

ANNUAL REPORT AND ACCOUNTS 2006



ALARM
THE NATIONAL FORUM
FOR RISK MANAGEMENT
IN THE PUBLIC SECTOR



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IN THE PUBLIC SECTOR

OUR VISION IS TO BE THE UK VOICE FOR PUBLIC SERVICE RISK MANAGEMENT

Our strategic objectives are

- To identify and address the needs of members
- To promote professionalism and best practice in risk management
- To promote risk management in public services
- To ensure a sustainable and viable organisation



CHAIRMAN'S REPORT

This is the second Annual Report to be produced by ALARM, following our incorporation as a company limited by guarantee, in 2005. A number of helpful suggestions were received from members as a result of last year's Annual Report and these have been incorporated into this document.

This Annual Report is to be read in conjunction with the Statement of Accounts for 2006, which together form a summary of the activities undertaken by the Board of Directors last year in delivering our key objectives and seeking to maintain our position as the UK voice for public service risk management.

The Board is pleased to report that 2006 has been a year of continued success for the organisation.

During the last year, the Board has made a number of improvements to its governance and accountability arrangements, as well as enhancing its business planning, review and monitoring procedures. These changes have helped to streamline ALARM's operations and better ensure that it can meet members' needs and expectations.

ALARM's Key Objectives

ALARM is a membership organisation of risk practitioners drawn from all areas of the Public Sector. Our membership is drawn from a wide cross-section of backgrounds: insurance and risk finance, health and safety, audit, legal services, emergency and business continuity planning, project and performance management.

Our vision for providing the framework and establishing the key objectives for how we plan and manage the organisation is

To be the UK voice for public service risk management

We have identified four key objectives to support the delivery of this vision. We regularly seek our members' views to ensure that we are responsive to their needs and that our objectives continue to meet our members' aspirations.

Key Objective 1 - To identify and address the needs of members

Key Objective 2 - To promote professionalism and best practice in risk management

Key Objective 3 - To promote risk management in public services

Key Objective 4 - To ensure a sustainable and viable organisation

The organisation has nine regional and country groups: East Anglia, Midlands, North East, North West, Scotland, South East, South West, Wales and Northern Ireland. These are the main focus for member involvement and activities. The regional and country groups are semi-autonomous, but receive central funding and support from the Board.

The organisation has also developed a number of sector specific groups that support the bespoke needs of its Police and Fire service membership.

The Board of Directors is currently made up of 12 voting members, elected by general membership and one co-opted, voting member from the regions or countries that otherwise would be unrepresented. In addition, two co-opted technical directors attend the Board. All Directors serve on a voluntary basis, in addition to their full time occupations within the public sector. In addition to their Board responsibilities, all Directors take a role to deliver or support aspects of the annual business plan. Key outcomes of the business plan are collected into streams of activity, which are overseen by Directors acting as portfolio holders or champions. A number of these are highlighted within the body of this report.

In the period from March 2005 to August 2006, the post of Interim Chief Executive was held by Bob Cope. The Board would again like to thank Bob Cope for his dedication to ALARM and the lasting legacy that he has left. Dr Lynn Drennan took up the post of Chief Executive in August 2006 and has been instrumental in ensuring that 2006 has been one of the most successful years for the organisation to date.

ALARM continues to benefit from the considerable voluntary commitment of its membership; however, the Board has recognised that in order to deliver the ambitious outcomes set down in our Business Plan, the organisation needed to broaden its resource base. During 2006 and 2007, therefore, the Board has focused on increasing its capacity to deliver. This has resulted in the formation of a small secretariat team to support the work of the Chief Executive in delivering the objectives of the Business Plan.

In 2005, ALARM produced a detailed Business Plan which set out the aims and objectives of ALARM and the actions that we intended taking to achieve them. This Business Plan was reviewed and revised in September 2006 by the Board

following detailed consultation with ALARM members. From this, a three-year Business Plan was developed that is designed to increase the support that ALARM can provide to its members. In this Report, we shall reflect on our progress towards achieving the targets set in the 2006 Business Plan, and look forward to some of our key objectives for 2007.

In the 2006 Business Plan, a number of projects were identified as being in progress and/or initiated. The following contributions towards the strategic objectives have been achieved:

1. Identifying and Addressing the Needs of Members

Surveys and Consultation

The Board recognises that the strength of ALARM lies in the enthusiasm and support of its members. In 2006 therefore, we undertook to increase the opportunities for members to engage in the activities of the organisation through a series of consultation exercises and the use of a larger volunteer base. We received detailed responses from a large number of members during the consultation on the annual business plan. Many of these were fed into the final document to ensure that not only are our plans fit for purpose, but that they will meet the expectations of the membership. Significant changes to the format and content of the Annual Conference came about as a result of the feedback from members and those volunteers in the conference committee who contributed to the planning days.

We were overwhelmed by responses to the education and training consultation later in the year. A detailed evaluation of those responses is still being undertaken. Large numbers of volunteers came forward to support the work of our Special Interest Groups and to increase the number of

assessors for the Registered Risk Practitioner accreditation. This included affiliate members. A number of members have spoken at conferences and attended working groups as representatives of ALARM and the Board would like to thank them for their hard work. The Board intends to build upon the success of these programmes to ensure that ALARM continues to use the expertise and enthusiasm of its membership.

Communication with Members - Website Platform Redevelopment

The project aimed to develop and deliver a 'new' content-rich website, with a new management structure and resources. It was led by Board Director Dave Pope, assisted by KM Partners. The new website was launched on 19th October 2006 and is maintained and updated on a weekly basis, with regular e-mail 'alerts' sent to members, advising of forthcoming events and opportunities. Further developments are being explored, including the expansion of country, regional and sector group areas and enhanced interactivity.

