that the fee charged included an additional £2k in respect of the additional work for this which brought the total fee to £26k. The proposed additional fee was consistent with similar audited bodies and ultimately required Public Sector Audit Appointments approval before final agreement.

The Director of Corporate Services highlighted that this year's audit had been challenging for all involved. He advised that this appeared to be a national issue affecting the majority of local government audits this year across all audit firms. Discussion took place regarding this, and specifically the impact of additional work around pension adjustments and building valuations, the revised auditing timeframes, further fee reductions and the capacity to undertake the work in the required timeframes. Both the Director of Corporate Services and External Audit Partner felt that national issues required addressing and better planning was needed to ensure the right timeframe and resources were in place in future. All staff were commended for their efforts to achieve the deadline.

The auditors had identified 3 minor misclassification and disclosure changes required (as set out on page 20 of the Audit findings Report). However, it was worth noting that the auditor reports highlighted "The financial statements were received on time..... and were prepared to a good standard".

RESOLVED: - That the Committee:-

- i) Noted and endorsed the matters raised in the report;
- ii) Noted the unqualified opinion on the financial statements;
- iii) Noted the value for money conclusion.

9/19 REVISIONS TO THE STATEMENT OF ACCOUNTS 2018/19

The report presented the changes made during the audit of the Statement of Accounts of the Combined Fire Authority for the financial year ended 31 March 2019.

The core Financial Statements for the financial year ended 31 March 2019 were presented to the Resources Committee May. The report confirmed that:-

- the unaudited Statement of Accounts would be signed by the Treasurer to certify that it presented a true and fair view of the financial position of the Authority as at 31 March 2019;
- this would be subject to review by the Authority's external auditors, Grant Thornton;
- that a further report would be presented to the Audit Committee in July, following completion of the external audit;
- at that meeting the Chair of the Audit Committee would be asked to sign the final statement of accounts, as well as the Treasurer;
- Following this a final audited set of accounts would be presented to the Resources Committee for information.

In light of this the Committee noted and endorsed the report and accounts, based on the various outturn reports presented on the same agenda.

Subsequent to that the full set of accounts were produced and signed by the Treasurer and submitted for audit to Grant Thornton.

The Statement of Accounts had now been updated to reflect the following changes identified during the audit (as reported in the Audit Findings Report – elsewhere on the agenda) and a revised statement of accounts was considered by Members, attached as appendix 2.

The accounts had been adjusted to reflect the impact of the McCloud judgement on the pension liabilities. This adjustment related to costs associated with both the Firefighter Pensions Scheme and the Local Government Pension Scheme which arose following a legal challenge in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015. In December 2018 the Court of Appeal ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounted to unlawful discrimination. On 27 June 2019 the Supreme Court refused leave to appeal this case. In light of this it would be envisaged that the Court would require changes to arrangements who were transferred to the new schemes which would lead to an increase in pension scheme liabilities. Following the Supreme Court decision the external auditors required this additional liability to be recognised in the accounts

which had been adjusted accordingly.

As all changes requested by Grant Thornton to adjust misstatements, misclassifications and disclosure changes had been made to the accounts the Treasurer to the Fire Authority and the Chair of the Audit Committee were required to approve the revised accounts and sign the Balance Sheet and the Statement of Responsibilities.

RESOLVED: - That the Committee re-approve the revised Statement of Accounts.

10/19 INTERNAL AUDIT - MONITORING REPORT 2019/20

The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period up to the 30 June 2019 was presented by Mrs J Taylor.

It was noted that work carried out during the period 1 April 2019 – 30 June 2019 was in accordance with the agreed audit plan.

The report identified that 2 days had been spent this financial year on the completion of the 2019/20 plan, equating to 3% of the total planned audit activity of 70 days. Consistent with previous years, the audit programme was scheduled for completion during the second half of the financial year. In addition, the auditors had spent a further 2 days during the first quarter of this financial year in completing and finalising reviews outstanding from the 2018/19 audit plan. The findings from the review were included in the 2018/19 Annual Report which Mrs J Taylor had presented to Members alongside this report.

Progress to date in relation to the Plan was provided and discussed by Members.

RESOLVED:- That the Audit Committee noted and endorsed the report.

11/19 RISK MANAGEMENT

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had identified one new risk which warranted inclusion on the corporate risk register.

Pensionability of Allowances

Following a High Court decision on the pensionability of allowances, which provided a different interpretation to both the historical basis and to previous decisions of the Pensions Ombudsman, the pensionability of various allowances would change with associated cost implications.

The position was unclear and the fire service (including LFRS) was awaiting guidance from the Local Government Employers (LGE). Issues to be determined include:-

- What would be the correct interpretation;

- The impact in respect of each of the three pension schemes;
- Did backdating apply;
- How to treat both employee and employer contributions;
- The position of representative bodies.

Whatever the final position, making allowances pensionable would add a significant cost to our budget.

Based on the above analysis it was clear that this presented significant risk from a cost perspective, as such it was proposed to add this risk to the corporate risk register as a high risk, with the situation going forward being monitored.

An updated corporate risk register was considered by Members with changes summarised in the report.

RESOLVED: - That the Audit Committee noted the actions taken, endorsed the revised corporate risk register.

12/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on 24 September 2019 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 28 January 2020 and 31 March 2020.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Meeting to be held on 24 September 2019

EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2018/19 (Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services – telephone 01772 866804.

Executive Summary

The External Auditors Annual Audit Letter provides an overall assessment of the Authority's performance.

The final agreed letter, submitted by Grant Thornton, is attached as appendix 1.

Recommendation

The Committee is asked to consider noting/endorsing the content of the report as presented.

Information

The Annual Audit Letter represents an overall assessment of our performance, drawing on the auditor's findings and conclusions from their work, which has previously been reported to the Audit Committee.

The audit conclusions included in the letter are consistent with those reported in the Audit Findings report, as follows:

- We gave an unqualified opinion on the Authority's accounts on 30 July 2019;
- We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 30 July 2019. The Authority received a positive assessment by the Fire Inspectorate this year and continues to have appropriate arrangements in place to manage its financial position.

Financial Implications

The proposed fee of £28,169 is £4,500 higher than that included in the Audit Plan of £23,639 and £2,500 higher than that included in the Audit Finding Report. The reasons for this are set out on page 10 of the Annual Audit Letter.

The proposed increase in fee is consistent with similar audited bodies, and ultimately requires Public Sector Audit Appointments approval before final agreement (this is the national body responsible for audit fees).

