

Risk Appetite Statement

Report to:

Risk and Assurance Board 31 January 2025
Commissioner's Board..... 12 February 2025
Deputy Mayor's Fire Board..... 25 February 2025
Audit Committee 3 March 2025
London Fire Commissioner

Date:

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Report classification:

For assurance

For publication

Values met

Service
Integrity
Teamwork
Equity
Courage
Learning

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

Good risk management practice recommends that organisations should have a defined risk appetite so that they can make informed decisions about the level of risk they are willing to accept in pursuit of their strategic objectives. It also ensures that all departments understand the boundaries for acceptable levels of risk and what target they should be aiming for when allocating resources to risk management.

Accordingly, this report presents the proposed risk appetite statement for the London Fire Brigade to define this appetite and the expectations on risk and control owners to manage the Brigade's risks within appetite.

Recommended decision – For Commissioner's Board

That the London Fire Commissioner adopts the risk appetite statement, as approved by the Risk and Assurance Board.

1 Introduction and background

- 1.1 As part of the work to continue the Brigade's risk management maturity, the risk team within the Business Resilience Department undertook to develop a risk appetite approach for the organisation during 2024. Having a defined risk appetite forms part of good risk management practice and is recommended by the Institute of Risk Management (IRM) as well as many other risk professionals.
- 1.2 Having conducted research into typical approaches by other organisations, including fire services in the UK, consultation was conducted with other risk specialists and interested stakeholders within LFB. This resulted in the formation of risk appetite categories, and the definition of four possible appetite levels for these categories.
- 1.3 A workshop was conducted with Directors in October 2024 to test the categories and set an appropriate risk appetite level for the Brigade. The outcome of this work resulted in a recommendation from the Directors that the Brigade should adopt a '**Cautious**' appetite level for all its corporate risks i.e. risks should be managed to a 4-9 (yellow) risk rating. This would mean that any yellow risks would not require further treatment as they are within appetite.

2 Risk appetite statement

2.1 This report presents the risk appetite statement (at Appendix 1) which sets out the approach, how the statement was developed, recommended appetite level, expectations of risk and control owners in line with this appetite level, and governance responsibilities for review and monitoring of the Brigade's performance against delivery of the appetite.

3 Values Comments

3.1 The LFC notes the Fire Standards Board requirements around adopting and embedding the Core Code of Ethics at an individual and corporate level. Following extensive engagement, the LFC has introduced Brigade values which build on and do not detract from the Code of Ethics.

3.2 The Brigade values are:

- Service: we put the public first
- Integrity: we act with honesty
- Teamwork: we work together and include everyone
- Equity: we treat everyone fairly according to their needs
- Courage: we step up to the challenge
- Learning: we listen so that we can improve

3.3 This report proactively supports the Brigade values as follows:

- Service: Adoption of a corporate risk appetite position and managing our risks within that appetite will mean the Brigade is increasingly likely to be successful in its service delivery.
- Integrity: Taking up a risk appetite approach will subject the assessment of the status of risks (especially those beyond appetite) to further scrutiny.
- Teamwork: The risk appetite statement has been developed collaboration with the other functions within Business Resilience and with other departments with risk responsibilities from across the Brigade.
- Equity: The risk appetite statement is enterprise wide and will apply to how risk is managed across all departments of the Brigade to further improve risk management.
- Courage: A risk appetite approach will invite risk owners to have courage and be transparent with issues they are having in being able to manage risks to the acceptable appetite levels, promoting wider discussions to identify other options to help mitigate risks.
- Learning: The risk appetite approach will provide an opportunity to learn from its application and be further refined in the future.

4 Equality Comments

4.1 The LFC and the Deputy Mayor for Planning, Regeneration and the Fire Service are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

4.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the

decision has been taken.

- 4.3** The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 4.4** The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 4.5** Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 4.6** The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4.7** Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
 - promote understanding.
- 4.8** An equality impact assessment (EIA) has not been conducted for this report as it is an enhancement of the corporate risk management approach. However, an EIA may be required for any new control actions that are introduced because of this report and the subsequent expectation to manage risks within the newly defined risk appetite.

5 Other considerations

Workforce comments

- 5.1** There are no immediate consequences on the workforce arising from this report, however the implementation of improvement actions may have resource implications in the future and/or require consultation with representative bodies.

Sustainability comments

5.2 There are no known sustainability implications arising from this report.

Procurement comments

5.3 There are no known procurement implications arising from this report.

Communications comments

5.4 This report is intended to be the main form of communication for the matters contained within it and will be circulated for consultation to Heads of Service prior to presentation at the Risk and Assurance Board. Pending approval of the risk appetite statement, it will be made available on Hotwire so that all staff have access to the statement.

6 Financial comments

6.1 The Chief Finance Officer has reviewed this report and has no comments.

7 Legal Comments

7.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "LFC") is established as a corporation sole with the Mayor appointing the occupant of that office.

7.2 Section 1 of the Fire and Rescue Services Act 2004 states that the LFC is the fire and rescue authority for Greater London.

7.3 Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

7.4 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Planning, Regeneration and the Service (the "Deputy Mayor").

