

Report to	Executive Panel
Date	16 December 2024
Lead Officer	Stewart Forshaw, Deputy Chief Fire Officer
Contact Officer	Anthony Jones, Head of Planning, Performance and Transformation
Subject	Strategic Risk Management



PURPOSE OF REPORT

- 1 To provide Members with;
 - an update on development to the risk management process;
 - an outline of the draft Risk Appetite Statement; and
 - an overview of North Wales Fire and Rescue Authority's (the Authority) Strategic Risk Register.

EXECUTIVE SUMMARY

- 2 Since the last update, and following the review of internal controls by internal auditors, Mersey Internal Audit Agency (MIAA), several changes to how risk is recorded and managed are being implemented to strengthen the risk management process.
- 3 A draft Risk Appetite Statement has also been developed which led to a review of the risk themes, of which there are now eight. The Risk Appetite matrix, which supported the development of the draft Risk Appetite Statement, is included at [Appendix 1](#).
- 4 The report provides Members with an update of the content of the Authority's Strategic Risk Register.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) note the development of the risk management process;
 - ii) approve the draft Risk Appetite Statement; and
 - iii) note the Strategic Risk Register.

BACKGROUND

- 6 The Authority's Strategic Risk Register identifies known risks that could potentially prevent the Authority from achieving its planned outcomes and/or delivering its core functions. Register entries are assigned risk scores that are regularly re-evaluated by officers to reflect the current state and the predicted effect of planned mitigations.
- 7 Under this policy, the Executive Panel receives a summary report on strategic risks at least twice a year. Between meetings, the Chair and Deputy Chair of the Authority are able to view the full detail of the register with officers.

INFORMATION

Developments to risk management processes

- 8 Since the last update, and following the review of internal controls by internal auditors, MIAA, several changes to how risk is recorded and managed are being implemented.
- 9 Heads of Department are responsible for identifying and managing the risks they own. However, a Strategic Risk Committee has been added to the Governance Assurance Structure. This committee is responsible, amongst other things, for reviewing those risks that are identified as being High or Very High Risk.
- 10 The Strategic Risk Committee is supported in its work by all other Committees in the Governance Assurance Structure, which now all have risk as a standing agenda item for discussion of new and existing risks in the context of their respective workstreams.
- 11 A Risk Appetite Statement has also been developed which led to a review of the risk themes, of which there are now eight. The Risk Appetite matrix, which supported the development of the Risk Appetite Statement is included at [Appendix 1](#).

North Wales Fire and Rescue Authority Risk Appetite Statement (Draft)

Last updated: 12/11/2024 at Strategic Risk Committee

- 12 The Authority recognises that its long-term sustainability depends upon optimising risk in relation to the delivery of its strategic objectives, and also that the relationship with communities, staff, contractors, the general public and other stakeholders is key to the Service's success.

- 13 The Authority does not have a single risk appetite, but rather appetites across the range of its activities. We recognise that in pursuit of our well-being and improvement objectives that we may choose to accept different degrees of risk in different areas.
- 14 Our risk appetite has been defined following consideration of organisational risks, issues and consequences. We will always aim to operate organisational activities at the levels defined below. Where activities are projected to exceed the defined levels, this must be highlighted through appropriate governance mechanisms.
- 15 **Financial risks:** We have adopted a **cautious** stance for financial risks with reference to core running costs, seeking safe delivery options with little residual risk that only yield some upside opportunities. The Authority will receive ongoing assurance through the annual governance statement that policies and procedures are in place in line with CIPFA/SOLACE guidance.
- 16 **Response/Operations risks:** We have adopted a **cautious** stance for risks to our ability to respond to emergencies, seeking to safeguard our ability to reduce risk to the public whilst maximising the safety of our fire fighters.
- 17 **Legal/Regulatory compliance risks:** We have adopted a **minimal** stance for compliance, seeking a preference for adhering to responsibilities, and safe delivery options with little residual risk. The Authority will have annual assurance that compliance regimes are in place, through the Annual Governance Statement.
- 18 **Reputational risks:** We have adopted an **open** stance for reputational risks, with a preference for safer delivery options, tolerating a cautious degree of residual risk and choosing the option most likely to result in successful delivery, thereby enhancing our reputation for delivering high quality, cost-effective services to the public.
- 19 **People risks:** We have adopted a **cautious** stance in relation to People risks. We believe strongly in the importance of positive staff engagement and maintaining a values-led culture in support of all our staff. Recruitment and retention of retained firefighters is a particular challenge in some of our more rural communities.
- 20 **Information risks:** We have adopted a **cautious** stance to the management and storage of personal information risk, to reflect the sensitivity and importance of information held on our systems to support our prevention and protection activities as well as staff information processed for the purposes of employment.