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The Annual Audit Letter is a public document, which gives an independent assessment of the Authority's performance. As such any failure to meet adequate levels of performance may undermine public confidence, exposing the Authority to a wide range of risks, and leading to potential interventions.

Local Government (Access to Information) Act 1985**List of Background Papers**

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

The Annual Audit Letter for Lancashire Combined Fire Authority

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August 2019



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Lancashire Combined Fire Authority (the Authority) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Authority and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Authority's Audit Committee as those charged with governance in our Audit Findings Report on 30 July 2019

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Authority's financial statements (section two)
- assess the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Authority's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Authority's financial statements to be £1,046,000, which is 2% of the Authority's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Authority's financial statements on 30 July 2019.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 30 July 2019. The Authority received a positive assessment by the Fire Inspectorate this year and continues to have appropriate arrangements in place to manage its financial position.
Certificate	We certified that we have completed the audit of the financial statements of Lancashire Combined Fire Authority in accordance with the requirements of the Code of Audit Practice on 30 July 2019.

Executive Summary

Working with the Authority

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in June and July, delivering the ahead of the 31 July deadline
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports

- Providing training – we provided your finance team with training on financial statements and annual reporting

We would like to record our appreciation for the assistance and co-operation provided to us during our audit.

Grant Thornton UK LLP
August 2019

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Authority's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Authority's financial statements to be £1,046,000, which is 2% of the Authority's gross revenue expenditure. We used this benchmark as, in our view, users of the Authority's financial statements are most interested in where the Authority has spent its revenue in the year.

We set a lower threshold of £52,300, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements, the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Authority and with the financial statements on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Authority's business and is risk based. We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

The Financial Reporting Council (FRC) is responsible for reviewing and assessing the quality of local public audit work undertaken by Grant Thornton and the other audit firms. In response to the latest feedback from the FRC we have updated our approach to the audit of PPE and Pensions which has resulted in additional audit procedures being undertaken. We have included a proposed fee adjustments to cover the additional procedures which is set out at page 10 of this report.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£86.5 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert wrote to the valuer to confirm the basis on which the valuations were carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register, and evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Our audit work confirmed that revaluations were carried out by an appropriate external expert. We are satisfied that the value of land and buildings not revalued during the year was not materially different to their reported value at 31 March 2019.</p> <p>No issues were found with the revaluation of land and buildings</p>
<p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£801 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • completed procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • sought assurances from the auditor of Lancashire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements, and • obtained assurances from PWC in respect of valuation of the firefighters pension fund liability valuation by GAD <p>The Authority updated their estimate of the IAS 19 pension fund liability due to the outcome of the national ruling on the McCloud case which ruled that there was age discrimination in the judges and firefighters pension schemes. There is an implication for pension schemes where they have implemented transitional arrangements on changing benefits. The increase in the net liability was £33.269m and was adjusted by management in the final set of financial statements.</p>	<p>The financial statements and disclosure notes were adjusted by management for the Actuary's assessment of the likely impact of the McCloud legal case.</p> <p>We did not identify any other issues in respect of the valuation of the pension fund net liability or with the associated disclosure notes within the financial statements.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Authority's financial statements on 30 July 2019.

Preparation of the financial statements

The Authority presented us with draft financial statements in accordance with the deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Authority's Audit Committee on 30 July 2019.

Management made one adjustment to the primary financial statements to reflect the impact of a national legal case where events occurring in June 2019 altered the Authority's initial accounting treatment. This resulted in a compensating balance sheet and comprehensive income and expenditure classification adjustment for £33.269million in relation to the IAS19 Pension liability. There is no impact to the useable reserves of the Authority as a result of this adjustment.

Annual Governance Statement and Narrative Report

We are required to review the Authority's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.

Whole of Government Accounts (WGA)

Specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions were not required as the Authority does not exceed the threshold of £500m.

We issued an assurance statement to NAO which confirmed the Authority was below the audit threshold.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Authority's accounts and to raise objections received in relation to the accounts.

We have not had to use any of these other powers

Certificate of closure of the audit

We certified the completion of the audit of Lancashire Combined Fire Authority in accordance with the requirements of the Code of Audit Practice on 30 July 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Our Work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We focused our work on identifying whether there were any significant risks to our VfM conclusion in the Authority's arrangements. We did not identify any significant risks.

We updated our review of the Authority's arrangements as part of our audit. Our work included reviewing key documents and discussing issues with the Authority's officers. Among the documents reviewed was Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Report issued following an inspection of the Service.

The Authority was one of the first 14 services to be inspected by HMICFRS during the first tranche of inspections. Each inspection assesses how effective and efficient the service is, how it protects the public against fires and other emergencies and how it responds to the same. They also assess how well each service looks after the people who work there.

Lancashire Combined Fire Authority was rated as '*Outstanding*' for promoting its values and culture. In all other areas, the Service was rated as '*Good*' with no areas that 'require improvement' in any of the 11 categories that were assessed.

Financial Sustainability

The Authority has a good record of delivering savings, with £18.5m of efficiency savings have been made between April 2011 and March 2018. The Authority delivered its planned budget for 2018/19 which included £1.1m of efficiencies.

The Authority has adequate reserves. In 2018/19 the Authority's General Fund has increased by £0.5m from £7.9m to £8.4m and its earmarked reserves has increased from £7.9m to £8m. The general fund balance is within the target level identified by the Treasurer which will provide capacity to cope with anticipated funding cuts in the short term whilst appropriate efficiencies are identified. The majority of the earmarked reserves will be utilised within the medium term financial strategy, reducing to a level of £6m by March 2024. The Authority also has capital reserves and receipts amounting to £19m.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit.

Reports issued

Report	Date issued
Audit Plan	9 January 2019
Audit Findings Report	23 July 2019
Annual Audit Letter	August 2019

Fees

	Planned £	Proposed fees £	2017/18 £
Statutory audit	23,669	28,169	30,739
Total fees	23,669	28,169	30,739

Audit fee variation - proposed

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £23,669 assumes that the scope of the audit does not significantly change. There are a number of areas where, in our view, the scope of the audit has changed, which has led to additional work. These are set out in the table opposite. The proposed additional fees are subject to approval by Public Sector Audit Appointments Ltd.

Area	Reason	Fee proposed
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	2,000
Additional audit procedures on Pensions liabilities	Additional procedures now required in response to the Financial Reporting Council's feedback on audit work on Pensions liabilities	1,000
PPE Valuation – work of experts	The Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	1,500
Total		4,500

Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

Our relationship with our clients– why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLCAE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.