Communication with Members - ALARM Matters

ALARM Matters continues to be a major vehicle for communication with and amongst our membership. Five editions are produced per year. Edited by Board Director Jan Collins, our journal has increased both its profile and reputation and is now recognised as a professional journal in its own right. We have improved the technical aspect of its content and there has been an increased demand from individuals and organisations wishing to contribute content. We are grateful to Risk Management Partners for their financial support of this valuable member resource.

Internal Communication, Press and PR Services

The main focus in 2006/07 has been on improving internal communications via the development of the new website, and the sharing of technical knowledge. To this end, articles have been published in CIR, Strategic Risk and other professional magazines, and conference presentations have been made by various members of the Board at external events. Following an assessment of the resource requirements by the Chairman, the Board agreed the recruitment of a full-time Marketing Communications Manager. This post was filled in May 2007.

This appointment allows for the development and implementation of a comprehensive communications strategy.

2. Promoting Professionalism and Best Practice in Risk Management

Annual Conference 2006

The national conference continues to be ALARM's principal educational and networking event. Led by Board Director Paul Dudley as Conference Committee Chair, ALARM again held a successful conference at the University of Manchester in 2006. The theme of the conference was "Risk Management: a Force for Innovation" and the keynote speakers included Peter Rogers (CEO, City of Westminster), Bryan Dennis (National School of Government) and Mark Scoggins (Fisher Scoggins LLP Solicitors). Following member feedback and a comprehensive assessment process, the Board agreed that the 2007 Conference would be held in Cardiff. Subsequent conferences will continue to tour venues throughout the UK, with the 2008 event being held in the Birmingham Metropole Hilton Hotel.

Annual Awards Scheme 2006

The ALARM National Risk Management Awards recognise excellence in risk management across public sector organisations and highlight the benefits that such initiatives generate for both the organisation concerned and the public they serve. The annual awards scheme once again posed a tremendous challenge for the judges, with a large number of entries displaying innovation and achievement in managing strategic, operational, asset and people risks. Additionally, the award of the prestigious title of ALARM Risk Manager of the Year demanded evidence of a portfolio of achievement from the successful candidate, and the ability to act as an ambassador for ALARM.

The winning, and highly commended, finalists in each category were:

Risk Manager of the Year

(Sponsored by Risk Management Partners)

- **Mark Nicolson, Lambeth LB (winner)**
- Simon Davis, Dyfed Powys Police

Strategic

(Sponsored by Zurich Municipal)

- **Camden LB (winner)**
- Coast and Country Housing
- Swindon Borough Council
- Lambeth LB

Operational

(Sponsored by St Paul Travelers)

- **Surrey Police (winner)**
- Norfolk Police
- Barnsley MBC
- English Partnerships

Assets

(Sponsored by Zurich Municipal)

- **Slough BC (winner)**
- Coventry City Council

People

(Sponsored by BEST, part of Capita Absence Management Services Ltd)

- **Norfolk CC (winner)**
- Coast and Country Housing
- Sunderland City Council
- Leicester City Council

Once again, the ALARM Risk Manager of the Year 2006 attended the Annual Conference of PRIMA in Boston, Massachusetts, in June 2007 as the guest of Risk Management Partners.

Registered Risk Practitioner (RRP) Scheme

Launched in late autumn of 2005, the RRP scheme is designed to recognise corporate risk management practitioners who have attained and/or can demonstrate a combination of relevant qualifications, experience and continuing professional development. It is recognised and supported by AIRMIC and the Institute of Risk Management. RRP is now being successfully used by recipients as a mark of their risk management competency.

As of 31st December 2006, one hundred applications had been received, with ninety being accepted by that date. With the expiry of the "Grandparent rights" in the spring of 2007, a rush of applications has brought the total number of applications received to almost 200 and led to ALARM expanding its pool of assessors from amongst existing experienced risk practitioners, with current RRP status. The criteria for the award and renewal of RRP status is currently undergoing review and the guidance provided to applicants, and assessors, will be enhanced. The Board aims to build on the success of the RRP scheme through further promotion of this accreditation and its CPD element.

Benchmarking and Performance Measurement Special Interest Group

The Benchmarking Special Interest Group aims to support the collection of benchmarking data on risk management among ALARM members and to produce guidance and best practice on the measurement of risk management effectiveness. Led by Board Director Jan Collins, supported by Board Director Richard Feltham, and with the assistance of the Audit Commission, an online survey was developed. The survey was issued in October/November 2006 to all member organisations and the small number of local authorities in England who do not retain ALARM membership. The response rate exceeded 40% and the data is now being carefully analysed by the Cullen Centre, with a view to informing a report that will be published later in 2007.

Counter Fraud Special Interest Group

The Counter Fraud Special Interest Group, led by Board Director Tracy Barnett, has developed a standard for managing the risk of fraud, which will be formally launched at the Annual Conference 2007. This is a major piece of work that has included detailed consultation with the Audit Commission and other public sector partners. Two dedicated conferences, one in May 2006 and one in May 2007, have successfully brought professionals from a range of organisations and professional institutions together, to increase the profile of a risk management approach to countering fraud. It is intended that a programme of training workshops will be rolled out across the country to support the implementation of the standard.

Partnership Risk Special Interest Group

This Special Interest Group aims to produce guidance and information on risks in partnership arrangements. Expressions of interest were sought from members willing to participate in a Partnership Special Interest

Group, and more than forty members put their names forward. Led by Board Director Peter Andrews, the first meeting of this group took place in early March 2007, and agreement has been reached on target outputs for later in the year.