7.5 Paragraph 3.1 of Part 3 of the said direction requires the LFC to consult with the Deputy Mayor as far as practicable in the circumstances before a decision is taken on (inter alia) any "[c] decision that can be reasonably considered to be novel, contentious or repercussive in nature, irrespective of the monetary value of the decision involved (which may be nil)".

7.6 The subject of this report is considered to be novel, contentious or repercussive in nature as it relates to risk management within the London Fire Brigade.

7.7 The production by the LFC of an integrated risk action plan which, "reflect[s] up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority" is a requirement of the Fire and Rescue National Framework for England (Framework) issued by the Secretary of State under section 21 of the Fire and Rescue Services Act 2004. From 2023 the Community Risk Management Plan 2023: Your London Fire Brigade, meets this requirement and has been approved by the Mayor under a separate decision.

7.8 Additionally, the LFC, in his Scheme of Governance, has adopted the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which sets out the core principles on which effective governance should be built.

7.9 In furtherance of taking robust, accountable, and transparent decisions, which are subject to effective scrutiny and risk management, the Commissioner has committed to ensure robust

systems for identifying and managing corporate risks are in place, including the regular review of the Corporate Risk Register by Theme Boards and the Commissioner's Board and regular reporting of significant risks for scrutiny by the London Assembly.

- 7.10** As part of this approach to strategic risk management referenced above, the LFC receives regular reports on the Brigade's corporate (red) risks along with details about the LFB's business continuity and assurance frameworks for discussion and scrutiny.
- 7.11** This report, which attaches the proposed risk appetite statement for the LFC, is complimentary to the requirements of the LFC's Scheme of Governance and internal policies on strategic risk management.

List of appendices

Appendix	Title	Open or confidential*
1	Risk appetite statement	Open

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: NO

Risk Appetite Statement (draft)

Executive Summary

This document is the risk appetite statement for the London Fire Brigade. It sets out that the recommended appetite level for LFB should be '**Cautious**' for its corporate risks, i.e. risks should be managed to a 4-9 (yellow) risk rating. This would mean that any yellow risks would not require further treatment as they are within appetite.

1. Our vision and purpose

1.1 Our vision is:

We will be a dynamic, forward-looking organisation of fully engaged people at the centre of the communities we serve, adapting to the changing needs of London.

1.2 Our purpose is:

Trusted to serve and protect London.

1.3 We achieve this by:

- Delivering on our six service strategies
- Delivering on key change activities within the themes of equipment and facilities, service delivery and people and skills; and
- Delivering on our key values - Service, Integrity, Teamwork, Equity, Courage and Learning

2. Introduction

2.1 The London Fire Brigade operates in a demanding risk operating environment every single day – and managing that risk exposure is key to meeting our vision.

2.2 The Community Risk Management Plan (CRMP), [Your London Fire Brigade](#), sets out how we will deliver and transform our service for the next seven years, so that we achieve our vision to be trusted to serve and protect London.

Appendix 1 – Risk appetite statement

- 2.3 Risk management is an essential component of the Brigade's governance framework and supports the achievement of LFB's strategic objectives. Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and trust in the Brigade by our communities.
- 2.4 The strategic risk management framework is held to account by our governance structures through the Risk and Assurance Board which monitors its performance. The framework is also reviewed by the Commissioner's Board, Audit Committee and Deputy Mayor's Fire Board. This governance structure asserts that risk management is vital component of good management and an important factor in ensuring LFB meets its obligations to its communities, the public, staff and key stakeholders.
- 2.5 Brigade's strategic risk management framework provides the structural framework to effectively manage its risks. A risk management policy will be produced in 2025/26 to formalise and consolidate this structure (currently spread between the risk management strategy and locally held risk manual) so that it is clear how the Brigade's risk management framework supports the organisation in its pursuit of achieving its strategic plan, the CRMP.
- 2.6 The Brigade's risk appetite statement (this document) considers the significant strategic business risk areas (categories) that the organisation is exposed to and the appetite level that it is willing to accept to guide its decision making.
- 2.7 The Brigade's risk appetite is assessed across 9 risk categories as follows:
- Legal and Governance
 - Cyber/Info Security
 - Environment
 - Finance
 - Health and Safety
 - Service Delivery
 - Reputational
 - Third Party/Supply Chain
 - People
- 2.8 Details about each risk category can be found at Annex A. Business Processes was originally proposed as a category but following a risk appetite workshop with Directors, it was deemed to overlap with the other nine existing categories.

3. Overall Risk Appetite

- 3.1 The strategic vision and purpose set out above will impact the way in which the Brigade accepts risks in respect of delivery against objectives.
- 3.2 There are four levels of risk appetite in operation at the Brigade: (minimalist, cautious, moderate, open). Details about each risk appetite level can be found at Annex B.
- 3.3 Overall, the Directors selected a '**Cautious**' appetite for risk and the Brigade's senior leadership team, managers and staff need to have regard to this appetite level in strategic decision making. However, it is acknowledged that there may be occasions when the Brigade will be subject to undertaking specific activity where the appetite may be higher or lower than the agreed level set (see below).
- 3.4 The key challenge in achieving an appropriate balance is to ensure:
- effective risk management including responsible management and use of resources;
 - realisation of opportunities and permitting innovation, while avoiding unnecessary bureaucracy; and
 - avoidance of a risk averse culture which stifles innovation rather than supports it through the correct assessment and management of risks.