New opportunities and challenges for your community

The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability – Adult Social Care funding gaps and pressure on Education, Housing, Transport
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, housing delivery changes, Children services and Adult Social Care restructuring, partnership working with the NHS, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example accounting for unique assets, financial management, reporting and governance, and tax implications for the Cornwall Authority companies
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

Grant Thornton in Local Government

Our client base and delivery



- We are the largest supplier of external audit services to local government
- We audit over 150 local government clients
- We signed 95% of our local government opinions in 2017/18 by 31 July
- In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.

Our connections



- We are well connected to MHCLG, the NAO and key local government networks
- We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice
- We have a strong presence across all parts of local government including blue light services
- We provide thought leadership, seminars and training to support our clients and to provide solutions

Our people



- We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists
- We provide technical and personal development training
- We employ over 80 Public Sector trainee accountants

Our quality



- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing
- We are fully compliant with ethical standards
- Your audit team has passed all quality inspections including QAD and AQRT

Our technical support



- We have specialist leads for Public Sector Audit quality and technical
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas
- Specialist audit software is used to deliver maximum efficiencies



LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Meeting to be held on 24 September 2019

INTERNAL AUDIT MONITORING REPORT

(Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services – telephone 01772 866804.

Executive Summary

The attached report sets out the current position in respect of the internal audit plan for 2019/20.

Decision Required

The Committee is asked to note/endorse the report.

Information

The internal auditors produce a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period up to 6 September 2019 is attached as 1, and will be presented by the Head of Internal Audit.

Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Business Risk Implications

None

Environmental Impact

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

Appendix A

Lancashire Combined Fire Authority

Internal Audit Service

Monitoring report for the period ended

6 September 2019

1 Purpose of this report

- 1.1 The Internal Audit Plan for 2019/20 was approved by the Audit Committee in March 2019. This report details the progress to date in undertaking the agreed coverage and the planned schedule of audit dates for the remainder of the financial year.

2 Internal audit work undertaken

- 2.1 Work carried out during the period 1 April 2019 to 6 September 2019 was in accordance with the agreed audit plan. To date, 16.5 days have been spent this financial year on completion of the 2019/20 plan, equating to 24% of the total planned audit activity of 70 days. Consistent with previous years, the audit programme is scheduled for completion during the second half of the financial year.
- 2.2 An outline of the scope and findings from the work completed to date is included in the following paragraphs, including the results of those assignments remaining from the 2018-19 audit plan, which were still outstanding as at the time of our previous report to committee in July 2019.

Completion of the 2018-19 internal audit programme

Pension administration

- 2.3 LPP has appointed Deloitte as its internal auditor, and whilst Deloitte disclaims any liability to the Combined Fire Authority for any reliance they may place on this work, they have agreed that their conclusions may be reported to the Audit Committee.
- 2.4 In relation to their Pensions Administration audit for LPP, which included the calculations and payment of retirement benefit and lump sum calculations in relation to the Firefighter Pension Schemes, Deloitte provided an overall engagement risk rating of ineffective, which is defined as 'Risk mitigation or control absent or ineffective'.

Commencement of the 2019-20 internal audit programme

Treasury management

- 2.5 Our work on Treasury management is complete, and we were able to provide *substantial* assurance over the controls operating in relation to the treasury management function. A treasury management strategy is approved by the Combined Fire Authority on an annual basis, and our testing confirmed that treasury management activities are consistent with it.

Accounts payable, Accounts receivable, General ledger

- 2.6 Our on-site audit fieldwork commenced in early September in relation to the above key financial systems and work is currently underway to prepare the draft audit report for management.

3 Overall summary and assurance provided

- 3.1 We have set out in the table on the following pages a brief summary of the position of each review during the period. This sets out the planned and actual days we have spent on each review to date.

- 3.2 We also provide a summary of the assurance we are able to provide in relation to each system or operational area of business where work has been finalised.

System adequacy: We define a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We define a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended.

- 3.3 The assurance we provide over any area of control falls into one of four categories and these are defined at Appendix 1.

Use of this report

- 3.4 This report has been prepared solely for the use of Lancashire Combined Fire Authority and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Governance and business effectiveness						
Governance and risk management arrangements	10	0	10	O/S	O/S	An overall opinion on the adequacy and effectiveness of governance and risk management arrangements will be reported as part of the 2019/20 Annual Report of the Head of Internal Audit. This work will be completed during quarter 4.
Service delivery and support						
Contact centre	12	0	12	O/S	O/S	Scheduled for quarter 3.
Business processes						
Accounts payable	7	4	3	O/S	O/S	Our on-site audit fieldwork commenced in early September and work is currently underway to prepare the draft report for management.
Accounts receivable	4	3	1	O/S	O/S	
General ledger	4	3	1	O/S	O/S	
HR and Payroll	10	0	10	O/S	O/S	Scheduled for quarter 3.
Pensions administration	1	0	1	O/S	O/S	Assurance will be obtained directly from the work completed by the internal auditors of the Local Pension Partnership Limited.

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Treasury management	4	3.5	0.5	✓	✓	Our audit report was finalised in August 2019 with two low residual risk actions agreed in relation to: <ul style="list-style-type: none">• The annotation of the Treasury Management Practice documents to confirm when last reviewed; and• The signing of the contract with the council's external advisors. Both the above actions are to be taken forward by the LCC Treasury Management and Pensions Manager.
				Substantial assurance		
Follow up audit activity						
Assurance map Business Continuity Planning	4	0	4	N/A	N/A	Scheduled for quarters 3 and 4.
Other components of the audit plan						
Management activity	10	3	7	N/A	N/A	Work in the period has included: <ul style="list-style-type: none">• Production of the 2018/19 Annual Report of the Head of Internal Audit;• Preparation of the quarterly monitoring reports for Audit Committee; and• Update of the Internal Audit Charter and Engagement Letter.

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
National Fraud Initiative	4	0	4	N/A	N/A	Time will be incurred throughout the year in relation to the support provided to LFRS regarding their participation in the NFI process.
Total days	70	16.5	53.5			

Audit assurance levels and residual risks

Appendix 1

The assurance we can provide over any area of control falls into one of four categories as follows:

Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.

Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.

Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.