Risk Management - Making a Difference

A series of joint workshop were held in 2005, in conjunction with the Audit Commission. ALARM commissioned the Cullen Centre at Glasgow Caledonian University to bring some of the workshop case studies up-to-date, and produce a report detailing examples across the public sector of where a risk management approach has made a difference to the level of service that the public has received. This is due to be published in June 2007.

Compensation Culture - Work with the Department for Constitutional Affairs

ALARM was identified as a key member of a task force investigating the issue of the 'compensation culture'. ALARM, represented by either the Chairman or CEO, attended a number of consultative meetings relating to Part II of the Compensation Act and local authority involvement in the workings of the regulatory framework. In addition, ALARM participated in the Risk and Redress joint event of the DCA and HSE. This has led to ALARM being invited to co-lead a work stream with IOSH to support risk managers and health and safety professionals.

Research and Publications

ALARM has a contract with Glasgow Caledonian University through which it commissions research and technical publications. Following the Alternative Risk Financing guidance document, which was published in late 2005, a report on the Corporate Manslaughter Act was published in February 2006, with a third report on Absence Management and Workplace Rehabilitation published in November 2006.

GCU also assisted with the preparation of an e-library of risk management resource material for the new website. Following the success of this contract, it has been extended to December 2007.

Education and Training

For many years, ALARM has been delivering - either directly, or through partnerships with risk consultants and trainers - the 'Managing Risk in the Public Sector' 4-day course. During the summer of 2006, the Board undertook a review of the viability and resource requirements of continuing to be a provider of training courses. It decided that it would suspend providing training, subject to a major consultation with the membership to determine its training needs. It would, however, increase opportunities for existing training to be advertised and made available to the membership.

In late 2006, an evaluation of members' current needs relating to education, training and continuing professional development was commissioned. An online survey of members was conducted in February 2007 and the survey findings are now being used to inform ALARM's strategy in this area, for 2007 and beyond. Our aim is to facilitate member access to available short courses, distance learning and online training in risk management, and to commission or adapt courses that will fill any 'gaps' in current availability. The website will be the primary source of information on education and training and will be regularly updated. In pursuit of that, the Board has sought to bring other relevant training opportunities, such as those offered by Gallagher Bassett, Marsh and Public Risk Management, to members' attention via website links and e-mail alerts.



3. Promoting Risk Management in Public Services

Risk Management in Schools Project

ALARM has been supporting the work of the DfES as part of its Strategic Implementation Group on schools insurance. ALARM members have contributed greatly to the success of this project. The group has developed a risk ranking tool and a weighted/discounted premium model to encourage schools to implement risk reduction measures in return for lower insurance premiums. A number of trials have been undertaken in England and a web-based toolkit is being developed to provide guidance to schools.

Promoting the UK Public Sector as a Risk Management Centre of Excellence - PRIMO Europe

An inaugural conference to launch PRIMO, a European-wide risk management organisation for Chief Executives, took place in Copenhagen in November 2005. Since then, PRIMO has established chapters in a number of European countries. Ongoing discussions are taking place with PRIMO Europe and SOLACE in the UK, to clarify and enhance the relationships between these three organisations, with a view to promoting risk management within public service organisations.

External Representation and Consultation

ALARM continues to be represented in a number of working groups and consultation exercises. In addition to the consultative work undertaken with the DCA and DfES, ALARM Directors and the CEO also participated in discussions on the British Standards Institute's Risk Management code of practice, which is due to go out for public consultation in June 2007. Board Member Peter Andrews was part of the project steering group supporting the Commission for Architecture and the Built Environment (CABE) to produce its report on risk and the design of public spaces.

Risk Federation

The Risk Federation is an informal alliance of the main risk management and business continuity bodies in the UK - ALARM, AIRMIC, IRM and the BCI. A joint seminar based on the risks surrounding the 2012 London Olympics was organised. Entitled 2012: Risks and Rewards, this event was held at West Ham football stadium in March 2007, with more than 150 delegates attending. It is planned to hold a series of joint events over the next few years, with the emerging risks associated with preparation for the Olympics likely to feature strongly.

4. Ensuring a Sustainable and Viable Organisation

Review of Support Staff

The Board undertook a review of the resources that are needed to deliver the Business Plan following the appointment of Lynn Drennan as Chief Executive. This resulted in the appointment of Bob Cope who took on the role of Support Manager for a four month period, thus allowing a smooth transition in the running of the organisation.

The Board decided to form a small secretariat team, based in Glasgow, to directly support the Chief Executive. This was in addition to the continuing administration contract with KMP in Sidmouth. A part-time PA to support the Chief Executive and the Board was appointed on 1st March, and a full-time Marketing Communications Manager on 1st May 2007.

Sponsorship and Partnership

Without sponsorship and support - both financially and in kind - from commercial partners and related professional bodies, ALARM would not be able to provide members with many of the benefits they receive, nor deliver the support required to run events, produce guidance documents, and conduct research.

