CORPORATE SERVICES   STRATEGIC MANAGEMENT TEAM

                                                              5 MARCH 2007

RISK MANAGEMENT UPDATE

1.   BACKGROUND

      1.1   At their meeting on 8 December 2006, the Audit Committee noted the
             contents of a report which was submitted by Internal Audit following a
             review of Risk Management development across the Council. The
             report developed in co-operation with Corporate Services management
             highlighted that progress was being made and outlined an approach to
             be adopted by Council departments to embed risk management. The
             Audit Committee requested that they be provided with a quarterly
             report covering progress with the implementation of the reports action
             points. Set out below is a report on progress to date as at the end of
             February 2007.

2.   DETAIL

      2.1   At the last Audit Committee it was agreed that the Risk Management
             Group would report quarterly to advise of progress with the
             implementation of the action points detailed in the report.

      2.2   The Governance and Risk Manager and Internal Audit have now
             attended the Departmental Management Team meetings of each
             service. Each DMT has agreed to set up the loss control groups in
             accordance with the risk management framework model and
             implement the framework of operation.

      2.3   The DMT's agreed that their respective members of the Risk
             Management Group should be delegated sufficient authority to enable
             them to give the departments views on matters and to bind the
             department to implement requests for information from the Risk
             Management Group. Such authority is given directly by the
             department's loss control group who nominate members for the risk
             management group.

      2.4   The risk management group meeting on 12 February 2007 agreed an
             action mandate in relation to preparation of a business continuity plan
             for Kilmory, which once finalised can be used as a template for other
             buildings. Also agreed to progress the preparation of the operational
             risk registers through the departmental loss control groups. The
             Governance and Risk Manager has reviewed the action plan for
             developing BCP and has outlined a modified approach to this which
             has been approved by the RMG. Members will recollect that a BCP
             exists for pandemic flu and that there was a requirement to prepare

plans for other contingencies. The approach now being followed will deliver over a longer period of time than originally planned but in the interim the BCP for pandemic flu provides the generic basis for a response to any service interruption that may occur this year as was evident by its use during the fire at Scotcourt House, Helensburgh.

2.5   The Governance and Risk Manger will prepare the report to the SMT recommending that the Risk Management framework be approved. All the SMT members have already been addressed on this at their respective DMT meetings.

2.6   All services have agreed the terms of the Strategic Risk Register and the report has to be submitted to the SMT recommending approval.

2.7   The Governance and Risk Manager has attended seminars and meetings involving other public authority risk management practitioners. He has attended the Scottish Regional Group meeting of the institute of risk managers and has become a member of ALARM – Association of Local Authorities Risk Managers.

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LIST OF BACKGROUND PAPERS :