

The report is Not Exempt

The report is for Information

REPORT TO: PERFORMANCE, AUDIT AND  
SCRUTINY COMMITTEE

MEETING DATE: 05/02/24

**SUBJECT: BUSINESS RISK REGISTER UPDATE REPORT TO DECEMBER 2023**

**PURPOSE OF REPORT AND REASON FOR RECOMMENDATION(S):**

To provide a quarterly update to the Performance, Audit and Scrutiny Committee on the Service's approach to managing business risk.

This is in accordance with Article 7 of the constitution relating to the terms of reference for the role of the Committee.

***“Monitor the effective development and operation of risk management and corporate governance in the Authority and;***

***Advise on the strategic processes for risk, control and governance;***

***Review any significant changes to the Business Risk Register.”***

The report communicates the business risks identified by the Service in a form of a Business Risk Register Decision Log (Appendix 1), in addition to the associated risk ratings and an overview of how the risks are being monitored and managed.

**EXECUTIVE SUMMARY**

Effective risk management arrangements are a key component in the Service's approach to managing business risk. This Report provides the Committee with an update on the Service's Business Risk Register.

**RECOMMENDATIONS:**

That Members note the Report and acknowledge the ongoing progress to both identify and manage matters of business risk affecting the Service.

**REPORT APPROVAL**

Clerk / Monitoring Officer:

Comments: Approved

Relevant Director:

Comments: Approved

Section 151 Officer/Treasurer:

Comments: Approved

Chief Fire Officer /  
Deputy Chief Fire Officer

Comments: Approved

**ACCESS TO INFORMATION LIST OF BACKGROUND PAPERS USED IN THE PREPARATION OF THIS REPORT:**

- 2004 publication by Her Majesty's Treasury titled '*The Orange Book – Management of Risk – Principles and Concepts*'
- Service Business Risk Procedure 2023/24
- Service Business Risk Management Group meeting minutes 2023/24
- Performance, Audit and Scrutiny Committee (PASC) meeting minutes 2023/24
- Service Sickness Statistics 2023/24

Presenting the Report:	Deputy Chief Fire Officer Iwan Cray Director of Risk Management and Improvement
Report Author(s) and Designation	Miss Alex Roberts Head of Corporate Risk
Date original report written	09/01/2024

Mae'r Adroddiad Heb ei eithrio

Mae'r Adroddiad ER GWYBODAETH

ADRODDIAD I'R: PWYLLGOR ARCHWILIO A  
CHRAFFU AR BERFFORMIAD

DYDDIAD Y CYFARFOD:  
05/02/24

TESTUN: ADRODDIAD DIWEDDARU AR Y GOFRESTR RISGIAU BUSNES HYD AT  
RHAGFYR 2023.

**PWRPAS YR ADRODDIAD A RHESWM DROS YR ARGYMHELLION:**

Darparu diweddariad chwarterol i'r Pwyllgor Perfformiad, Archwilio a Chraffu ar ddull y Gwasanaeth o reoli risg busnes.

Mae hyn yn unol ag Erthygl 7 o'r cyfansoddiad sy'n ymwneud â'r cylch gorchwyl ar gyfer rôl y Pwyllgor.

**“Monitro datblygiad a gweithrediad effeithiol rheoli risg a llywodraethu corfforaethol yn yr Awdurdod;**

**Cynghori ar y prosesau strategol ar gyfer risg, rheolaeth a llywodraethu;**

**Adolygu unrhyw newidiadau sylweddol i'r Gofrestr Risg Busnes.”**

Mae'r adroddiad yn cyfleu'r risgiau busnes a nodwyd gan y Gwasanaeth ar ffurf Log Penderfyniadau Cofrestr Risg Busnes (Atodiad 1), yn ogystal â'r graddfeydd risg cysylltiedig a throsolwg o sut mae'r risgiau'n cael eu monitro a'u rheoli.

**CRYNODEB:** Mae trefniadau rheoli risg effeithiol yn elfen allweddol o'r modd y mae'r Gwasanaeth yn rheoli risgiau busnes. Mae'r Adroddiad hwn yn rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor am Gofrestr Risgiau Busnes y Gwasanaeth.

**ARGYMHELLION:** Y dylai Aelodau nodi'r Adroddiad a chydabod y cynnydd parhaus sy'n cael ei wneud i nodi a rheoli risgiau busnes sy'n effeithio ar y Gwasanaeth.