We would like to acknowledge and thank all of the national and local sponsors and partners, who have assisted ALARM in 2006. In alphabetical order, these are:

Ace Europe	JOMS Ltd
AIG Europe	Kennedys Solicitors
AIRMIC	McKinty and Wright Solicitors
AON	Marsh
Barlow Lyde & Gilbert	Nice TV
Berrymans Lace Mawer	PriceWaterhouseCoopers
BEST	Public Risk Management
British Continuity Institute	Responsible Corporation
Browne Jacobson	Risk Factor Ltd
CIR magazine	Risk Management Partners
Crutes Law Firm	SAS UK Ltd
Cunningham Lindsey	Schools Advisory Service
Gallagher Bassett	St Paul Travelers
Halliwells	StrategicRisk magazine
Heath Lambert	Watmores Solicitors
Institute of Risk Management	Weightmans
Jardine Lloyd Thompson	Zurich Municipal

SECRETARY'S REPORT

Country / Regional / Sector Groups

With three country groups (Northern Ireland, Scotland and Wales), six regional groups in England (East Anglia, Midlands, North East, North West, South East and South West) and two sector groups (Fire & Rescue and Police services), there is now a vast programme of events being held around the UK. Local and sector based conferences, workshops and seminars allow a range of networking opportunities and the chance to share good practice with fellow practitioners. None of this would be possible without the small army of 'volunteer' members who sit on the committees that plan and organise such events.

Most groups hold between three and six events a year, and support from national and local sponsors and partners allows them to draw on technical expertise across a wide range of subjects. It is not possible, in the space available in this report, to mention all the events that were held in 2006, however, a few of the highlights included:

- The Midlands 10th Anniversary dinner and conference
- The North East's Motor Vehicle Risk workshop, which was held with the objective of producing a guidance document that could be distributed to members
- Scotland's Summer School
- The South East's annual conference at Latimer
- Wales' Courtroom Training Day
- Fire Sector Group 3rd Annual Conference and Partnership Risk Course
- Police Sector Group Draft National Police Risk Management Framework

Centrally, ALARM has supported the work of these groups, not only financially, but also through the administrative services delivered by the administration team in Sidmouth. Regional and sector events are now publicised on the website calendar and through e-mail alerts to members. Regional web pages are also being used to provide further information and documentation relating to

seminars and workshops. The Board has been working directly with regional and country group Chairmen to further assist ALARM groups to hold successful events, achieve tangible outputs, and disseminate good practice more widely, throughout the association.

Looking Forward - 2007 and Beyond

The Board has set a Business Plan for 2007-2009 in which its vision is to be the UK voice for public service risk management and the four strategic objectives are at its heart.

In order to achieve these, a number of targets have been set for 2007, including:

- Enhancing the content of the website, including the e-library, list of courses, and information on local and national events
- Creating outputs from the new Partnership SIG
- Reviewing ALARM's communication and marketing strategy
- Enhancing the style and content of ALARM Matters

Some of these initiatives are designed to improve our understanding of our members and their needs, to make sure that we continue to enhance benefits for our members and produce the guidance and support they need for their career and continuing professional development. Others will help to raise the profile of ALARM externally and

ensure that we reflect the professional standing of our members and the high regard in which the association is held.

Peter Andrews, Chairman

On behalf of the ALARM Board



Governing Document

The Association is governed by its Memorandum and Articles of Association. These restrict terms of office for elected members of the ALARM Board to a three year period, although some vacancies arise for one or two year periods only, as a result of resignations received mid-term. This normally results in four Board members stepping down each year. Board members can, however, elect to put themselves forward for re-election, provided they do not serve more than nine years in total.

Our thanks go to Kevin McGlone, who is retiring from the Board at the AGM 2007, following a long period of service to ALARM, including periods as Chairman and Treasurer.

The Board comprises twelve elected officials, with the opportunity to co-opt Board members as either technical, sector or country/regional co-optees. Sector or country/regional co-optees have voting powers; technical co-optees do not. Co-optees are reaffirmed at the Board meeting following an AGM. The composition of the Board, following the 2006 elections is shown below:

Name	Organisation	Year 1st Elected / Co-opted	Year(s) Re-elected / Co-opted	Status
Peter Andrews	Hampshire CC	2004		Full member
Tracy Barnett	Camden LB	2006		Full member
Jan Collins	Swindon BC	2006		Full member
Paul Dudley	Hertfordshire CC	2002	2005	Full member
Sue Edwards	Suffolk CC	2006		Co-opted regional
Richard Feltham	Kent Fire & Rescue	2005		Full member
Carolyn Halpin	Erimus Housing	2001	2002, 2005	Full member
Perry Hill	Weightmans	2005		Co-opted technical
Mike Keating	Belfast CC	2004		Full member
Kevin McGlone	Knowsley BC	1996	2001, 2004, 2006	Full member
Anne-Marie Ness	Knowsley BC	2000		Co-opted technical
David Pope	Driver Vehicle Licensing Authority	2006		Full member
Jan Graham Rhodes	Bolton MBC	2005		Resigned Oct 2006
Sharon Roots	Barking & Dagenham LB	2001	2004	Full member
Elaine Taylor	Bedfordshire CC	2000	2003, 2006	Full member

Named Officials

The Named Officials are selected via an internal election process, within the Board, and for 2006/07 were confirmed as:

Chairman Peter Andrews
Vice Chair / Chair Elect Mike Keating
Company Secretary Carolyn Halpin
Financial Director Sharon Roots

The Board is supported by the Chief Executive, Dr Lynn Drennan, and the ALARM Secretariat.