21 **Technology/Cyber risks:** We have adopted a **minimal** stance for threats to our assets arising from external malicious attacks. To address this risk, we operate strong internal control processes and utilise robust technology solutions.

22 **Assets/Estates risks:** We have adopted a **cautious** stance for assets and estates respectively, seeking value for money but with a preference for proven delivery options that have a low residual risk. This means that we use solutions for purchase, rental, disposal, construction, and refurbishment that ensure we protect the taxpayer from as much risk as possible, producing good value for money whilst fully meeting organisational requirements.

23 **Strategic Risk Register**

Theme	Mitigating Actions
<p>Financial (Risk Appetite – Cautious)</p> <p>Due to unexpected events, including weaknesses in budget management, there is a risk that services are not delivered within the agreed budget.</p> <p>Due to complexity of pension rules and the need to address legal challenges there is a risk that the deadlines may not be met</p>	<p>Financial information available to budget holders in real time, and additional information provided regarding high level, high risk areas.</p> <p>Business case to be completed for all additional and capital expenditure.</p> <p>Members' Budget Scrutiny Working Group to ensure appropriate budget is set.</p> <p>Promotion of adherence to the Contract Procedural Rules and scheme of delegation.</p> <p>Procurement & Contracts Manager supporting departments to identify appropriate procurement routes.</p> <p>Member of scheme Advisory Board.</p> <p>Data quality is improving.</p> <p>Cashflows are outside of the pension fund.</p>

<p>Response/Operations (Risk appetite – Cautious)</p> <p>The recruitment and retention of sufficient staff to maintain service delivery with specific challenges around maintaining emergency response cover in rural areas.</p>	<p>Dedicated recruitment and availability teams in each area.</p> <p>Dedicated groups and Committee in Assurance Structure focusing on this risk.</p> <p>Officers, staff and representative groups working in social partnership to achieve the aims of the Emergency Cover Review.</p> <p>Dedicated daily availability resource maximises appliance availability across North Wales.</p>
<p>Reputational (Risk appetite – Open)</p> <p>Due to the current internal and external focus on culture within North Wales Fire and Rescue Service and the Authority there is a reputational risk to the Service and Authority.</p>	<p>Strategic gap analysis and action plans against all recent Fire and Rescue Service cultural reviews.</p> <p>Equality, Diversity and Inclusion Committee focusing on internal culture.</p> <p>Variety of established staff networks.</p> <p>Crest Advisory review of culture.</p> <p>Biennial Fire Family Survey and Staff Working Group.</p> <p>Establishment of Staff Engagement Forum.</p> <p>Dedicated Health and well-being resources available to staff, including Safecall.</p>

<p>Technology/Cyber (Risk appetite – Minimal)</p> <p>Technology/Cyber - Cyber-attack on information, communication and technology.</p>	<p>Continual monitoring of global threats and review of cyber security defences Cyber Essentials accreditation achieved, a Government backed scheme that protects organisations, against a range of the most common cyber-attacks.</p> <p>Endeavour to attract personnel with the requisite skillset to support compliance with best practice</p> <p>Conduct preventative maintenance and review resilient technologies</p>
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Risk is defined as a combination of the likelihood and consequences of hazardous events.



Likelihood: the chance of something happening. May be described by the probability, frequency or uncertainty of events.



Consequence: The outcome of an event. Specifically, the severity or extent of harm caused by an event.



IMPLICATIONS



Well-being Objectives	Maintaining the register and taking action to manage risk increases the likelihood that the Authority's well-being objectives will be achieved.
Budget	Maintaining the register helps prioritise spending decisions that would reduce risk levels.
Legal	Maintaining the register helps to ensure the Authority's compliance with legislation that define its functions and how it operates.
Staffing	No specific implications identified.
Equalities/Human Rights/ Welsh Language	No specific implications identified.
Risks	Mitigations seek to minimise the likelihood of risk occurring,

