

**REPORT TO THE:****PERFORMANCE, REVIEW AND AUDIT COMMITTEE****DATE:** 28th July 2008**REFERENCE:****SUBJECT:**

Business Risk Management Report

**SUMMARY:**

Committee will note from the attached report that further progress is being made in the process of formulating a business risk register for the Service. A desk top review of business risks was conducted in June 2008 and the outcomes are expected to be reported to the Business Risk Management Group within the next few weeks. An update of the current Insurance arrangements post 1<sup>st</sup> April for the Service is included along with specific reference to the current legal challenge in respect of a local authority Mutual Insurance group.

OBJECTIVES		IMPLICATIONS	
Trusted & Respect	<input type="checkbox"/>	Operational Risk Management	<input type="checkbox"/>
More than Emergencies	<input type="checkbox"/>	Community Risk Reduction	<input type="checkbox"/>
Saving Lives, Protecting Communities	<input type="checkbox"/>	Learning & Development	<input type="checkbox"/>
Managing within Budget	<input checked="" type="checkbox"/>	Civil Contingencies & Resilience	<input type="checkbox"/>
Improving Efficiency	<input checked="" type="checkbox"/>	Finance & Procurement	<input checked="" type="checkbox"/>
Resources to Priorities	<input type="checkbox"/>	H.R.	<input type="checkbox"/>
Alternative Resources	<input type="checkbox"/>	ICT	<input type="checkbox"/>
Managing People	<input type="checkbox"/>	Comms.	<input type="checkbox"/>
Integrated Management Planning	<input type="checkbox"/>	Transport	<input type="checkbox"/>
Partnership Working	<input type="checkbox"/>	Health & Safety	<input checked="" type="checkbox"/>
Effective & Empowered People	<input type="checkbox"/>	Premises	<input type="checkbox"/>
		Sustainability & Environment	<input type="checkbox"/>
		Welsh Language	<input type="checkbox"/>
		Legal	<input checked="" type="checkbox"/>
		Governance	<input checked="" type="checkbox"/>
		Equality & Diversity	<input type="checkbox"/>

**COMMENTS/OBSERVATIONS ON THE ABOVE OBJECTIVES / IMPLICATIONS:**

None.

**RECOMMENDATIONS:**

Performance Review & Audit Committee Members to review the Business Risk Management update report and to acknowledge the progress being made to continuously improve the management of business risk within Mid & West Wales Fire & Rescue Service.

**BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:**

Business Risk Management Group Meeting Minutes - February 2008

2007 / 08 MARSH Insurance Renewal report

MAWW F&RS Insurance Renewal Report 08/09

HIGH COURT OF JUSTICE judgement - Case No: HQ07X01934 / 16/05/2008

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# **Business Risk Management Report**

## **1. Business Risk Register update**

Further to my last report to Committee in April 08 the Service has already undertaken the desk top audit review of business risks utilising the Authority's Fleet and Combined Liability Insurers, namely Travelers. This review utilised risk management practitioners which had a vast experience of local authority business risk exposure conducting interviews with key Senior Managers. The interview subject headings included Change Management, Embedding Risk Management, Succession Planning, Partnerships, Reputation and Road Risk to name but a few.

It is anticipated that the report will not only form the basis of a Business Risk Register for the Service but will also seek to advise on the current format of the group, its integration with other established meetings as well as its future development.

An outcome report is imminent and this will be presented to the Service's Business Risk Management Group members over the next few weeks.

## **2. Insurance Update**

Following the commencement of the new Insurance period of 1<sup>st</sup> April 2008 I can confirm that transitional arrangements with our new Insurers - Travelers for Fleet Insurance have embedded very well. Similarly, working arrangements with our Insurers for our Combined Liability policies have continued to progress in the usual efficient manner.

Members may recall the proposal for the Service to join FRAML (Fire & Rescue Authorities Mutual Limited) as part of a wider incentive for Fire & Rescue Services to reduce annual Insurance premium costs. Consideration to joining FRAML was made by the Business Risk Management Group during our Insurance renewal phase last Autumn, however on the basis of aspects of uncertainty surrounding a similar mutual established by the London Authorities (LAML) a few years earlier it was decided to postpone any involvement with the newly established FRAML until the Services' next renewal period in 2013. By which time, FRAML would be firmly established within the national fire and rescue service arena and an improved understanding of any benefits they could provide to our Service would be clearly seen.

However, the London Authorities Mutual Limited (LAML) suffered a blow recently when the High Court ruled that the establishment of LAML was unlawful by virtue of it 'side-stepping' EU procurement rules. This ruling for LAML has had a knock-on effect on the Fire & Rescue Authorities Mutual Limited to such a degree that they (FRAML) have ceased trading.

The risk assessment carried out by the Authority in Autumn 2007 as to whether or not it should join FRAML involved a thorough calculated process taking into account the business risks presented to the Authority if the High Court ruling against LAML was successful. Based on this recent High Court ruling it is clear that the decision by the Authority not to join FRAML has proven to be invaluable.

Mydrian Harries  
Corporate Risk Manager