Board Attendance

The Board has met on the following dates and was quorate on each occasion. Attendance of Board members is identified with the following symbols:

A Apologies submitted and accepted **X** No apologies / apologies declined

Name	28 June 2006	6-7 Sept 2006	8 Nov 2006	11 Jan 2007	13 Mar 2007	15 May 2007	Overall Attendance
Peter Andrews							6/6
Tracy Barnett	A						5/6
Jan Collins		A		A	A	A	2/6
Paul Dudley				A			5/6
Sue Edwards	A	A		A		A	2/6
Richard Feltham							6/6
Carolyn Halpin							6/6
Perry Hill							6/6
Mike Keating					A		5/6
Kevin McGlone							6/6
Anne-Marie Ness							6/6
David Pope	A	X	A				3/6
Jan Graham Rhodes		A					1/2
Sharon Roots		A					5/6
Elaine Taylor		A		A		A	3/6

Membership

Membership of ALARM comprises Full Members, Affiliate Members and Honorary Lifetime Members. On 31st December 2006, membership figures were as follows:

Full Members 1638
 Affiliate Members 116
 Hon Lifetime Members 20
Total Membership 1774

Of the total membership, 502 are registered as voting members. Over the past ten years, membership of ALARM has almost doubled, although the rapid growth experienced between 2002 and 2004 has slowed recently (see Figure 1).

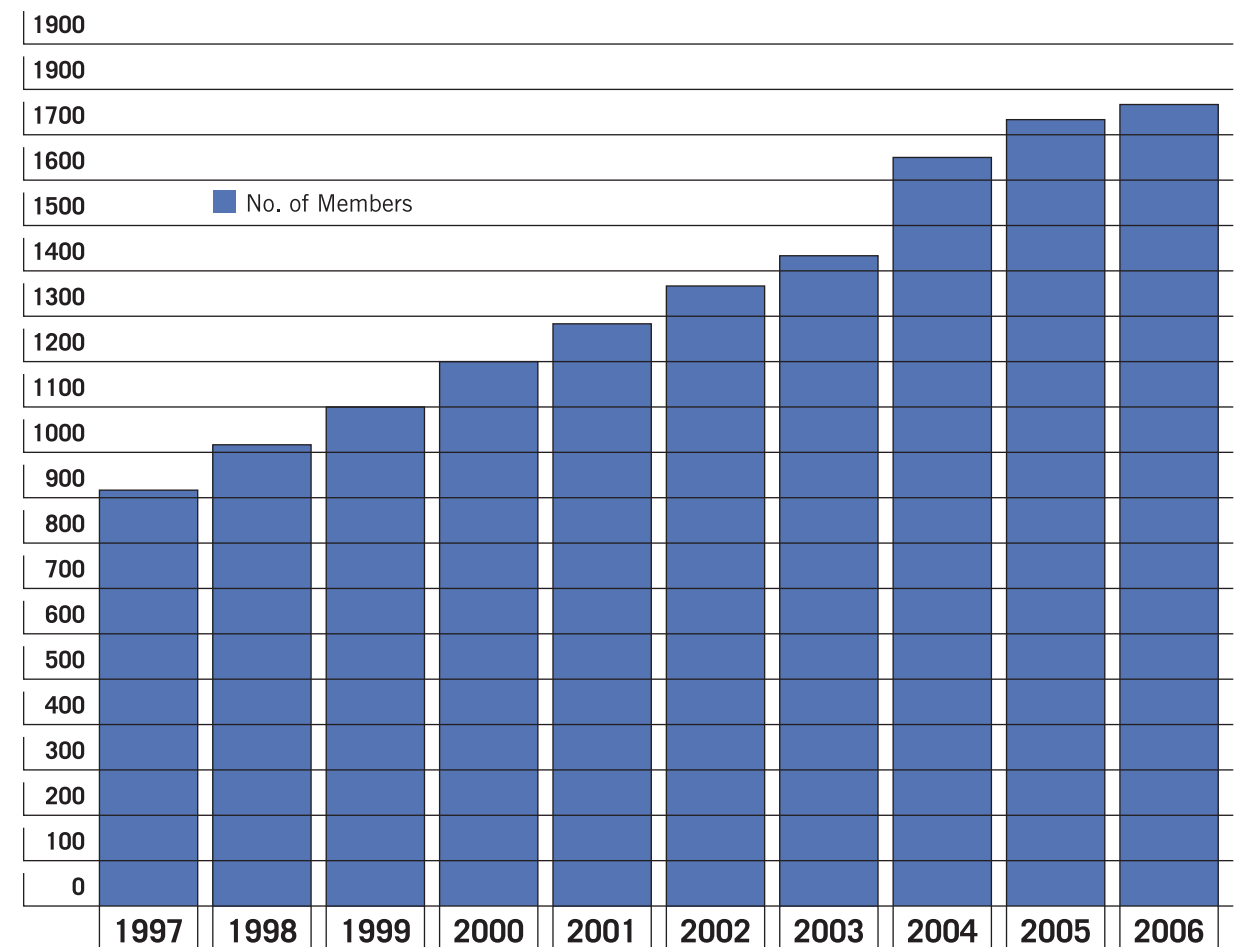


Figure 1: Membership Numbers 1997- 2006

Country and Regional Affiliation

ALARM members are allocated to their local Country or Regional Group. There are three Country Groups in Northern Ireland, Scotland and Wales, and six Regional Groups in England - East Anglia, Midlands, North East, North West, South East and South West.

In 2006, the membership numbers in each of the geographical locations is shown in Table 1 below, and illustrated in Figure 2. Table 1 also illustrates the number and percentage of voting members in each group:

Country / Region	2006 Total Membership	2006 Voting Membership	% Voting Members in Country/Region
East Anglia	120	39	33
Midlands	195	59	30
North East	273	80	29
North West	180	52	29
Northern Ireland	56	5	9
Scotland	190	58	31
South East	503	143	28
South West	136	38	28
Wales	93	26	28
National	14	-	-
International	14	2	14
Total Membership	1774	502	28

Table 1: Country / Region Membership Numbers and Voting Membership 2006



Figure 2: Country / Region Membership 2006

Membership by Sector / Occupation

ALARM membership is drawn from a range of professions within public service organisations. As can be seen from Table 2 and Figure 3 below, just over one-third of members describe their job functions as 'risk management and insurance'. The remainder are drawn from accountancy and audit, health and safety, planning and environment and from sectors including the blue light services, housing and health.

