

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY	
	FINANCE AND RESOURCES COMMITTEE	
date	12 October 2007	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

RISK APPETITE

1. PURPOSE OF REPORT

To advise Members of the level of risk to which Nottinghamshire Fire and Rescue Service is exposed, and how this compares to the risk appetite set by the Fire & Rescue Authority.

2. BACKGROUND

- 2.1 Members are ultimately responsible for determining the risk appetite of the Service and for seeking assurance that the risks of the authority are in line with this appetite. Members make these decisions with the assistance, advice and input of Officers, who will ultimately be charged with managing the Service in line with the agreed risk appetite.
- 2.2 Officers are responsible for ensuring that the risks arising from the aims and objectives of the Service are controlled or mitigated so as to present a low risk exposure and for providing the information that will provide assurance.

3. REPORT

- 3.1 Members of the Authority have previously adopted a 'low risk appetite'. This reflects the fact that Nottinghamshire Fire and Rescue Service operates in a high profile and highly regulated environment and may from time to time be exposed to high risk activities. The organisation is however accountable to the community it serves, both in respect of the quality of services provided and in the way by which the organisation's finances, raised through taxation, are managed.
- 3.2 Although the overall risk appetite for the organisation may be low, this does not prevent the acceptance of medium or high levels of risk in specific areas of the organisation – indeed, attempting to achieve a low risk irrespective of cost and effort may be detrimental to development and innovation; or impractical.
- 3.3 Managers may make decisions based on opportunity cost, for example, the risk associated with the purchase and implementation of a new computer software package is outweighed by the opportunity that it presents in the provision of high quality management information. These decisions then need to be balanced across the organisation to ensure that there are not too many high or medium risk activities occurring at the same time.

- 3.4 A review of the risk registers forming an integral part of Departmental business plans has shown that the risks to which the service is exposed can be broadly categorised as: process; people; financial; 3rd party; legal and IT. A total of 215 risks have been identified, of which 92% have been mitigated or controlled to a 'low' level. The majority of the remaining 8% of risks are only marginally above the threshold for 'low' (9), with a risk rating of 10. Many of these risks arise in the equipment section, reflecting the specialised nature of Service equipment and limited supplier base, and are considered as acceptable by section management.
- 3.5 The conclusion therefore is that the Authority remains compliant with the low risk appetite approved by Members.

4. FINANCIAL IMPLICATIONS

Achieving low levels of risk helps to provide overall financial stability for the Service. The Authority's Medium Term Financial Strategy 2007/08 to 2009/10 provides a framework within which financial risks are assessed and measures put in place to minimise the possible effects of such risks.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

A full equality impact assessment has not been carried out in relation to this report, however equality issues are considered as part of the overall risk assessments.

7. RISK MANAGEMENT IMPLICATIONS

It is essential that Members, with the assistance of officers, determine the risk appetite of the Service and then seek assurance that the risks of the Service are mitigated or controlled to that level of risk. The measurement of risk performance against the risk appetite will provide Members with an ongoing assurance as to the effectiveness of risk management within the Service.

8. RECOMMENDATIONS

That Members note that the level of risk to which the Authority is exposed is in line with the 'low risk appetite' previously adopted.

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

- Finance & Resources Committee report – “Risk Appetite”, 13 October 2006
- Authority Risk Registers

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