

---

## **RISK MANAGEMENT - THE CURRENT POSITION**

### **1 SUMMARY**

- 1.1 This report updates Members on the current position of the Risk Management process.

### **2 INTRODUCTION**

#### **Progress to date**

- 2.1 Members agreed a revised work programme in July 2003 (Min 371/03). As part of that agreed programme, officers were to report progress and results of Divisional and Corporate self assessments into this Committee in March 2004.
- 2.2 Accordingly, whilst the programme is more or less met in the timeframe agreed by Members, and there is an expectation to meet the future requirements for the Internal Audit process in May/June, and the Council approval due in July, further refinement of the Registers is required.
- 2.3 Three important stages of the Risk Management process are completed, namely OMT determining Corporate Risks, divisional workshops to determine risks within the Service areas, and the subsequent work to produce Divisional Registers. This included a re-appraisal of the original Corporate Risks. Nonetheless, these elements of the process have taken longer than expected to complete, although in their own right they represent key building blocks for our approach to Risk Management.
- 2.4 The combined Corporate and Divisional registers are attached at Appendix A, as "work in progress".

### **3 RISKS**

#### **Corporate Risks**

- 3.1 The key general Corporate Risks that have emerged from the Divisions are:
- Capacity issues around resources, mainly staffing levels and workloads.
  - IT failure
  - Telephone system failure
  - Staffing issues around recruitment, retention and training.
  - Loss of the (use of) Offices.

---

**Divisional Risks**

- 3.2 Divisional Risks are various, focussing on the vital operational aspects of Service areas. Most are covered by sound operational procedures, both within Divisions and working in partnership with internal or external clients/customers.

**Risk Register**

- 3.3 As referred to above, the Divisional and Corporate Risk Register as it currently stands, is shown at Appendix A to this report. It will always be work in progress, as new issues emerge, or some risks reduce to virtually nil, or are removed altogether. Some work remains outstanding, as indicated below. For clarification, "Inherent Risk" is the natural level of risk associated with a function or activity, without any controls in place, whilst "Residual Risk" is that risk with controls in place. In some instances, controls will not alter the level of risk.

**Risk Values**

- 3.4 In detailing the work to date, risks have been allocated a value, with 9, the highest, to 1, the lowest. Risks valued at 2 or less have been omitted from the Divisional and Corporate Registers, although the risks themselves have not been ignored. The original matrix drawn up in March 2003 is produced at Appendix B to illustrate this mechanism. Those Members who attended the Risk Workshop may recall the discussion around the matrix. Information from the Council's Insurers, Zurich Municipal, indicates that the values and scoring are creating some difficulty across much of local government, due mainly in trying to adequately identify a value against likelihood and impact.
- 3.5 Other mechanisms have been discussed, including High, Medium or Low categories, or using the "traffic light" method of Red, Amber, and Green. The Corporate Risk Group will discuss these shortly, and Members views would be welcomed. It is clear that a simple but effective method of highlighting Risks would be more appropriate.

**Reviews**

- 3.6 Current proposals for Reviews of risks across the Divisional and Corporate Registers include quarterly reviews to ensure continuity and worth, with a formal Review once a year.

**4 FREE CONSULTANCY**

- 4.1 The Council has the benefit of free consultancy from Zurich Municipal worth £5000. Given the need to review Asbestos Management in the light of new legislation, and the removal of this aspect from Insured Risks, this will form part of that consultancy. Other work will enable an external review of the

---

Council's Risk process generally, including any additional workshops identified as necessary. It will also be useful to seek Zurich's advice around the points in 3.5 above.

**5 CONCLUSION**

- 5.1 The Risk Management process is well under way within the Council, at both the management level and amongst selected staff. It needs to be embedded into the everyday work ethic of all staff. Registers will remain "work in progress", rather than a finished product.

**6 RISK IMPLICATIONS**

**6.1 Strategic Risk**

Risk Registers are required as evidence of sound corporate governance.

**6.2 Resource Risk**

The process has mainly involved officer time. The process has involved the Corporate Risk Group in many person hours. The free consultancy from Zurich Municipal will be used. However, specific areas of risk management may require funding. Where these are outside delegated financial management, they will be submitted to Members.

**7 RECOMMENDATION**

- 7.1 It is proposed that the Committee **RESOLVES**

That the progress against the agreed work programme be noted.

Paul Warren

Chief Executive

---

**Background Papers:**

None

For further information, please contact Charles Thomas on: -

Tel: - 01702 318132

Email: - charles.thomas@rochford.gov.uk