

**Report to:** Audit Committee  
**Date of meeting:** 23 June 2008  
**Report of:** Director of Finance  
**Title:** Annual Review of Risk Management

1.0 **SUMMARY**

1.1 This report provides an overview of Risk Management issues over the past year. It includes the current version of the corporate Risk Register and asks Members to agree the approach to risks that are not significant.

2.0 **RECOMMENDATIONS**

2.1 That the Committees notes the report, including the Corporate risk register  
2.2 That the Committee agrees the overall approach to risk as set out in paragraphs 3.10 and 3.11.

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3.0 **DETAILED PROPOSAL**

3.1 The Risk Management Group has met four times over the past twelve months. Issues considered have included:

- Business Continuity
- Use of Resources
- Internal Audit report on Risk Management
- Review of the Risk Management Strategy
- Risk implications in reports
- Data Quality
- Fraud
- Health and Safety

as well as sharing departmental risk issues and considering relevant published material

3.2 Business Continuity continues to be the main area for development. Initial departmental plans were reviewed by the County's Civil Contingencies officer and comments fed back to services. Spot checks carried out earlier this year show that implementation of detailed plans remains patchy. This was a theme of the audit report too.

3.3 Although the authority restored services quickly after the water damage incident in October 2006, it is important that this should not lead to complacency. Increased attention to this area will be needed this year.

3.4 As part of the process of embedding risk awareness throughout the council, the Risk Management Group supported a change to the way Risk Implications are included in reports to Members. Cllr Razzaq, in his role as Member Risk Champion, canvassed councillors about the previous arrangements and I think it is fair to say Members were neutral about them. The new format was supported by CMB and has been applied from the start of this Municipal year. This is intended to provide a more structured approach which can be incorporated into Risk Registers easily, where necessary.

3.5 Other developments during the year include:

- The tendering of the insurance contract. This resulted in the re-appointment of Zurich Municipal. Savings of some £87,000 annually should be achieved – some of this is attributable to reductions in claims but it is probably mainly due to good timing, as insurance tenders have been particularly competitive this year.
- The Risk and Insurance Manager resigned in March. Currently we are engaged in a joint recruitment process with Hertsmere B.C. for a shared Risk Manager, while the Insurance officer at Three Rivers D.C. is dealing with insurance matters. In view of the progress made with Risk Management in recent years, this level of support is considered sufficient and splitting the insurance work off will ensure greater focus on risk management.
- In response to an "Ask the MD" question, the Risk Registers on the Intranet have been made accessible to all staff to read.
- If Internal Audit identifies what it considers to be a significant risk in

the course of an audit which is not already covered in the service risk register, the audit report now contains a specific recommendation that the Head of Service should consider amending the risk register accordingly. This widens the risk assessment process.

- 3.6 Two incidents during the past twelve months are worthy of comment. The first in October 2007 was the failure of valves on two chemical storage tanks at the Bill Everett Community Centre. The chemicals released were contained by the bunds designed for the purpose and the spillage was disposed of safely. There was some temporary disruption to services for users of the pool.
- 3.7 The second was a power outage in April 2008 which primarily affected the council's offices. As it was only a few hours in duration there was no serious impact but it did reveal a problem with the uninterruptible power supply to services. This has since been rectified.
- 3.8 Both problems were a legacy of the patchy arrangements for routine maintenance, that have been addressed by the current Property team and will be reinforced as part of the restructure.
- 3.9 CMB last reviewed the Corporate Risk Register in April and this is attached as Appendix 1 for the committee's consideration. The new items cover: the impact of stock transfer; the shared services programme; and fraud. The previous items on CPA reassessment and project management have been removed: the first having been successfully accomplished and the second having progressed well, although there is still room for improvement. Minor updating changes have been made to other risks. Taking account of measures already in place, none of the risks is assessed as significant.
- 3.10 Members are reminded that the Council uses a 4 x 4 matrix of Likelihood and Impact to assess risk. This gives a range of possible scores from 1 to 16, as shown in the diagram below.

Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Likelihood			

- 3.11 Risks scoring 9, 12 or 16 are considered to be significant. These risks need to be actively managed. They should be discussed with the relevant Portfolio Holder at Quarterly Review meetings and action plans to reduce risk devised and implemented, if possible.

For the sake of clarity, Members are asked to approve the status of lower scores. It is suggested that risks scoring 1 to 3 should be tolerated i.e. measures to reduce these risks would not be a priority, although convenient opportunities to do so would not be ignored. They would only be retained on a risk register if there were concerns about the accuracy of assessment e.g. a breakdown in a mitigation measure.

Risks scoring 4, 6 or 8 should be monitored. They would be included on

Risk Registers, re-assessed at least every six months and steps to reduce risk would be taken where this can be justified in relation to the impact of the potential event.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Director of Finance comments that there are no direct financial implications arising from this report. Risk mitigation measures will normally be implemented within existing budgets or by seeking specific approval through the annual budget process.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that there are no legal issues arising from this report.

4.3 **Potential Risks**

Being more explicit about the council’s tolerance of risk does not appear to involve any risks requiring action or monitoring.

Potential Risk	Likelihood	Impact	Overall score
Being more explicit about lower rated risks might lead to complacency	1	2	2
Scores might be adjusted downwards to avoid the need to take action	1	3	3
Scores might be adjusted upwards to justify action that is not really worthwhile	2	1	2

Appendix 1

Corporate Risk Register as at April 2008.

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.”

Risk Management Group papers.

File Reference

None