Sector / Occupation	2006 Membership
Accountancy/Finance	189
Administration	18
Business Support & Development	124
Risk Management & Insurance	690
Audit	89
Health & Safety	155
Planning & Environmental	46
Legal	38
Police	27
Fire & Rescue	16
Medical Health	7
Education/Housing	35
Senior Exec/Directors	120
Management (other)	147
Other	73
TOTAL	1774

Table 2

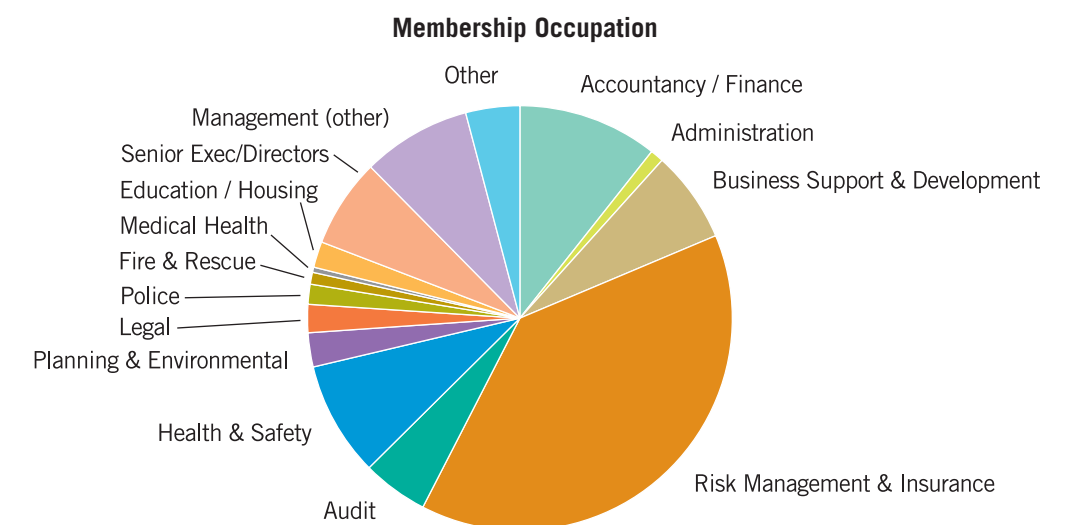


Figure 3

Honorary Lifetime Members

Honorary Lifetime Memberships are awarded by the Board to individuals who have demonstrated commitment to public service risk management and, in particular, have provided ALARM with an exceptional level of support. The lifetime memberships are presented at the Annual Awards Dinner, which takes place during our Annual Conference.

The names of the award recipients, and the dates on which they received this accolade, are shown below.

Max Andrews	2001
David Bull	2001
Richard Vincelette	2001
Keith Bolton	2002
Ken Kennedy	2002
Keith Purvis	2002
Tony Chapman	2003
Chris East	2003
Kaz Janowicz	2003
Bill Sulman	2003
Ron Bavin	2004
Lynn Drennan	2004
Dave Fleetwood	2004
Martin Fone	2004
Michèle Baron	2005
Bob Cope	2005
Duncan MacDonald	2005
Gary Hay	2006
Mike Hocking	2006
Keith Southwell	2006

Managing the organisation

The Board has continued to strengthen its governance arrangements with significant work being undertaken to strengthen the business planning process and to introduce a performance framework that informs on progress against the specific targets of the business plan.

Further refinements and correlation have been identified between the business plan, the budget setting process and the financial reporting to the Board. Some of these changes are identified in our annual accounts as changes in accounting practices. They include the ability to determine the costs of the Secretariat and Board expenses, in the interests of transparency to the membership and to effectively manage our operating costs.

The Board has agreed a delegated authority framework for budget holders; refined our financial regulations; and introduced a procurement policy and contracts register. All of these documents have been reviewed for consistency and relevance.

We have reviewed our arrangements for sponsorship, endorsement and partnership to ensure they are equitable and transparent.

Accountability of Board Members

Board members are keen to ensure that their activities are transparent to the membership and that they are accountable at all times.

To support these intentions a number of activities have been undertaken:

- A hospitality policy has been introduced and implemented;
- A review of the processes for Board expenses was undertaken and a number of small changes were introduced to improve upon the existing systems; and
- A process for speaking or writing on behalf of ALARM was agreed.

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Review of the Articles of Association

The articles in operation are based on our original constitution introduced in 1998 and developed by the then Company Secretary, Ron Bavin. A commitment was given to the membership that we would replicate our constitution in the Articles of Memorandum on our transfer to a Company Limited by Guarantee, and that a constitutional review would be undertaken.

It is a measure of the robustness of the original constitution that the review has identified only a small number of changes required to ensure the articles reflect the organisation we have become, as well as protecting the organisation we have evolved from. These are:

- Changes in the way we are obliged to communicate with the membership - it is hard to remember a time when electronic communication was not the primary source of communication but our articles refer to postal notification of key notices;
- Changes in our succession arrangements and the timing of that process, to ensure we can declare our named officials at the AGM.

Given that the changes recommended are minimal and the Board has established procedures to accommodate our current practices, we have not sought a membership vote. We shall be contacting all voting members in the autumn with suggested changes to address these minor areas, in accordance with the terms of the Articles of Memorandum.

