



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

TERMS OF REFERENCE – FINANCE AND RESOURCES COMMITTEE

Report of the Chief Fire Officer

Agenda Item No:

Date: 5 September 2008

Purpose of Report:

To seek the approval of Members to a change in the Terms of Reference of the Policy and Strategy Committee and the Finance and Resources Committee.

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1. BACKGROUND

- 1.1 At its meeting in April 2006 the Finance and Resources Committee requested that its terms of reference be extended to include both financial and corporate risk, both of which currently reside with the Policy and Strategy Committee.
- 1.2 A paper was submitted to the Policy and Strategy Committee on 22 May 2006 requesting this change and the recommendations of that Committee were that the reference for financial risk be transferred to the Finance and Resources Committee, but that a further report be brought to Policy and Strategy regarding the issue of corporate risk. Due to an oversight this report was not submitted.

2. REPORT

- 2.1 In a recent Internal Audit report into risk management the auditors were very complimentary about the state of risk management in the Fire and Rescue Authority and issued their highest category of opinion. They did however, point out that the reference for risk management, whilst being effectively performed by the Finance and Resources Committee, had not been formally transferred. Furthermore, they pointed out that the Policy and Strategy Committee does not have the powers to make such a transfer, thus rendering any subsequent report redundant. The auditors therefore requested that a report be brought to the full Authority to clarify the position.
- 2.2 Risk as applied to the Authority can be subdivided into three main categories:
 - i) Operational Risk;
 - ii) Community Risk;
 - iii) Corporate Risk.
- 2.3 Operational risk is the risk to which employees and members of the public are exposed as a result of the activities of the Service. This area is primarily addressed by Health and Safety and Occupational Health.
- 2.4 Community risk relates to those risks which the community is exposed to as a result of activities that take place in the community, be they driving, fire, accidents etc. This type of risk is addressed by the Community Safety Plan and the actions, primarily, of the Risk Response and Risk Reduction Departments.

- 2.5 Corporate risk encompasses a range of risks to which any organisation can be exposed such as:
- § Financial risk;
 - § Reputational risk;
 - § Loss and/or misuse of assets;
 - § Risks to the achievement of objectives;
 - § Employment risk;
 - § Legal risk;
 - § Environmental risk;
 - § Road risk.

The above list is far from exhaustive but relates to a large part to the way the organisation is managed, and primarily, to the way it manages its assets.

- 2.6 A body of expertise has been built up between the Head of Finance and Resources and the Authority's Risk Manager, which ensures that matters relating to risk are properly managed (hence the Internal Auditors' excellent report). Both of these Officers are professionally qualified Risk Managers and use their skills to both manage risks internally and transfer risks to external partners such as insurance companies where appropriate.
- 2.7 Financial risk in a non-strategic sense can be separated quite easily from wider corporate risk in that it relates more to the overall internal control environment, however strategic financial risks such as those managed closely by the Finance and Resources Committee are more difficult to disengage from the other risks identified as being within the remit of corporate risk.
- 2.8 The Finance and Resources Committee also has within its remit the control of Property, Information and Communications Technology, Transport, and Equipment assets.
- 2.9 It is therefore proposed that the remit for corporate risk is undertaken by Finance and Resources Committee, as far as monitoring and reporting and the outcomes reported to Policy and Strategy Committee.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources and learning and development implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has not been prepared in relation to this matter.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

7. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications specifically arising from this report, although the report itself relates to the risk management remit of the Finance and Resources Committee.

8. RECOMMENDATIONS

Members are requested to approve the change in the Terms of Reference of both the Policy and Strategy and Finance and Resources Committees, such that the responsibility for monitoring and reporting on corporate risk management is undertaken by Finance and Resources Committee, and outcomes reported to Policy and Strategy Committee.

9. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER