

Report to: Audit Committee

Date of Meeting: 25th June 2007

Report of: Audit Manager

Title: Risk Management Progress Report – 2006/2007

1. SUMMARY

This report sets out progress made in implementing Risk Management arrangements during 2006/2007.

2. RECOMMENDATIONS

2.1 Committee note the contents of the report.

2.2 A further progress report covering only those items in the Zurich Municipal action which have not been fully implemented be submitted in six months.

Contact Officer:

For further information on this report please contact Barry Austin
telephone extension 8032, email barry.austin@watford.gov.uk

Report approved by: Janice Maule – Director of Finance

3.0 DEVELOPMENTS IN 2006/2007

An interim progress report was submitted to the Audit Committee in June 2006.

3.1 External Assessments

There were two external assessments of risk management arrangements carried out during 2006/2007.

(i) Zurich Municipal (ZM) healthcheck. The ZM report was presented to this Committee in January 2007. An updated version of the Council's action plan is attached as an Appendix.

(ii) The annual Use of Resources assessment was carried out by the Audit Commission. The assessment was based on a number of criteria against which the Council was judged to have "passed" or "failed".

In summary, the "passes" were:

- There is a risk management strategy approved by members
- The Strategy requires the Council to identify corporate and operational risks, to assess these for likelihood and impact and allocate responsibility for the mitigating controls
- There is a register of corporate risks which are linked to business objectives and ownership is assigned for each risk
- There is a committee with responsibility for risk management
- Reports to support strategic policy decisions and project initiation documents include a risk assessment
- The risk management process considers risks in relation to significant partnerships and provides for assurance to be obtained about their management
- Members with responsibility for risk management receive regular reports and take action to ensure risks are actively managed.

The Council was assessed as "failing" in four criteria:

Criteria	Action Taken
The risk management process is reviewed and updated at least annually.	Whilst the Risk Management Group (RMG) reviewed progress at every meeting and had considered various reports on specific aspects of risk management, the ZM healthcheck was the first overall review of processes. This review

	was completed in November 2006 and ZM's report has been presented to this Committee. Progress in making changes in response to the review is reported to Committee (see Appendix).
All appropriate staff are given relevant guidance and training	The Risk and Insurance Manager is providing training to managers on a service by service basis. Six of the ten services have been covered and arrangements are being made for the remainder. In addition, four members of staff attended a ZM training course.
Members with responsibility for risk management have received risk management awareness training.	All members of the Audit Committee, plus others, attended an awareness training session in January
The Council has a business continuity plan in place which is reviewed on a regular basis.	The Council's first corporate business continuity plan has been set up on the Intranet together with individual service plans. As they are the first attempts to produce plans they will be subject to ongoing review. The Corporate Management Board has agreed an action plan to further develop business continuity arrangements.

3.2 Project Management and Service Planning

The Council's Project Management Toolkit was introduced in January 2006 and was revised in August 2006 with minor amendments. This was designed for use on smaller scale projects and a number of training courses explaining the key principles have been run for potential users. It is recognised that the training needs to be spread wider to ensure that all relevant staff are covered.

The 2007 – 2012 Medium Term Service Plans were developed using workshops to help identify key issues and interdependences between services and projects. The workshops also covered the need for services to identify risks associated with projects. It is proposed that risk registers be set up for individual projects with significant risks only (those scoring 9, 12 and 16 on the scoring matrix) being recorded in operational service risk registers. The whole process is designed to ensure that all projects and associated risks are considered and monitored and that projects and resources are directed to the achievement of corporate objectives.

3.3 Partnership Working

The Better Performance Unit is developing a toolkit that will set out best practice for partnership working. It will include guidance on assessing risks associated with setting up a partnership as well as the identification of the operational risks of running the partnership and how responsibility for managing these by the parties involved should be recorded and monitored.

3.4 Insurance Renewal

The overall insurance premiums for the current year show a reduction of approximately 4% over last year's. Rates on the main areas of cover have generally remained stable with the exception of motor vehicles and other property which have both seen significant reductions. The drop in premiums for motor vehicles is due to an improved claims record (the Risk and Insurance Manager is trying to negotiate an even lower rate) but the reduction for other property is more fortuitous as the Leisure Centre and Central Baths are now excluded from the cover. The Risk Management Group is to review the history of claims over recent years in an attempt to identify specific areas where targeted action might reduce the number of claims. Hopefully a better claims history will lessen the rate of future premium increases.

4. IMPLICATIONS

4.1 Financial

There are no implications in this report.

4.2 Legal Issues (Monitoring Officer)

There are no implications in this report.

4.3 Staffing

There are no implications in this report.

4.4 Accommodation

There are no implications in this report.

4.5 Equal Opportunities

There are no implications in this report.

4.6 Community Safety

There are no implications in this report.

4.7 Sustainability

There are no implications in this report.

4.8 Potential Risks

There are no implications in this report.

Background papers:

None.