Personal thanks go to Ron Bavin, who is retiring, for his work on the constitution and his continuing advice on constitutional matters.

Risk Management Statement

The Board has recently agreed an approach to the risk management arrangements in place, in support of the organisation. A finalised risk management policy will be agreed at the next Board meeting. Risk management arrangements are in place for the key activities of the organisation, with risk registers developed and managed to ensure the Board are informed at each meeting of the risk activity in place to protect the organisation. Significant development work is programmed for the coming year to refine our risk management arrangements.



Carolyn Halpin

FINANCE DIRECTOR'S REPORT



Following publication of the first annual report last year, you will see from the attached accounts that 2006 was another good year for ALARM, with a retained profit of £20,997 after tax being achieved. Whilst this figure is down on 2005, this can be explained by a number of factors, including an increase in funding for regional/country activities and Special Interest Groups, and the costs associated with having a Chief Executive in post for the full accounting period.

Regional/country activities have increased, giving members greater access to the information and networking that is essential to them. These activities were funded by national and regional sponsorship and by allocation of funds from ALARM centrally. Regional and country groups are able to access funding for their planned activities by submitting a bid to Finance

committee detailing the event(s) and amounts required. ALARM is pleased to report that the organisation was able to support all regions/countries in their bids, which included at least one event in each group during 2006, with many more planned during 2007.

The Finance Committee has met on a regular basis and has reviewed the Financial Regulations under which ALARM operates, including its Contract Procedures and Procurement Policies. A medium to long-term financial plan is being developed, based on the objectives contained within the Business Plan, to ensure that they receive the necessary financial support to allow them to be achieved, as well as ensuring that ALARM maintains a stable financial footing.

The investment policy is maximising the interest payable on the reserves held by ALARM, and the cash flow allows for regular review of the amounts allocated to the High Interest accounts.

ALARM's financial reserves provide a secure basis on which to develop and grow the organisation and its activities - both regionally and centrally - as well as ensuring that we can employ experienced, professional staff to support the delivery of the Business Plan.



Following the Audited accounts, there are more detailed explanations of some of the variances within the accounts.

Sharon Roots

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Registration Number 5279328

Company information

Directors	Peter Andrews Tracy Barnett Janette Collins Paul Dudley Susan Edwards Richard Feltham Carolyn Halpin Michael Keating Kevin McGlone Anne-Marie Ness David Pope Sharon Roots Elaine Taylor
Secretary	Carolyn Halpin
Company number	5279328
Registered office	Ladysmith House High Street Sidmouth Devon EX10 8LN
Auditors	Thompson Jenner 1 Colleton Crescent Exeter Devon EX2 4DG
Business address	Ladysmith House High Street Sidmouth Devon EX10 8LN

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Directors' Report for the year ended 31 December 2006

The directors present their report and the financial statements for the year ended 31 December 2006.

Principal activity

The principal activity of the company is to assist, advise and represent public sector organisations in the promotion, development and delivery of integrated risk management.

Directors

The directors who served during the year are as stated below:

Peter Andrews	Elaine Taylor	
Paul Dudley	Susan Edwards	Appointed 25/06/06
Richard Feltham	Tracy Barnett	Appointed 24/06/06
Carolyn Halpin	Janette Collins	Appointed 24/06/06
Michael Keating	John Baldwin	Resigned 27/06/06
Kevin McGlone	Barbara Cotton	Resigned 27/06/06
Anne-Marie Ness	David Francis	Resigned 27/06/06
David Pope	Graeme Mackenzie	Resigned 27/06/06
Sharon Roots	Jan Rhodes	Resigned 31/10/06

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

-there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

-the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Thompson Jenner were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 15 May 2007 and signed on its behalf by

Carolyn Halpin
Secretary

Independent auditors' report to the members of ALARM The National Forum for Risk Management in the Public Sector

We have audited the financial statements of ALARM The National Forum for Risk Management in the Public Sector for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require

for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Thompson Jenner Chartered Accountants and Registered Auditors

**1 Colleton Crescent
Exeter
Devon
EX2 4DG**

Profit and loss account for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	714,493	704,859
Administrative expenses		(711,953)	(618,370)
Operating profit	3	2,540	86,489
Other interest receivable and similar income		22,385	16,467
Profit on ordinary activities before taxation		24,925	102,956
Tax on profit on ordinary activities	4	(3,928)	(1,751)
Profit on ordinary activities after taxation		20,997	101,205
Retained profit for the year	8	20,997	101,205
Retained profit brought forward		552,546	-
Reserve Movements		-	451,341
Retained profit carried forward		573,543	552,546

The notes on pages 6 to 8 form an integral part of these financial statements.

Balance sheet as at 31 December 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	5		7,203		3,373
Current assets					
Stocks		-		400	
Debtors	6	70,124		43,726	
Cash at bank and in hand		535,116		534,988	
		<u>605,240</u>		<u>579,114</u>	
Creditors: amounts falling due within one year	7	<u>(38,900)</u>		<u>(29,941)</u>	
Net current assets			<u>566,340</u>		<u>549,173</u>
Net assets			<u>573,543</u>		<u>552,546</u>
Reserves					
Other reserves	8		2,662		-
Profit and loss account	8		570,881		552,546
			<u>573,543</u>		<u>552,546</u>
Members' funds			<u>573,543</u>		<u>552,546</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005) relating to small companies.