No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

We categorise the issues we raise in the context of the residual risk to which the service is exposed. The actions are therefore defined as 'extreme', 'high', 'medium' or 'low' in relation to the residual risk they are designed to address and fall into the following categories:

Extreme residual risk: critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to reputation. *Remedial action must be taken immediately.*

High residual risk: critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to business or to service users, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to reputation. *Remedial action must be taken urgently.*

Medium residual risk: failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken.*

Low residual risk: matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. *Specific remedial action is desirable.*

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LANCASHIRE COMBINED FIRE AUTHORITY AUDIT COMMITTEE

Meeting to be held on 24 September 2019

RISK MANAGEMENT (Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services – telephone 01772 866804.

Executive Summary

The report highlights action taken in respect of corporate risk since these were last reported to the Audit Committee.

Recommendation

The Committee is asked to:-

- note the actions taken;
- endorse the revised corporate risk register.

Information

The latest review of the corporate risk register has identified one new risk which warrants inclusion on the corporate risk register.

Discontinued or long term malfunction in the KPI management software product (CORVU)

The CORVU system was originally scheduled for replacement last year. Until such time as it is replaced there is a risk that the system is unable to meet our requirements impacting on or ability to provide timely performance information.

As such the following control measures have been instigated in order to minimise the risk:-

- Close contract management with the provider to ensure that the product remains functional and fit for purpose;
- Staff member with lead responsibility is highly trained in the product and can carry out some maintenance in order to support functionality;
- Some alternative work arounds identified that will be resource intensive and may not provide the existing quality of data and subsequent analysis.

We are continuing to review the systems utilised in the sector and comparable users in order to identify a replacement product in a timely manner. As well as carrying out a review of alternative work solutions in order to ensure that CFA Performance reports and Service Delivery District level reports remain deliverable.

We will prioritise the upskilling of the new GIS / analyst to reduce the single point of failure risk that currently exists.

In light of this it is proposed to include this as a medium risk on the corporate risk register, with a review date of 31 March 2020.

Existing Risks

Of the existing risks 2 have been reviewed, and an updated corporate risk register is attached as appendix 1, with changes summarised below:-

		Update since last meeting	Proposed Risk Score	
1	Insufficient resources due to poor funding settlement, inability to make required savings, additional financial pressures such as RDS pensions etc., plus council tax limits via local referendum resulting in Authority being unable to set a balanced budget.	No change, not due to report till 31/3/20	16	High
2	Premises Risk Information: That operational staff do not have available adequate and reliable premises information to efficiently resolve operational incidents: Risk information is provided to operational staff based on premises information and premises risk are identified on a continuous basis although this is not consistent throughout the Service.	No change, not due to report till 31/12/19	9	Medium
3	Insufficient staffing resources, due to Industrial Action, to deal with operational demand and fulfil statutory responsibilities.	No change, not due to report till 31/3/20	12	Medium
4	Lack of availability of water supplies for fire fighting prevents effective fire fighting resulting in additional damage to property and increased risk to life.	Previously discharged		
5	The increasing age profile of operational staff could adversely affect our ability to deliver effective emergency response.	Previously discharged		
6	Operational staff do not have the required skills to operate safely at an incident with the potential to result in F/F injuries or fatalities.	No change, not due to report till 31/3/20	9	Medium

7	Failure of key ICT systems resulting in disruption to services.	No change, not due to report till 30 June 2020	9	Medium
8	Loss of corporate reputation through negative publicity.	No change, not due to report till 31/12/19	9	Medium
9	Retention and recruitment of RDS staff impacts on RDS appliance availability.	No change, not due to report till 31/12/19	9	Medium
10	Lack of workforce planning resulting in significant over/under provision of staff and resulting impact on service and finances.	Previously discharged		Medium
11	Lack of compliance with legislation resulting in prosecution or compliance order.	Previously discharged		
12	Ineffective Health and Safety in the workplace, resulting in prosecution, intervention fees etc.	No change, not due to report till 31/12/19	9	Medium
13	Lack of effective Information management impacting on service delivery and support or leading to a breach of data protection/freedom of information or a loss of sensitive/personal information.	No change, not due to report till 31/12/19	9	Medium
14	Delayed mobilisation, impacting on service delivery.	No change, not due to report till 31/12/19	9	Medium
15	High levels of staff absence due to outbreak of ebola.	Previously discharged		
16	Lack of clarity on future of FRS, leading to inertia.	Previously discharged		
17	Failure of ESMCP to deliver a viable communication facility.	No change, not due to report till 31/12/19	9	Medium
18	Inability to maintain service provision in spate conditions.	Previously discharged		
19	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT department, and an inability of staff to keep pace with new development that are implemented.	No change, not due to report till 31/3/20	9	Medium
20	Loss of support for Vector Incident Command product with the product name Command Support System (CSS) leading to ineffective command function at large incidents.	No change, not due to report till 31/12/19	9	Medium

21	Risk of rapid external fire spread in high rise premise resulting in a major incident.	No change, not due to report till 31/12/19	10	Medium
22	Failure to maximise collaborative opportunities presented by Policing and Crime Act 2017	No change, not due to report till 31/12/19	9	Medium
23	Lack of leadership capacity impacting on delivery of services.	No change, not due to report till 31/12/19	9	Medium
24	Insufficient preparation for inspection programme leading to opportunities being lost in terms of national learning and Lancashire's ability to effectively communicate its progress and awareness.	Previously discharged		
25	The outcome of the EU court ruling on the Matzak case relating to on-call arrangements in Belgium has a detrimental impact on service provision and/or cost.	Legal opinion is that any applicability of this ECJ guidance is limited to working time and rest periods and not to any financial payments. The guidance has not been applied within the UK legal system and in view of there being no financial incentive it is currently considered unlikely that an application to the courts will be made. Proposal to discharge this risk from the corporate risk register.	Proposal to discharge	
26	Increase in costs of and/or lack of availability of goods and services, following Brexit.	The position has not changed since the risk was considered in March, there remains a great deal of uncertainty around the impact of this on costs within the Service. Until such time as Brexit actually occurs and any price fluctuations become apparent it is impossible to be more specific. However it is worth noting that our general reserve requirement includes an allowance of £60k to meet increasing cost pressures	Remains at 12	Medium

27	Increase in costs associated with changes to pensionability of allowances	No change, not due to report till 31/12/19	16	High
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Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The improvement in risk management arrangements should result in reduced business risk