**CYMERADWYO'R ADRODDIAD**

Clerc:

Sylwadau: Cymeradwyd

Cyfarwyddwr berthnasol:

Sylwadau: Cymeradwyd

Swyddog Adran 151/Trysorydd:

Sylwadau: Cymeradwyd

Prif Swyddog Tân /  
Dirprwy Brif Swyddog Tân

Sylwadau: Cymeradwyd

**PAPURAU CEFNDIR A DDEFNYDDIWD WRTH BARATOI'R ADRODDIAD HWN:**

Yn cyflwyno'r Adroddiad:	Dirprwy Prif Swyddog Tân Iwan Cray Cyfarwyddwr Rheoli Risgiau a Gwelliant
Awdur(on) yr Adroddiad a'u Swyddi	Miss Alex Roberts Pennaeth Adran Risg Gorfforaethol
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	09/01/2024

**REPORT TO THE PERFORMANCE, AUDIT & SCRUTINY COMMITTEE**  
**05 FEBRUARY 2024**  
**BUSINESS RISK REGISTER UPDATE REPORT TO DECEMBER 2023**

**1 Executive Summary**

- 1.1 Effective risk management arrangements are a key component in the Service's approach to managing business risk.
- 1.2 This Report provides the Committee with an update on the Service's Business Risk Register.

**2 National/Wales Position**

- 2.1 Risk management arrangements to monitor and manage risks exist in both South and North Wales Fire and Rescue Services (FRS).

**3 Mid and West Wales Fire and Rescue Service Current Position**

- 3.1 Risk Management reporting is contained within the Terms of Reference of the Committee. This is in accordance with Article 7 of the constitution relating to the terms of reference for the role of the Committee:

*"Monitor the effective development and operation of risk management and corporate governance in the Authority and*

*Advise on the strategic processes for risk, control and governance*

*Review any significant changes to the Business Risk Register."*

- 3.2 The current local government environment means that now, more than ever, risks need to be identified effectively and managed carefully to mitigate adverse effects.
  - 3.2.1 Organisations are increasingly being required to demonstrate effective corporate governance and internal control. Corporate governance is the term used to describe the way in which organisations are directed, controlled, and led. It defines relationships, accountability and responsibilities in the organisation and determines the rules and procedures through which the organisation sets and monitors performance against its aims and objectives.
  - 3.2.2 Governance frameworks, particularly around business risk management, scrutiny and audit, are required to complement each other and, especially in financially challenging times, efforts need to be directed to establishing and assuring key controls that protect the Service from failing to achieve its strategic objectives.
  - 3.2.3 Embedding good risk management and governance throughout an organisation is never easy or quickly achieved. Risks by their very nature change, people move on and 'unknown unknowns' will always arise. The Fire Authority just like every other must ensure that processes for managing business risk and governance are fit for purpose and resources are focused on areas of greatest risk.
  - 3.2.4 The Service created a Business Risk Register quite some time ago, as a method of adopting best practice in terms of having in place a process which would identify business risks to the Service.

The types of risks captured are split between four key headings of Strategy, Compliance, Programme and Economic, examples of which are shown below:

- **Strategy Risks**

These include community / service provision / IT systems, service continuity risks, etc.;

- **Compliance Risk**

These include regulatory risks / compliance issues / reputation etc.;

- **Programme Risks**

These include operating resource risks / increasing cost of risk / budget overrun / contract management, etc.

- **Economic**

These include inflation, exchange rates, new government regulations and other decisions that may adversely affect the service.

- 3.2.5 The Business Risk Register provides the Service with its own, 'Risk Profile' which is actioned upon through regular reviews as well as continually being developed.
- 3.2.6 To date, this register has underpinned the way the Service has progressed initiatives to mitigate business risks.
- 3.2.7 The underpinning risk ranking methodology used by the Group when reviewing each risk is derived from a 2004 publication by Her Majesty's Treasury titled 'The Orange Book – Management of Risk – Principles and Concepts.' This publication has become the definitive source of advice when establishing a risk register within Local Authorities and has proven to be invaluable.
- 3.2.8 At the same time, there is also a primary objective to deliver performance. As the Service deal with operational risks daily, it is very important that the arrangements and processes for managing business risk are well understood and above all, captured and managed.
- 3.2.9 For the Service to co-ordinate its arrangements for matters of risk management, it has established a Business Risk Management Group (BRMG) that is chaired by the Director of Risk Management and Improvement and held on a quarterly basis.
- 3.3 The BRMG was established in 2007 and has been pivotal in bringing all elements of business risk management into a single point of reference by the Executive Leadership Team.

## **4 Proposal**

4.1 Committee will be already aware that under Article 7.3.4 of the Fire Authority's Constitution that matters of Risk Management require to be reported upon by the Service to the Performance, Audit and Scrutiny Committee.

4.2 Committee to note the Report.

## **5 Service Commitments, Improvement Objectives and Well-being goals**

5.1 The report supports the Service's commitment to working towards the key principles of the Wellbeing of Future Generations (Wales) Act 2015.

## **6 Financial/Procurement Implications**

6.1 Considered, but not deemed relevant to the report.

## **7 Risk Assessment/Legal and Compliance Implications**

7.1 Committee will note that in total, 6 Business Risks are captured by the current Business Risk Register (dated December 2023) and of the 6 Risks identified, 1 Risk has been removed in its entirety with the 5 remaining risks unchanged.

Each risk has been reviewed by the Group and allocated a definitive 'Risk Ranking' value. The following breakdown of the Risk Register results is shown below:

- 4 Very High Risk (*Very Severe risk to the Authority*)
- 1 High Risk (*Severe risk to the Authority*)
- 1 Risk Removed

7.1.2 It is important to note that behind each listed risk is a documented audit trail and rationale as to why the risk has been identified and what mitigation is in place by the Service as part of its risk control measure. It is only when each of these component parts are considered together that an objective decision can be made as to their allocated risk ranking value.

7.1.3 As one would anticipate, definitive risk mitigating actions are issued to each Risk by the BRMG in an attempt to reduce their risk ranking value to an acceptable level, or risk tolerance. The Business Risk Register Decision Log is reviewed by the BRMG on a periodic basis and the latest version (December 2023) is attached at Appendix 1, titled Business Risk Register Decision Log.

7.1.4 The Risk Assessment Matrix and methodology that is used is attached at Appendix 2, titled Risk Register Risk Assessment Matrix and provides a clear indicator of the scoring used and the outcome achieved.

7.1.5 To ensure a continuous audit trail of what matters were raised to influence the scoring of any risks at any given time, then this is shown at Appendix 3, titled Risk Register Overview.

7.1.6 While the Business Risk Register version attached to this report is dated December 2023, PASC Members are assured that each risk heading, and risk ranking is monitored on a regular basis by the Corporate Risk Department to identify whether any activities are likely to influence a change in the risk ratings. Should any action be required to amend the Register, then this will be brought to the attention of the Executive Leadership Team outside the periodic Business Risk Management Group meetings.

- 7.1.7 The next meeting of the Business Risk Management Group is scheduled to take place in March 2024 and will include the periodic review of the current Business Risk Register Decision Log.
- 7.1.8 An invite is extended to the elected Business Risk Management Fire Authority representative to attend this next meeting to provide valuable Member involvement in defining the Risk Register.
- 7.2 The Service has implemented a self -assessment and tracker approach for monitoring progress against Internal Audit reports' recommendations. The BRMG is the forum which receives and reviews this information throughout the year and in accordance with the agreed protocol the mid-year monitoring report is included at Appendix 4.

## **8 Fire Authority Governance Implications**

- 8.1 This Report supports the Fire Authority Governance arrangements in accordance with Article 7 of the constitution relating to the terms of reference for the Committee.

## **9 Equality and Diversity, including the Socio-economic Duty and Welsh Language Standards implications**

- 9.1 Considered, but not deemed relevant to the report.

## **10 Data Protection and Privacy Issues**

- 10.1 The collection, storage and use of personal information is held centrally by the Corporate Risk Department and is securely held in accordance with the guidance provided by the Information Governance Officer.
- 10.2 There are no data protection issues in the report.

## **11 Consultation and Communication**

- 11.1 Considered, but not deemed relevant to the report.

## **12 Prevention, Protection and Response Implications**

- 12.1 Matters arising from the Business Risk Management Group are regularly communicated to all Service Delivery areas, as part of the risk management arrangements undertaken by the Service.

## **13 Human Resource and People Development Implications**

- 13.1 Considered, but not deemed relevant to the report.

## **14 Information and Communications Technology (ICT) / ICT Strategic Advisory Team (ISAT) Implications**

- 14.1 Considered, but not deemed relevant to the report.

## **15 Estates Implications**

- 15.1 Considered, but not deemed relevant to the report.



**16 Fleet, Engineering and Logistics Implications**

16.1 Considered, but not deemed relevant to the report.

**17 Evaluation**

17.1 Considered, but not deemed relevant to the report.

**18 Recommendations**

18.1 That Members note the Report and acknowledge the ongoing progress to both identify and manage matters of business risk affecting the Service.