APPENDIX 1 -RISK APPETITE MATRIX

Risk Appetite Level  Risk Types 	AVERSE Avoidance of risk is a key organisational objective.	MINIMAL Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.	CAUTIOUS Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.	OPEN Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.	EAGER Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).
Financial	We have no appetite for decisions or actions that may result in financial loss.	We are only willing to accept the possibility of very limited financial risk.	We are prepared to accept the possibility of limited financial risk. However, VFM is our primary concern.	We are prepared to accept some financial risk as long as appropriate controls are in place. We have a holistic understanding of VFM with price not the overriding factor.	We will invest for the best possible return and accept the possibility of increased financial risk.
Response/Operations	We have no appetite for decisions that may have an uncertain impact on operational delivery.	We will avoid anything that may impact on our ability to respond effectively unless absolutely essential. We will avoid innovation unless established and proven to be effective in a variety of settings.	Our preference is for risk avoidance. However, if necessary we will take decisions on operational delivery where there is a low degree of inherent risk and the possibility of improved outcomes, and appropriate controls are in place.	We are prepared to accept the possibility of a short-term impact on quality outcomes with potential for longer-term rewards. We support innovation.	We will pursue innovation wherever appropriate. We are willing to take decisions on operational delivery where there may be higher inherent risks but the potential for significant longer-term gains.

<p>Risk Appetite Level </p> <p>Risk Types </p>	<p>AVERSE Avoidance of risk is a key organisational objective.</p>	<p>MINIMAL Preference for very safe delivery options that have a low degree of inherent risk and only a limited reward potential.</p>	<p>CAUTIOUS Preference for safe delivery options that have a low degree of residual risk and only a limited reward potential.</p>	<p>OPEN Willing to consider all potential delivery options and choose while also providing an acceptable level of reward.</p>	<p>EAGER Eager to be innovative and to choose options offering higher business rewards (despite greater inherent risk).</p>
<p>Legal/Regulatory</p>	<p>We have no appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements.</p>	<p>We will avoid any decisions that may result in heightened regulatory challenge unless absolutely essential.</p>	<p>We are prepared to accept the possibility of limited regulatory challenge. We would seek to understand where similar actions had been successful elsewhere before taking any decision.</p>	<p>We are prepared to accept the possibility of some regulatory challenge as long as we can be reasonably confident we would be able to challenge this successfully.</p>	<p>We are willing to take decisions that will likely result in regulatory intervention if we can justify these and where the potential benefits outweigh the risks.</p>
<p>Reputational</p>	<p>We have no appetite for decisions that could lead to additional scrutiny or attention on the organisation.</p>	<p>Our appetite for risk taking is limited to those events where there is no chance of significant repercussions.</p>	<p>We are prepared to accept the possibility of limited reputational risk if appropriate controls are in place to limit any fallout.</p>	<p>We are prepared to accept the possibility of some reputational risk as long as there is the potential for improved outcomes for our stakeholders.</p>	<p>We are willing to take decisions that are likely to bring scrutiny of the organisation. We outwardly promote new ideas and innovations where potential benefits outweigh the risks.</p>

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<p>People</p>	<p>We have no appetite for decisions that could have a negative impact on our workforce development, recruitment and retention. Sustainability is our primary interest.</p>	<p>We will avoid all risks relating to our workforce unless absolutely essential. Innovative approaches to workforce recruitment and retention are not a priority and will only be adopted if established and proven to be effective elsewhere.</p>	<p>We are prepared to take limited risks with regards to our workforce. Where attempting to innovate, we would seek to understand where similar actions had been successful elsewhere before taking any decision.</p>	<p>We are prepared to accept the possibility of some workforce risk, as a direct result from innovation as long as there is the potential for improved recruitment and retention, and developmental opportunities for staff.</p>	<p>We will pursue workforce innovation. We are willing to take risks which may have implications for our workforce but could improve the skills and capabilities of our staff. We recognize that innovation is likely to be disruptive in the short term but with the possibility of long-term gains.</p>
<p>Information</p>	<p>Lock down data & information. Access tightly controlled, high levels of monitoring.</p>	<p>Minimise level of risk due to potential damage from disclosure.</p>	<p>Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.</p>	<p>Accept need for operational effectiveness in distribution and information sharing.</p>	<p>Level of controls minimised with data and information openly shared.</p>

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<p>Technology/Cyber</p>	<p>General avoidance of systems / technology developments.</p>	<p>Only essential systems / technology developments to protect current operations.</p>	<p>Consideration given to adoption of established/ mature systems and technology improvements. Agile principles are considered</p>	<p>Systems / technology developments considered to enable improved delivery. Agile principles may be followed</p>	<p>New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.</p>
<p>Assets/Estates</p>	<p>Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.</p>	<p>Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.</p>	<p>Requirement to adopt a range of agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.</p>	<p>Consider benefits of agreed solutions for purchase, rental, disposal, construction, and refurbishment that meet organisational requirements.</p>	<p>Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements.</p>