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

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CORPORATE RISK REGISTER

Jul 19

KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
1	Insufficient resources due to poor funding settlement, inability to make required savings, additional financial pressures such as pay, pensions etc., plus council tax limits via local referendum resulting in Authority being unable to set a balanced budget.	The Government has confirmed that the multi-year settlement offers have been agreed with all single purpose fire and rescue authorities (19/20 is the final year of this). The Final Settlement for 19/20 was in line with the four year settlement previously agreed. However there still remains a great deal of uncertainty surrounding the impact of Brexit. Funding in 2020 and beyond will be determined by the Governments overall budget and the 2019 Spending Review. The Budget will set overall total for public sector spending which will then be allocated out to departments as part of the Spending Review. Until such time as the outcome of this is known it is impossible to accurately predict future funding levels. In addition the Government is currently consulting on a Fair Funding Review and changes to the Business Rates Retention Scheme, both of which may impact on future funding. The draft budget assume future funding is frozen. The Authority will continue to review opportunities for further savings. The Authority holds sufficient reserves to enable it to meet anticipated funding gaps in the short to medium term.	4	4	16	Continue to monitor position and review implications arising from Brexit, Spending Review, Fair funding review and Local Retention of Business Rates. Continue to identify savings opportunities	31/03/2020	DoCS	DoCS	Corp Serv
2	Premises Risk Information: That operational staff do not have available adequate and reliable premises information to efficiently resolve operational incidents: Risk information is provided to operational staff based on premises information and premises risk are identified on a continuous basis although this is not consistent throughout the Service.	The gathering of operational risk information is a key activity within LFRS. The service has adopted an integrated approach to managing the risk; thereby ensuring safe systems of work for all employees. LFRS will undertake incident pre planning and the gathering of operational risk information to enable: *The prevention of injury and ill health of firefighters and other emergency responders *Management and mitigation of risks in the community *Continual improvement in the provision of, accurate, relevant and timely operational information *Compliance with the legal duties on Fire and Rescue Authorities in relation to operational risk information *Compliance with formal guidance and "best practice" models; and Audit and review mechanisms. Premises based risks are assessed using the Provision of Risk Information to Staff (PORIS) methodology. The risk based information is formulated via an application on the iPad and categorised from Level 1 through to Level 5 (e.g. Top Tier COMAH Sites.) All known high risk premises are recorded on the system.	3	3	9	The Operational Assurance Team have been commissioned to carry out the independant scrutiny, with 18 SSRI reviews (across varying levels) planned to complete by March 2019. A key priority through 2019 / 20 is the review of SSRI plans associated with High-rise Buildings across Lancashire. This will be completed jointly by operational crews and Fire Protection staff members. Information Sharing Agreements with neighbouring FRS' are ongoing in readiness for digital cascade of risk information exchange for premises within 10km of a county border.	31/12/2019	HoSD	DoSD	Serv Delivery
3	Insufficient staffing resources, due to Industrial Action, to deal with operational demand and fulfil statutory responsibilities.	LFRS has a separate contingency plan in place that is specific to industrial action. This has been reviewed and reissued to all SMT and relevant staff. The Home Office has undertaken an audit of our arrangements, with the final reported noting our arrangements.	3	4	12	Continue to monitor the position regarding national pay awards and related role map reviews.	31/03/2020	HoSD	DoSP	Strategy & Planning

CORPORATE RISK REGISTER

Jul 19

KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
4	Lack of availability of water supplies for fire fighting prevents effective fire fighting resulting in additional damage to property and increased risk to life.	The Service commissions, adopts, systematically inspects and repairs mains fed fire fighting hydrants across the County. We maintain operational plans that display the location of available hydrants and open water supplies. Accurate hydrant information now provided to FES. Hydrant inspections moved to a risk based programme. New SSI Hydrant Manager update - Central system (within FES) is now up and running with current information being available on appliance MDT's. Hydrant tech's now moved over to Toughbook's for hydrant management and reporting of defects. We have Strategic Hydrants (those with a flow rate of above 1,500 litres per minute), then Risk Category 1, 2 and 3. Strategic are tested annually, Risk 1 annually, Risk 2 every two years, and Risk 3 every three years. Defects are repaired either in-house by the Hydrant Technicians, or reported to United Utilities (Strategic being marked urgent). Strategic Hydrants are always flow tested and this is recorded on the hydrant asset in SSI. Other hydrants are dry tested Increased use of HVP for larger incidents.	2	3	6	Discharged				
5	The increasing age profile of operational staff could adversely affect our ability to deliver effective emergency response.	Fitness Assessments introduced and included as part of the Crew Training as of 1st April 14. Remedial action to ensure that acceptable levels of fitness are developed and maintained. Provision of facilities for physical exercise and training on operational stations. Currently staff are timetabled to take a fitness test, are subject to health monitoring and managers can refer staff to OHU if they have concerns. The Service provides a physiotherapy service, critical incident debriefing and counselling if needed.	3	2	6	Discharged				

CORPORATE RISK REGISTER

Jul 19

KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
6	Operational staff do not have the required skills to operate safely at an incident with the potential to result in F/F injuries or fatalities.	Recruitment of Whole-time and RDS staff is undertaken against national standards. Initial and Continuation training delivery is based on National Occupational Standards (NOS), National Operational Guidance (NOG) and Training Specifications. Role related competencies have been identified and recorded within the PDR Pro system with appropriate retraining frequencies identified. Initial and Refresher training delivered to cover a wide range of specialist skills. Particularly risk Critical areas such as Breathing Apparatus are centrally assessed to ensure uniformity. An Operational Assurance policy is in place delivered through a dedicated Operational Assurance Team that continually assesses operational readiness through station visits, incident / exercise monitoring and debriefing. The team publishes a quarterly performance report to promote staff awareness of key operational performance issues. As well as internal learning sources, the team receives National Operational Learning (NOL) in relation to nationwide incidents, Rule 43 Letters and Joint Operational Learning from other blue light Services and Resilience Forum Partners. Such learning results in a range of actions including REC1 safety bulletins, changes to operational policy and training content (both courses and e-learning) and thus constant evolution/improvement in safety and effectiveness. A dedicated Incident Command Training team exists recognising the vital importance of this skill to safe and effective operations. Incident Commanders are now required to maintain a command license. Retained Support Officers have been appointed and their responsibilities include recruitment and training. The Service continues to invest in training props to ensure realistic hot fire training conditions. Through the Operational Assurance Group, Prevention, Protection and Response Task and Strategic Groups along with the Health, Safety and Environment Advisory Groups, internal and external learning are monitored and fed into the Training and Operational Review department to influence operational training.	3	3	9	Monitor effectiveness of Operational Assurance Performance Report in disseminating information	31/03/2020	HoTOR	DoSD	Serv Delivery