4. Risk Framework

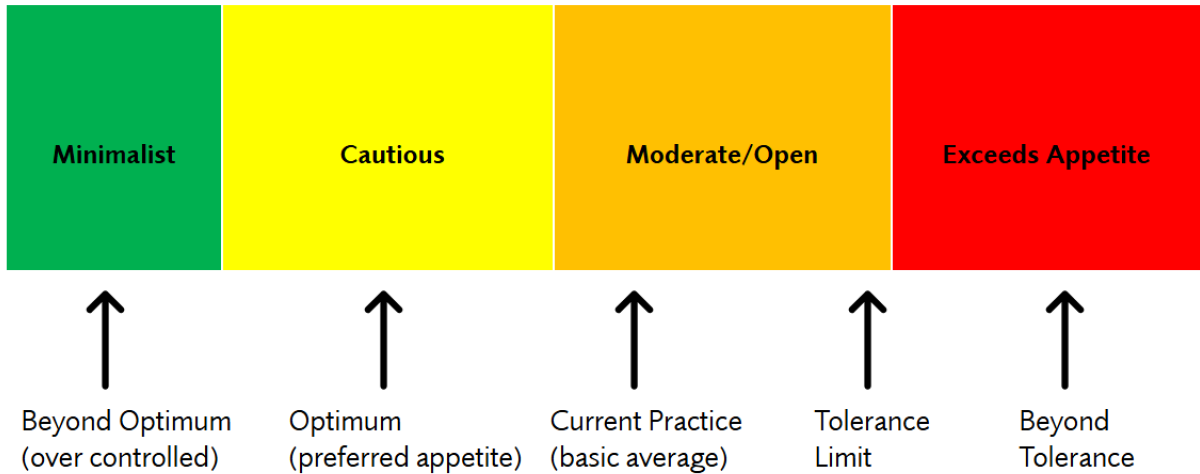
- 4.1 Good risk management practice requires the Brigade to specify and set out its appetite for risk, based on the nature of LFB's activities. This statement specifies the amount of risk the Brigade is willing to seek or accept in the pursuit of its strategic objectives.
- 4.2 In some cases, risks will be outside the Brigade's risk appetite and an exception will need to be applied to them. These risks relate to factors which are beyond the Brigade's direct control and include risks where the Brigade needs to lobby others with decision-making powers to reduce the risk exposure (e.g. government bodies). The current risks by exception are outlined in Annex C. These risks will be reviewed on an annual basis.
- 4.3 Risks recorded in the Brigade's Corporate Risk Register consist of potential threats to the achievement of departmental objectives which support our vision. Risks are reviewed by departments on a quarterly basis (monthly for red risks) prompted by the central risk team. Risks that are proposed to be red or which have been reduced from a red status are

presented to Risk and Assurance Board (RAB) for approval. Amber level risks are scrutinised by Directors and deep dives are conducted at the RAB on a quarterly basis. Risks at a yellow or green level are monitored by Heads of Service as part of the regular quarterly review.

5. Risk Approach

- 5.1 The Brigade's senior leadership team have specified that the Brigade should have a 'Cautious' appetite when it comes to its strategic risks. The risk appetite level of Cautious means that risks should have a target level of yellow (score between 4-9) and the current risk exposure should be managed to this level.
- 5.2 Red risks (score between 20-25) will always be outside the Brigade's tolerable range and every effort should be made to reduce the risk exposure with a target date set for when the risk will be managed down from its red level.
- 5.3 Amber risks (score between 10-16) are within the tolerable range but they are outside of the selected appetite so there should be a clear direction of travel based on the improvement to current controls and implementation of future controls with a target date of when the risk will be managed down to the desired appetite (optimum) level. Risks may be tolerated at this level by exception or if it is deemed that the risk is 'as low as reasonably practicable' (ALARP) based on current options to manage the risk. However, these risks will be subject to ongoing monitoring with the emphasis on further treatment as and when options are available to do so.
- 5.4 Yellow risks (score between 4-9) are deemed to be within appetite and the controls for these risks should be monitored for their ongoing effectiveness. Once the risk has reached the proposed target level within this range (score 4-9), no further controls are required to be implemented.
- 5.5 Green risks (score between 1-3) are well within appetite and should be reviewed to see if resources allocated to managing these risks can be repurposed to manage other risks which are beyond appetite. Once the risk has been green for 6 months, it should be considered for closure.

Figure 1 - Diagram of current, tolerable and optimum risk level based on current performance, practice and selection



5.6 The Brigade's performance 'risk score' (based on averaging all risk current ratings) is 12.07.

The Brigade's current risk appetite selection of Cautious means that there is emphasis on delivering improvements to current controls and implementing future controls to bring risks within appetite.

5.7 The appropriateness of this level and impact on the business will be reviewed on an annual basis.

6. Responsibilities regarding the Brigade's Risk Appetite

6.1 The Commissioner's Board is responsible for providing strategic leadership for the Brigade, ensuring that it is accountable to the community and the public on how LFB's services are delivered.

6.2 The Commissioner's Board is responsible for setting and overseeing the delivery of the Brigade's strategic objectives while maintaining the delivery of governance which includes an effective risk management process and compliance with this risk appetite statement.

6.3 Responsibility for reviewing and approving the Brigade's risk appetite statement rests with the Commissioner's Board via recommendation from the R&A Board.

Appendix 1 – Risk appetite statement

- 6.4 Risks entered onto the corporate risk register take into account risks from within the Brigade (internal) and external sources – these are reviewed regularly as indicated above. The register is also updated when there are key changes in policies, structures, functions or risk environment.
- 6.5 Heads of Service are responsible for risk register entries relating to corporate risks faced by the Brigade and the controls in place to mitigate these. Appointed control owners and risk champions are responsible for risk register entries relating to risks faced by departments in day-to-day delivery and the controls in place to mitigate the risks.
- 6.6 Project / Programme Managers / Senior Responsible Officers are responsible for risk register entries relating to projects, programmes and the portfolio and the controls in place to mitigate the risks.
- 6.7 The senior leadership team, Heads of Service, appointed risk and control owners and risk champions are responsible for maintaining the risk register entries in a manner which is consistent with this statement, allowing for the escalation of risks outside the stated appetite or agreed tolerance levels for specific activities.

7. Approval, review and communication

- 7.1 This risk appetite statement has been reviewed and approved by the Commissioner's Board as recommended by the R&A Board.
- 7.2 Reviews of the statement will take place at least annually.
- 7.3 This statement will be published on the risk management section of the Brigade's intranet site (Hotwire).

1. Legal and Compliance	<p>Category definition:</p> <p>This risk category covers events or circumstances that have the potential to either enhance or jeopardise the Brigade's compliance with legal requirements, regulations, or other sources of obligations. This category also includes risks relating to litigation (including threat of) against LFB. Legal risks can arise from internal errors, flawed processes or deliberate infractions because of negligence or failure to comply with the law. Examples can include breach of contract, regulatory violations, and litigation. Compliance risks can result from failing to deliver against government regulations, industry standards or contractual terms. Examples include violation of data protection laws, environmental regulations, and workplace laws.</p> <p>Our risk appetite considerations should include the Brigade's approach to the required level of adherence with statutory duties and how these are integrated into organisational policies, operational procedures, and support activities. Additionally, this category may encompass the suggestive or guidance-based obligations, such as those outlined by ISO and other voluntary standards.</p>
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Lens	Operational	Reputational	Financial
Key risks	<p>Lack of oversight on new laws/regulations and ways of working could lead to LFB operating illegally.</p> <p>Brigade's corporate position on new or proposed legislation places it at conflict with trade unions.</p> <p>Lack of capacity and readiness of General Counsel department to deal with a major breach and potential lawsuits.</p>	<p>Local decisions taken without proper legal consultation with General Counsel which expose the Brigade to potential claims.</p> <p>Perceived neglect of our statutory duties leads to damaging media coverage.</p>	<p>Non-compliance with statutory duties leads to regulator imposing enforcement notices, warnings and/or fines.</p> <p>Potential fines for non-compliance from regulator.</p> <p>Increase in financial settlements resulting from compensation claims (e.g. employment tribunals).</p>

Will NOT do	Balance risk and benefit (might do)	Will DO
1. Deliberately break laws and/or neglect our statutory duties.	<ol style="list-style-type: none"> 1. Consider whether we should take a 'risk based', 'compliance based', or 'enhanced' approach to specific legal and statutory obligations. 2. Move away from requirements that are only 'guidance' if there is a more appropriate approach/course of action for LFB (requires consideration of how this will be perceived by key stakeholders). 	<ol style="list-style-type: none"> 1. Proactively set out and have clarity on our required level of compliance with existing and new legal and statutory obligations. 2. Ensure minimum levels of compliance are maintained for all legal and statutory obligations. 3. Fully investigate any legitimate concerns raised via LFB's Whistleblowing Policy in relation to illegal/unlawful behaviours and/or activities.

2. Cyber/Info Security	<p>Category definition:</p> <p>This risk category relates to the security and availability of our ICT systems and information/data. It includes consideration of the level of protection needed to prevent and mitigate the impacts of disruption, loss, or compromise of systems and/or data because of a security or non-security related incident, which may be committed by external threat actors or insider threat (accidental or deliberate). It also includes our approach to information governance, ensuring that this is held securely, is protected from unauthorised disclosure, and is available to authorised users when required without significant lag times. This includes the handling of personal data relating to our employees, and considers the legal requirements placed on organisations under the UK Data Protection Act and UK GDPR.</p> <p>Our risk appetite for this category includes consideration of the balance between functionality (i.e. systems that improve organisational efficiency) and the use of technology to do this, set against the need to protect our systems and information from unauthorised access as well as the level of business disruption we are willing to accept in the event of a cyber risk event.</p>
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Lens	Operational	Reputational	Financial
Key risks	Breach of cyber/info security means LFB is unable or limited in its ability to mobilise assets, send risk information to operational staff about incident locations and the risks they face and/or communicate risk critical information to partners.	Failure to protect the confidentiality, integrity and availability of our information, including that of our employees.	<p>Cost of ensuring continued adequate protection from evolving cyberthreats, malware and hostile actors.</p> <p>The power of ICO to levy significant fines in response to failings of information security that result in data breaches.</p>

Will NOT do	Balance risk and benefit (might do)	Will DO
<ol style="list-style-type: none"> 1. Allow unauthorised access to our systems. 2. Share information with outside parties without legally binding information sharing agreements about how this information can be used. 	<ol style="list-style-type: none"> 1. Explore the use of developing technology, including artificial intelligence, to enhance our cyber systems and information security. 2. Consider opportunities for limited data sharing with outside parties where this offers a tangible benefit to the people of London. 	<ol style="list-style-type: none"> 1. Prioritise the testing and deployment of security controls to protect our technical infrastructure and information assets. 2. Explore opportunities to develop our systems and services to provide a better service to our staff and the people of London. 3. Work with trusted partners to enhance our cyber and info security arrangements.

3. Environmental	<p>Category definition:</p> <p>This risk category relates to the environmental context that the Brigade operates within and our own impact on the environment of London. This includes how we adapt to climate and environmental changes, both in terms of the operating challenges to LFB and how we will adapt to increased demand for certain types of services (e.g., during extreme weather events such as flooding and/or wildfires). It also includes our commitment to reducing our carbon footprint and our use of resources and utilities such as water and energy, and how we work with our partners to lower environmental risks within communities (for example working with London Boroughs to manage wildfire risks).</p> <p>Our risk appetite for this category includes moral and ethical considerations regarding the depth of our environmental ambitions and targets set by the Mayor (e.g. Net Zero 2030) and other stakeholders against the level of cost we can accept to improve our compliance with green initiatives, and the impact on the effectiveness of our services.</p> <p>NB - Risks relating to the built environment of London, the environment of our premises and vehicles are considered under Service Delivery.</p>
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Lens	Operational	Reputational	Financial
Key risks	<p>Poor management of the environmental impacts of fire-retardant materials (e.g., foam) used to extinguish fires.</p> <p>Impact of the emissions from our existing fleet on London's air quality.</p>	<p>Perceptions by LFB employees and/or the community that LFB is not doing enough to mitigate environmental and climate change related risks.</p>	<p>Inability to achieve zero emission targets in line with the London Environment Strategy (LES) in a way that is financially viable.</p> <p>Significant cost of investing in R&D of new technologies (including the opportunity costs associated with backing new technologies that ultimately fail / are not what we need).</p>

Will NOT do	Balance risk and benefit (might do)	Will DO
<ol style="list-style-type: none"> Promote ways of working that are damaging to the environment. Unnecessarily pollute the London biosphere. Ignore or dismiss the impact of climate change, or our ability to meaningfully contribute towards the management of associated risks. 	<ol style="list-style-type: none"> Explore opportunities to deliver a greener fleet (e.g. electric vehicles) while protecting service delivery. Engage with London's communities to educate them about the threats arising from the environment in London and what they can do to protect themselves and others (wildfires and floods). 	<ol style="list-style-type: none"> Explore ways in which LFB could have a more positive impact on the environment across all areas of the organisation. Engage with policy makers at local and national level to reduce our carbon footprint while protecting service delivery. Engage with policy makers at local or national level to develop a safer environment for all Londoners. (e.g. – outlawing flammable cladding on residential buildings).

4. Finance	<p>Category definition:</p> <p>This risk category relates to financial business operations and decisions regarding the levels of investments or business ventures that the Brigade is willing to undertake to achieve financial resilience and improve our day-to-day operations.</p> <p>This risk category includes risks with the potential to have a direct impact on cash flow or investments (e.g. fraud, interest rates), as well as risks relating to finance systems and processes that may have an indirect financial impact (e.g. accounting errors, failure to reconcile expenses). N.B. risks that have been identified under other risk categories may have the potential to incur significant financial costs but are not classified as "finance" risks.</p> <p>Our risk appetite for this category includes consideration of the potential growth, return on investments and enhancements to improve the service set against the affordability, pressure to achieve efficiencies with public money, and overall cost of our service for Londoners (in line with our CRMP and service strategies).</p>
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Lens	Operational	Reputational	Financial
Key risks	<p>The affordability of the service is unsustainable.</p> <p>Internal failures relating to payment of employees or suppliers within expected timescales leads to service disruption.</p>	<p>Our choices about how we spend our budget is the subject of public criticism.</p>	<p>Weaknesses in our key financial and procurement systems that allow monetary losses due to errors and, or fraud.</p> <p>Unauthorised deviations from the Scheme of Delegation results in unauthorised spend and consequent overspend of budgets.</p>

Will NOT do	Balance risk and benefit (might do)	Will DO
<ol style="list-style-type: none"> 1. Accept dishonesty or fraud on the part of our suppliers or our people. 2. Seek to take short cuts that threaten the safety or effectiveness of our organisational assets in order to make savings. 	<ol style="list-style-type: none"> 1. Consider changes to established ways of working that will support service delivery more efficiently. 2. Consider terminating contracts, projects or programmes that are not delivering their stated aims within anticipated cost and time schedules. 	<ol style="list-style-type: none"> 1. Engage and lobby stakeholders at local and national level to seek investment to protect service delivery. 2. Look to identify and deliver cashable and non-cashable efficiencies to reinvest in our operational capability.

5. Health and Safety	<p>Category definition:</p> <p>This risk category incorporates our ability to provide a safe place of work for our employees and consideration of their occupational health and safety and wellbeing. It includes the safety of all staff, irrespective of their role in the front-line or as a member of support staff. Risks in this area relate to the likelihood that a person may suffer harm or an adverse health effect due to exposure to a workplace hazard or unsafe systems of work. Health and safety risks can be classified into various groups and include biological, chemical, physical, safety, ergonomic and psychological hazards.</p> <p>Our risk appetite for this category includes consideration of the acceptable level of risk we will place those under our direction while working to deliver key services to the London community (in line with our CRMP and service strategies).</p>
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Lens	Operational	Reputational	Financial
Key risks	<p>Risk to personnel entering unsafe premises (due to fire or structural instability) to save lives.</p> <p>Risk of exposure to chronic illnesses and injuries through work activities (e.g. exposure to carcinogens, muscular injuries, etc).</p>	Our approach to safe systems of work (including policy) is subject to criticism from the media and/or community.	Failing to protect the health and welfare of either our staff or the wider community results in compensation claims against the Brigade.

Will NOT do	Balance risk and benefit (might do)	Will DO
1. Allow short cuts that undermine safe ways of working and endanger the safety of those under our direction.	<ol style="list-style-type: none"> 1. Decide to accept a higher level of risk to the welfare of our staff (with their agreement) for limited periods to protect the lives of people in our community. 2. Develop reasonable adjustments to facilitate our staff being able to bring their best selves to work. 	<ol style="list-style-type: none"> 1. Look to develop and implement better ways of working that keep our people and those of London safe. 2. Review the level of support available to our people through mechanisms such as Occupational Health, to enable better service delivery.

6. Service Delivery	<p>Category definition:</p> <p>This category incorporates our front-line service delivery such as firefighting operations, emergency response, and rescue activities in the community. This also includes the activities we deliver under our six service strategies (prevention, protection, response, engagement, preparedness and recovery).</p> <p>Our risk appetite for this category includes consideration of the acceptable level of risk for the public, property, and London's infrastructure during our response activities, but also interaction with our partners and those in receipt of our services (in line with our CRMP and service strategies). The professional standards that the Brigade wishes to hold itself against (such as National Operational Guidance) are also applicable here.</p> <p>It also includes the allocation of resources to service delivery as well as support services which facilitate service delivery functions such as property, asset management, vehicles and kit.</p>
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Lens	Operational	Reputational	Financial
Key risks	Attending incidents exceeds the maximum response time for emergency calls.	Poor strategic, tactical or operational response leading to criticism, negative media coverage and potential legal challenge.	Inefficient and excessive use of resources resulting in avoidable demands on the budget.

Will NOT do	Balance risk and benefit (might do)	Will DO
1. Put the public at unnecessary risk.	<ol style="list-style-type: none"> 1. Degrade operational response standards to reallocate resources if the circumstances warrant it. 2. Use operational discretion where application of standard operating procedures is anticipated to be ineffective. 	1. Maintain our professional standards.

7. Reputational	<p>Category definition:</p> <p>This category incorporates challenges to London Fire Brigade's reputation or brand. This can occur due to the direct actions or decisions taken by the leadership team, the actions of our staff, or through other parties such as our partners or suppliers. Management of our reputation or brand can attract attention in the media ranging from limited local press or social media posts through to prolonged national coverage (longer than 7 days).</p> <p>Our risk appetite for this category includes consideration of decisions that we take as a service which can impact our reputation such as those that relate to how we provide our services, the types of incidents we attend, the perceived culture and make-up of the service and our interaction with local communities.</p>
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Lens	Operational	Reputational	Financial
Key risks	Poor delivery of service resulting in negative publicity.	LFB is deemed to be institutionally unethical or immoral. Unethical or immoral conduct by employees.	Unanticipated demands on the budget to address a reputational failing (e.g. additional training, securing equipment or resource). Damage to the Brigade's reputation makes the Brigade less appealing to prospective suppliers reducing the range of competitive bids that the organisation receives for services it wishes to outsource.

Will NOT do	Balance risk and benefit (might do)	Will DO
<ol style="list-style-type: none"> 1. Allow political influences to unduly affect the LFB service delivery to London. 2. Permit the LFB brand to be associated with extremist views (e.g. hate speech). 	<ol style="list-style-type: none"> 1. Consider non-attendance at certain incidents where we have traditionally responded in full (e.g. Automatic Fire Alarms). 	<ol style="list-style-type: none"> 1. Seek to further enhance our reputation by providing a professional, inclusive service. 2. Hold ourselves accountable to and behave in line with our values. 3. Work with our partners to enhance the reputation of the both the Brigade and the partnerships we belong to.

8. Third Party/Supply Chain	<p>Category definition:</p> <p>The risk category includes the assessment, monitoring and mitigation of risks associated with the LFB's engagement with third parties, supply chains and their activities. These risks are introduced when external parties are brought into the Brigade's infrastructure to deliver a service or function. For this risk appetite category, third parties are defined as suppliers, vendors, consultants, sub-contractors or service providers on behalf of the Brigade. Examples include outsourcing of significant Brigade functions such as training provision to Babcock, and third-party managed ICT and cloud services.</p> <p>Our risk appetite needs to consider the level of due diligence the Brigade will undertake when selecting and working with third parties, the level of monitoring activity, and the extent to which contingency plans are required to mitigate disruptions caused by third party or supply chain failures. This involves consideration of the extent that third parties and suppliers' policies and processes align with the Brigade's, the level of compliance and the methods of enforcement (e.g. by contract) and how assurance will be carried out to ensure they are delivering against the required standards.</p>
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Lens	Operational	Reputational	Financial
Key risks	<p>Unreliable supply chains compromising the quality and standard of services or equipment provided.</p> <p>Delayed and failing procurements through the use of non-compliant process outside of governance and regulatory processes, resulting in a failure to deliver operational needs.</p>	<p>Third party or supplier appointed by Brigade is found guilty of modern slavery and/or bribery and corruption, impacting the Brigade's reputation by association.</p> <p>Poorly defined specifications result in unsatisfactory outputs directly impacting key operational services leading to a lack of confidence in the communities and reputational damage to our service delivery.</p>	<p>Bad vendors/ suppliers result in wasted resources and avoidable additional costs (due to poor due diligence, poor contract management, lack of performance monitoring etc).</p> <p>Failure to follow governance and regulatory processes leads to a lack of best value and potential costs of legal challenge and associated costs.</p>

Will NOT do	Balance risk and benefit (might do)	Will DO
<ol style="list-style-type: none"> 1. Dismiss our responsibility of adequately vetting third parties and suppliers. 2. Rely solely on assurances from third parties regarding their work and not assess their performance. 	<ol style="list-style-type: none"> 1. Appoint external parties if they belong to an established framework working for one of our partners. 2. Consider tiered vetting procedures depending on the type, nature and cost of service being procured. 	<ol style="list-style-type: none"> 1. Expect all third party/supply chain activities to be vetted and assured with a rigorous due diligence process to ensure satisfactory work. 2. Proactively manage and communicate our expectations relating to our policies and procedures and monitor performance against the required standards for third parties and suppliers. 3. Ensure procurement best practice is adopted and always followed.

9. People	<p>Category definition: This risk category incorporates the leadership of our people including the management of our culture, diversity and inclusion, and the conduct, behaviours, and values of our staff. It also includes effective staff resourcing and workforce planning, succession planning, talent management, how our people are recruited and promoted, developed, trained, and prepared for their roles.</p> <p>Our risk appetite here needs to consider the type of working environment that the Brigade wishes to achieve, and the enablers and constraints we wish to put in place to shape our culture. We need to consider how to provide a supportive environment for our people while also allowing space for innovation to drive change, the attraction of new people and talent, and improvements in our culture, the delivery of which may be challenging for some.</p> <p>NB – Elements relating to physical and mental wellbeing of our people have been included in the Health and Safety risk appetite category.</p>
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Lens	Operational	Reputational	Financial
Key risks	Ineffective leadership including poor or inconsistent decision making, unethical behaviour or lack of vision. Lack of required staff with the right skills to deliver the service.	Negative stories about our people in the media impacting the Brigade's image, deterring new applicants to LFB and reducing our ability to attract new talent.	Inability to recruit and retain staff resulting in high turnover and employment of temporary staff at additional cost to cover key roles as well as a potential increase in employment tribunal costs.

Will NOT do	Balance risk and benefit (might do)	Will DO
1. Tolerate or allow discriminatory behaviour.	1. Proceed with an untested initiative where learning from other organisations indicates that it will improve our culture and/or support our people.	1. Continue to communicate Brigade wide values that actively promote an inclusive and diverse workforce. 2. Align our training programmes with National Operational Guidance standards.

Approach	Minimalist	Cautious	Moderate	Open
Means	Zero/ Very Low Appetite.	Low appetite.	Medium appetite.	High appetite.
Philosophy	LFB has a no appetite for the acceptance or tolerance of risk or uncertainty here. Only the lowest level of risk and uncertainty will be accepted, and the risk will be controlled even if this comes at significant cost.	LFB has a low appetite for the acceptance or tolerance of risk or uncertainty here. Lower levels of risk and uncertainty will be tolerated, taking the cost of controlling the risk into account.	LFB has a moderate appetite for the acceptance or tolerance of risk or uncertainty here. LFB will balance the costs of controlling this risk against the potential benefits of taking risks in this category for limited time periods.	LFB has a significant appetite for the acceptance or tolerance of risk and uncertainty here. LFB will balance the costs of controlling this risk and the potential benefits of taking risks in this category for extended time periods.
Tolerance for uncertainty	None or extremely low.	Limited or low.	Expect some.	Fully anticipated.
General attitude	Take steps to avoid at all costs.	Preference for safe delivery.	Will take risks if they are strongly justified through a sound business case.	Will take risks to achieve an anticipated benefit.
What does this mean in a practical sense	Will seek to implement the strongest known control options including extra policies, procedures, training, authorisation checks, audits, continual improvement plans.	Will seek to implement tried and tested controls such as regular reporting, Board oversight, post-implementation reviews.	Will seek to choose largely known control methods but will also accept untested outcomes such as delivery of a new programme, system or new governance structures.	Will accept that effectiveness of proposed controls is unknown or potentially subject to change such as income generation, community satisfaction, third party acceptance.
Choice when faced with options	Will always select the lowest risk option and seek to manage or mitigate the risk with established controls.	Will choose risk option if impact is limited and heavily outweighed by benefits.	Will choose risk option accepting increase in exposure but will closely manage the impacts.	Will choose risk option with highest return on benefits accepting the possibility of failure.
Trade off against achievement of other strategic objectives	Never.	With reluctance, prefer to avoid.	Acceptable under the right circumstances.	Willing to accept other objectives will not be achieved.
Acceptable max risk scores	1-3	4-9	10-12	15-16

*Red risk scores (20-25) are outside of the acceptable range

Annex C – Current Risks with Justifiable Exception to Risk Appetite

Risk ID	Risk description	Responsible Department	Justified reason for appetite exception	Intended Target Score (above appetite)	RAB approval
ICT19	Supply chain attack against an LFB supplier that compromises the confidentiality, integrity, and availability of LFB data held within the third-party system; has potential to cause severe impact to services if critical systems and data are affected (e.g. control and mobilising system - see Risk I.D. ORC5).	ICT	This is a vulnerability stemming from the use of third party systems and is not completely within LFB's control. Highlighting the risk around 3rd party supply chain provides an argument for LFB to seek additional controls and resources to combat potential cyber disruptions (as experienced by TfL).	12 (amber)	
OP7	In an emergent and unregulated alternative fuels market, the Brigade is unable to keep pace with new fire and rescue responses to alternative fuel technology applications, complex fire dynamics and commercial uptake which potentially exposes the safety of our staff and the public at incidents.	OP&A	LFB is unlikely to seek or be awarded the power to legislate the alternative fuel industry. UK Fire Services are lobbying the Government for legislation to combat the risks.	12 (amber)	
ORC18	Increasing geo-political tensions lead to protracted and/or violent demonstrations in London (including terrorist activity) placing significant increased demand on services and the safety of our staff, impacting the Brigade's resilience and potentially resulting in a degradation of service.	ORC	LFB cannot influence geopolitical trends which drive political tensions and acts of violence.	12 (amber)	

CS2	Pressure on the LFC budgets as a result of cost pressures from the economy, government spending plans and public sector wage settlement; and the impact this has on pay inflation, reduces the overall capacity of the Brigade to effectively manage the cost of services.	Finance	The risk identifies external factors which the Brigade does not have direct control over.	12 (amber)	
CS3	The transformation portfolio becomes unaffordable meaning LFB is not able to deliver on all of its planned transformation improvements.	Finance	The programme is a timebound departure from BAU to change the way LFB operates. The appetite for this risk should be higher than exception for the life of the CRMP or until a balanced budget can be profiled and delivered for all of the constituent programmes and projects and handover to BAU.	16 (initially) then 12 (amber)	
ICT18	Data breach arising from external (social engineering) or internal (insider threat) sources that compromises the confidentiality of personally identifiable information and other sensitive data held by the Brigade, resulting in potential risk to individuals and LFB and partner operations.	ICT	LFB has limited influence over bad actors or social engineering which point towards the Brigade's most effective focus being on likelihood rather than causes or impact.	12 (amber)	

OD1	The increasing complexity of the built environment increases the risk to our communities and firefighters. This impacts LFB's ability and capacity to identify and mitigate hazardous factors in the built environment, for both new and legacy stock through Protection and Response activities.	P&P	LFB does not have control over the built environment.	12 (amber)	
ORC16	<p>Inability to receive or process 999 calls (including associated call data) due to BT supplier outage seriously impacts the Brigade's awareness and ability to respond to emergencies placing the community at risk.</p> <p>[Has occurred twice - 25 June and 14 July 2023]</p>	ORC	This is a supplier-controlled risk, that LFB is exposed to. LFB has to accept a higher risk exposure for this but apply pressure to BT (and Government who oversee the appointment of BT) regarding the importance of maintaining the 999 call system.	12 (amber)	