CORPORATE RISK REGISTER

Jul 19

KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
7	Failure of key ICT systems resulting in disruption to services.	Separate BCP plans developed, including backup and recovery procedures, desktop exercise completed. Asset replacement policy in place, regularly reviewed. IT Firewall to prevent inappropriate access, moisture detection loop installed in SHQ plant room to identify any early threat of flooding Secondary ICT site constructed at STC to provide enhanced resilience, implementation of Active Directory to enhance security and control of user access, improved virus protection. Strategy to control use of USB devices implemented. Patch and update policy place to ensure servers and workstations are up to date with latest security developments. Wide Area Network (WAN) to all administrative and operations site. New Storage Area Network (SAN) to replicate all essential servers and data to the disaster recovery site at STC. Installed resilient link from STC to County Hall in order to maintain LCC/OCL supplied services in the event of a failure at SHQ or the link to County and also have extended the network to include the new control facility in Warrington.	3	3	9	Complete the implementation of the new WAN Work towards Cyber Essentials Plus security accreditation. Upgrade key parts of our infrastructure and replace end of life Windows 7 and Office 2010	30/06/2020	HoICT	HoICT	Strategy & Planning
8	Loss of corporate reputation through negative publicity.	Emergency communication plan and toolkit covers all aspects of risk including business continuity issues, emergencies and broader reputational risk, and fulfils requirements of the Lancashire Resilience Forum emergency communications plan. Documents were updated in September 2018 following Winter Hill moorland fire learning. Plan regularly tested during exercises. Effective reactive press office and proactive media activity to build positive reputation including on-call arrangements for out-of-hours cover. Media and social media training forms part of middle manager development programme and is delivered to individuals and teams as required throughout the year. A social media management tool was procured in February 2018 which provides ability to monitor and manage, if required, social media activity by stations. Communication plans for all corporate projects include internal communication to ensure staff are well informed to reduce risk of misinformation. Corporate use of social media is embedded in communication plans with policy and guidance in place. Scanning and planning function helps anticipate and plan for specific reputational risks and daily media monitoring highlights inaccurate reporting and emerging issues that that need to be addressed or corrected.	3	3	9	Revised image consent forms have been produced in line with GDPR however social media guidelines are yet to be updated in respect of images and personal data, as a preferred method of processing and storing images has yet to be determined by the Service. In addition to the middle manager development programme, media and social media training continues to be delivered to staff in departments and on stations on an ad hoc basis by the communications team.	31/12/2019	HoCC	HoCC	People & Development

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9	Retention and recruitment of RDS staff impacts on RDS appliance availability.	RDS recruitment and retention working group established. Increased RDS basic recruits course population from 12 to 24. Quicker access to BA course on completion of recruit training. TOR support throughout the RDS probationary period. Enhanced retained pay scheme introduced and reviewed regularly. The service allows shorter RDS contracts to improve appliance availability. Encourages dual contract staff to contribute to the RDS. RDS availability targets now reduced to 95%. Proactive recruitment by SDM's. Joint working between HR and service delivery to enhance current recruitment processes. RDS Strengthening & Improving programme in place with the focus on supporting staff through their developmental stages and improving efficiency and effectiveness of recruitment work. A new Recruitment Vehicle has been established. RSO activity around both development and recruitment are paying off with improved levels of support being given across all required skill sets to those in the Service and those looking to join us.	3	3	9	RSO's continue to embed 'core skills' workshops on stations and STC staff routinely delivering Incident Command skills across a variety of topics to RDS staff to improve competency as well as sense of feeling valued. Activity around RDS recruitment campaigns will continue to develop. For those who fail the RDS course the RSO's maintain contact and developmental work with a view to attendance on subsequent course. Monitor success of initiatives	31/12/2019	HoSD	HoSD	Serv Delivery
10	Lack of workforce planning resulting in significant over/under provision of staff and resulting impact on service and finances.	A mechanism of workforce planning has now been agreed and this will be reviewed on annual basis. As part of the development of the workforce plan a review of retirement profile is considered which is the main reason for turnover for those staff on grey book terms and conditions, this information is used to plan recruitment and enables us to plan effectively ensuring enough staff. Further to the turnover last year, an internal recruitment campaign and associated recruitment resulted in recruitment to 27 posts. A further recruitment campaign is being conducted for 2017/18 which will be completed by mid-May. Our approach to training and organisational development ensures that staff have the necessary ability, skills and training in order to able to undertake the job role. In terms of managing the risks associated with over establishment, all posts are checked against the post book prior to advertising. Where a post is not established it needs to go through specific authorisation and establishment process which ensures that we control the number of posts we recruit.	2	3	6	Discharged				
11	Lack of compliance with legislation resulting in prosecution or compliance order.	Clerk of Authority reviews all Committee reports for legality and advises CFA. Clerk and Solicitor review new legislation. Government notify of all new requirements Horizon scanning.	2	2	4	Discharged				

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12	Ineffective Health and Safety in the workplace, resulting in prosecution, intervention fees etc.	<ul style="list-style-type: none"> • Health and Safety Management System (HSMS) in place certified to OHSAS 18001:2007 to develop, maintain and continuously improve the HSMS. • Operational Assurance Programme. • HSA3 – workplace inspection programme. • Publication of risk information – Health and Safety Risk and Opportunities Register resulting in service objectives and targets, Generic Risk Assessments, Service Orders, Standard Operating Procedures etc. • External audit and scrutiny through External Auditors. • Health, Safety and Environment Advisory Group / Health and Safety Consultation Meeting monitor performance. • Annual SHE Report presented to CFA. • LFRS SHE Audit and Development Plan to develop, maintain, ensure compliance, review and continuously improve the HSMS. 	3	3	9	Following the independent audit of Health and Safety and Environmental Management Systems carried out as part of our OHSAS 18001 and ISO 14001 certification process non-conformances and opportunities for improvement are collated together into the SHE Audit Improvement Action Plan and monitored to conclusion through the Health, Safety and Environment Advisory Group.	31/12/2019	HoSHE	HoSHE	People & Development
13	Lack of effective Information management impacting on service delivery and support or leading to a breach of data protection/freedom of information or a loss of sensitive/personal information.	<p>A revised structure to deliver Information Management has been implemented. Nominated Data Protection and Freedom of Information Lead Officers to ensure legal obligations met. All freedom of information requests considered by Exec Board.</p> <p>Data encryption in place. Information Management related projects are progressing as scheduled with governance from Programme Board and DCFO as Sponsor. Compliance with the Data Protection Act (DPA) and General Data Protection Regulation (GDPR) remains a priority.</p> <p>A data protection LearnPro module; this will further support the Service in effective information management by increasing staff awareness. The Service has also provided specialist data protection and GDPR training to increase staff knowledge and engagement with the subject matter. Data protection has been added as a standard agenda item to several key Papers in the Service. The appointment of a DPO not only aligns the Service with legislative obligations but also provides the oversight inherent to that post.</p>	3	3	9	<p>Work remains ongoing in order to deliver performance management integration within our District Plan, the first stage of which is to prototype both a CorVu replacement and the integrated planning and performance tool. If successful, this should be developed further to automate the wider District Plan Key Performance Indicators (KPI's). Work also needs to be undertaken to develop the culture within the Service of a more unified approach to managing planning and information and, to that end, a communication strategy should be pursued.</p> <p>More general information tasks related to the Information Management Strategy will be supported by the recruitment of a fixed-term Records Officer</p>	31/12/2019	HoServ Develop	DoSP	Strategy & Planning

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14	Delayed mobilisation, impacting on service delivery.	System uses AVLS to locate the nearest available pump, based on anticipated 'run time'. 2014 saw the implementation of a new Global ITN road speed setting developed from historical evidence provided by Cheshire FRS. This implementation along with changes to Station geographical locations, the removal of road restrictions (imposed on the ITN by the developers) and the development of new response plans has seen an improvement in mobilising with appliances arriving with greater accuracy between the proposed and actual run times. Restrictions have been imposed on the system to ensure non critical incidents are attended by the host station whilst preventing a lengthy run time and/or a slow response time. This restriction ensures both the spread of resources is maintain and the continued use of RDS whilst preventing Whole time appliances being taken out of higher risk areas, this also reduces the need for standby/closing in moves.	3	3	9	New road speed algorithms have now been deployed onto a test server at NWFC. This is currently being tested by the four FRS to assess its accuracy. Expected roll out mid 2019.	31/12/2019	HoServ Develop	DoSP	Strategy & Planning
15	High levels of staff absence due to outbreak of Ebola.	On-going liaison with LCC Emergency Planning Dept and LRF. Separate BCP plans developed re large scale staff absence. Enhanced sickness and absence policy implemented. OHU department to provide advice to managers/staff.	1	4	4	Discharged				
16	Lack of clarity on future of FRS, leading to inertia.	The Sir Ken Knight review highlighted a need to review governance arrangements relating to FRAs identified several potential governance models, regional, national, mergers, ambulance, police etc. responsibility for Fire Service has transferred from CLG to Home Office The Policing and Crime Bill (which is currently going through Parliament) introduces measures which require the police, fire and rescue, and ambulance services to collaborate with one another. As a minimum, the legislation requires PCCs to be represented on the relevant fire and rescue authority (FRA) (or its committees) with full voting rights, subject to the consent of the FRA. Alternatively, PCCs have the option of putting forward a business case which may include arrangements to take on responsibility for the governance of fire and rescue; or to become the single employer for fire and police, to deliver greater improvements through the integration of back office functions and maximise the benefits of workforce flexibility. As such future options now appear to be:- • remain as we are • move towards a PCC	2	3	6	Discharged				

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KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
17	Failure of ESMCP to deliver a viable communication facility.	Emergency Services Mobile Communication Programme (ESMCP) is a national project which will deliver a replacement communications and data service using 4G technology. The new broadband data services will replace the existing private mobile radio system provided by Airwave. Main contracts awarded to EE and Motorola for the network and network equipment respectively. Since the signing of the contract, there has been considerable work done by the suppliers, central programme team and emergency services in the regions. However there are still some areas that need to be resolved, and therefore the original go live for the North West (the first region go-live) September 2017, has moved on 6 months to April 2018. The current Airwave contract has been extended until 2019, in order to ensure that the roll out of the new system is complete before the existing contract ends.	3	3	9	Work is ongoing at both a service and regional level in order to prepare for transition to ESMCP. This is focussed upon coverage, transition planning, device support requirements and evaluation of Home Office (HO) documentation such as the vehicle mounted device specifications. The Programme has reported to the Parliamentary Advisory Committee and prioritised work with both key contractors, these being EE and Motorola. LFRS is managing the project with a dedicated Project Manager through Home Office allocated funding. Significant progress cannot be achieved until after the HO issue the revised National Transition Plan which is expected by February 2019 following anticipated approval of the Full Business Case refresh.	31/12/2019	HoServ Develop	DoSP	Strategy & Planning
18	Inability to maintain service provision in spate conditions	Robust Business Continuity arrangements The published 2017-2022 LFRS Integrated Risk Management Plan recognises the impacts of wide area flooding (P2 increasing weather related events) as does our SOR for 2017. Ensure ESMCP specification recognises communication needs identified Training for LFRS FDOs regarding National Resilience Asset mobilisation and associated Command Support has been delivered, testing via an exercise to be completed LFRS vehicle fleet amended with multi-purpose (4x4) vehicles suitable for use in wide area flooding placed within the fleet, further purchases to follow in 2017/18 to extend the provision to 10. The enhancement of staff PPE with provision of flood suits and associated training is complete. The Lancaster accommodation side (not appliance bay etc.) has been built with flood defences and other mitigation works as per flood risk assessment. Other works include elevating all Station Mobilisation Cabinets that are in Flood risk areas.	3	2	6	Discharged				

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19	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT department, and an inability of staff to keep pace with new development that are implemented	ICT Asset Mgt Plan in place, which identifies replacement timeframes for existing systems. Revised ICT Strategy presented to Resources Committee in March 2018 and includes work stream to improve user experience. BPIP consider all new ICT systems/developments, as part of this consideration is given to capacity planning in terms of ICT resource and impact on end users CPB consider outcomes from BPIP Additional Systems Engineering posts are now filled with the individuals already having a positive impact on the back log of work.	3	3	9	ICT are updating our back Office infrastructure and preparing for the next generation Windows 10 and Office 2016 that will be delivered next financial year. They have continued to develop bespoke packages, such as Assurance Monitoring System. ICT continue to carry vacancies within the team and are working with HR to fill these.	31/03/2020	HoICT	DoSP	Strategy & Planning
20	Loss of support for Vector Incident Command product with the product name Command Support System (CSS) leading to ineffective command function at large incidents	The CSS software application (Vector Incident Command) we run on our command units to manage the incident command system, went into administration and the Intellectual Property Rights (IPR) for the software were bought at auction by Telent, who are the prime contractor for the NWFC ICT mobilising and communication. Telent have presented to say they will ensure that the original Vector developments as promised under the NWFC contract will be delivered. However developments have been very slow	3	3	9	A new project has now commenced to deliver a new command software solution prior to the current Telent contract finishing.	31/12/2019	HoServ Develop	DoSP	Strategy & Planning
21	Risk of rapid external fire spread in high rise premise resulting in a major incident	All high rise residential premises have been audited, in conjunction with relevant Local Authority. Only one building found with ACM cladding panel, this was on a 6 storey section of building (top section), which is being managed locally to limit the risk this presents. An on-going risk based inspection plan has been agreed based on following priority order: -High rise Purpose flats -High rise sleeping -High rise hospitals -High rise schools -High rise commercials -Hospital non- high rise -School non-high rise -other Community reassurance visits undertaken. Temporarily amend PDA to high rise to include an ALP	2	5	10	Complete inspection programme Update relevant SSRIs. 2018 inspection of residential high rise programme completed. Planning 2019 high rise inspections to be included within the RBIP and to include joint inspections with Local Authority Housing Departments. Review amendment to PDA in light of further information from the Grenfell Inquiry	31/12/2019	HoServ Develop	DoSP	Strategy & Planning

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KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
22	Failure to maximise collaborative opportunities presented by Policing and Crime Act 2017	Well-developed relationships with Lancashire Constabulary and NWS Regular meetings to discuss issues/opportunities Collaboration already taking place i.e. EMR, Gaining Entry, Missing Persons, Air Support (Drone), Site Sharing etc. Statement of Intent agreed and signed off at Deputy Chief Officer level between LFRS and Lancashire Constabulary External training for both organisations Senior Management Teams delivered by Shares Services Architects. Work areas considered and a 32 item collaboration log has been created.	3	3	9	3 core projects to be progressed to scope report status:- • multi officer role • response arrangements • public order training at Washington hall Further roll out of EMR is dependent upon outcome of national pay negotiations	31/12/2019	HoSD	DoSP	Strategy & Planning
23	Lack of leadership capacity impacting on delivery of services	Workforce plan agreed and implemented which clearly identifies our challenges and workforce profile Recruitment policy in place which reviews the success of recruitment campaigns against the knowledge and skills gap Appraisal system in place, to establish opportunities for development feedback, identification of training needs, development opportunities and talent Leadership Development programmes in place, including in house leadership development, ILM (Institute of Leadership and Management) ELP (Executive Leadership Programme), Leading into the Future (A cross sectoral leadership programme) etc. Coaching and mentoring system introduced Action Learning Sets introduced Leadership Conferences delivered Promotion Board in place with clear development and promotion pathways established for operational staff	3	3	9	Leadership Development Programme commencing September for Crew Managers this will be delivered during 2018/2019. Currently evaluating leadership development needs for the future and consulting with staff in relation to the performance management arrangements	31/12/2019	HoHR	DoPD	People & Development
24	Insufficient preparation for inspection programme leading to opportunities being lost in terms of national learning and Lancashire's ability to effectively communicate its progress and awareness	Resources allocated to the required preparatory work to meet the needs of the HMICFRS inspection process. Creation of an internal review and subsequent self-assessment against the draft inspection criteria including the collation of key evidence and identification of any shortfalls of evidence. Completion of the HMICFRS returns including a corporate narrative overview, statements against the diagnostics covering effectiveness, efficiency and people including the submission of associated evidence. Inspection completed week commencing 9 July. Report due completion October (released at same time as other Tranche 1 reports)	1	3	3	Discharged				

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25	The outcome of the EU court ruling on the Matzak case relating to on-call arrangements in Belgium has a detrimental impact on service provision and/or cost.	The case looked at the applicability of Working Time in connection with the Belgian Fire Service and their version of On Call Controls. Legal opinion is being sought in connection with the case to identify its impact in the UK. On more detailed examination, the case was not directly applicable to the UK, the issue in question was also resolved before further consideration by the Belgium Courts.	2	5	10	The issue has been raised at national level and appropriate guidance is awaited	30/09/2019	DoPD	DoPD	People & Development
26	Increase in costs of and/or lack of availability of goods and services, following Brexit	We are continuing to monitor any trends in terms of this, with a view to identifying the extent of any impact. If costs increase significantly in the short term we will need to drawdown reserves in order to deliver a balanced budget. We have not seen any evidence that the availability of essential goods/services has been affected at this moment in time.	3	4	12	Continue to monitor impact	30/09/2019	HoProc	DoCS	Corporate Services
27	Increase in costs associated with changes to pensionability of allowances	Following a High Court decision on the pensionability of allowances, which provides a different interpretation to both the historical basis and to previous decisions of the Pensions Ombudsman, the pensionability of various allowances will change with associated cost implications. The position is unclear and the fire service (including LFRS) is awaiting guidance from the LGE. Issues to be determined include:- • What is the correct interpretation • The impact in respect of each of the three pension schemes • Does backdating apply • How to treat both employee and employer contributions • The position of representative bodies on this	4	4	16	Continue to monitor guidance	31/12/2019	DoPD	DoPD	People & Development
28	Discontinued or long term malfunction in the KPI management software product (CORVU)	Close contract management with the provider to ensure that the product remains functional and fit for purpose. Staff member will lead responsibility is highly trained in the product and can carryout some maintenance in order to support functionality. Some alternative work arounds identified that will be resource intensive and may not provide the existing quality of data and subsequent analysis.	3	2	6	Continue to review the systems utilised in the sector and comparable users in order to identify a replacement product in a timely manner. Carryout a review of alternative work solutions in order to ensure that CFA Performance reports and Service Delivery District level reports remain deliverable. Priorities the upskilling of the new GIS / analyst to reduce the single point of failure risk.	01/04/2020	HoSDD	DoSP	Strategy and Planning

HIGH
MEDIUM
MEDIUM/LOW

2
17
6

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LOW					3				
					28				

Scores

Likelihood

5 Certain, see next sheet

4 Very Likely, see next sheet

3 Likely, see next sheet

2 Unlikely, see next sheet

1 Rare, see next sheet

Impact

Minor, see next sheet

Noticeable, see next sheet

Significant, see next sheet

Critical, see next sheet

Catastrophic, see next sheet