The financial statements were approved by the Board on 15 May 2007 and signed on its behalf by

Peter Andrews
Director

The notes on pages 6 to 8 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of membership fees, conference income, course fees, sponsorship and income generated by the regions and derives from the provision of services falling within the company's ordinary activities.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings
and equipment - 25% reducing balance

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	2,401	1,125
Auditors' remuneration	3,200	3,500
	<u>5,601</u>	<u>4,625</u>

4. Tax on profit on ordinary activities

	2006 £	2005 £
Analysis of charge in period		
Current tax		
UK corporation tax	3,928	1,751
	<u>3,928</u>	<u>1,751</u>

5. Tangible fixed assets

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2006	4,498	4,498
Additions	6,231	6,231
At 31 December 2006	<u>10,729</u>	<u>10,729</u>
Depreciation		
At 1 January 2006	1,125	1,125
Charge for the year	2,401	2,401
At 31 December 2006	<u>3,526</u>	<u>3,526</u>
Net book values		
At 31 December 2006	<u>7,203</u>	<u>7,203</u>
At 31 December 2005	<u>3,373</u>	<u>3,373</u>

6. Debtors

	2006 £	2005 £
Trade debtors	14,851	6,996
Other debtors	46,861	36,142
Prepayments and accrued income	8,412	588
	<u>70,124</u>	<u>43,726</u>

Other debtors which included VAT recoverable, is higher than last year because an invoice expected to be received in August in respect of the conference was received in the last quarter of the year. This has resulted in VAT recoverable being increased by the VAT on the invoice.

7. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	7,170	22,393
Corporation tax	3,155	502
Other taxes and social security costs	5,591	-
Other creditors	7,853	1,505
Accruals and deferred income	15,131	5,541
	<u>38,900</u>	<u>29,941</u>

8. Reserves

	Profit and loss account £	Library reserve £	Total £
At 1 January 2006	549,884	2,662	552,546
Retained profit for the year	20,997	-	20,997
At 31 December 2006	<u>570,881</u>	<u>2,662</u>	<u>573,543</u>

9. Company limited by guarantee

The members of ALARM The National Forum for Risk Management in the Public Sector elect a board to run the company. All members are liable on winding up of the company, up to the sum of £1 each.

The company does not have any share capital.

10. Controlling interest

The company is controlled by its members.

**THE FOLLOWING PAGES DO NOT FORM
PART OF THE STATUTORY ACCOUNTS.**

Detailed trading and profit and loss account for the year ended 31 December 2006

	Notes	2006		2005	
		£	£	£	£
Income					
ALARM membership fees			162,150		159,088
Annual conference income			334,317		327,048
Other conference income			-		13,340
Training income	1		18,365		36,763
Publications income			1,980		3,470
Corporate sponsorship	2		40,500		28,000
Regional income			66,818		71,090
Regional sponsorship			70,526		48,000
Registered risk practitioner			4,350		1,100
Arima & Prima income			-		11,416
Other income			3,899		4,544
Special interest groups income	3		11,588		1,000
			<u>714,493</u>		<u>704,859</u>
Administrative expenses					
		<u>711,953</u>		<u>618,370</u>	
			(711,953)		(618,370)
Operating profit					
			<u>2,540</u>		<u>86,489</u>
Other income and expenses					
Interest receivable					
Bank deposit interest	4	22,383		16,467	
Other interest		<u>2</u>		<u>-</u>	
			<u>22,385</u>		<u>16,467</u>
Net profit for the year					
			<u>24,925</u>		<u>102,956</u>

Finance Director's Additional Notes to the Audited Accounts prepared by Thompson Jenner

Profit & Loss Account - Please see Detailed Trading Profit & Loss Account

Note 1 - Training Income

This has reduced since 2005 due to the reduced delivery of Managing Risk in the Public Sector courses. These courses are currently suspended whilst we review the educational needs of the organisation.

Note 2 - Corporate Sponsorship

We have been successful in securing additional corporate and central regional sponsorship of ALARM.

Note 3 - Special Interest Groups (SIGs)

In the 2005/6 figures, SIGs included Sector Groups such as Fire and Police. The increase shown is a reflection of the increased activity undertaken by the SIGs and Sector groups including Fire and Fraud conferences.

Note 4 - Bank Deposit Interest

This has increased in response to the proactive approach taken in Treasury Management and our investment policy.

Administrative expenses for the year ended 31 December 2006

	Notes	2006 £	2005 £
Administrative expenses			
Opening stock		400	-
Stock transferred on incorporation		-	500
Closing stock		-	(400)
Administration Contractor		93,116	85,959
Public Relations Contractor		-	16,425
Staff costs	1	114,650	67,037
Committee costs	2	20,312	16,191
Special interest groups expense	3	24,741	1,143
Bath office expenses		-	3,061
Regional expenditure		143,128	116,315
Insurance		4,978	4,642
Civic representation		1,888	4,884
Consumables Sidmouth		8,893	9,464
Office expenses	4	3,338	-
Newsletter	5	5,344	18,294
Website	6	41,957	1,497
Annual conference expenses		184,428	187,475
Other conference expenses		-	9,620
Training expenses		21,100	30,696
Publications		28	14
Advertising		100	-
Mobile phones		-	1,181
Strategic development- Glasgow Caledonian contract		22,917	14,583
Travel	7	5,655	-
Legal and professional		253	7,743
Accountancy		2,800	2,400
Audit		3,200	3,500
Bank charges		1,935	1,604
Bad debts	8	12	-
Arima & Prima expenses	9	-	11,732
General expenses		2,818	710
Chairman's hospitality		190	521
Risk practitioner expense		1,371	454
Depreciation on fixtures, fittings & equipment	10	2,401	1,125
		<u>711,953</u>	<u>618,370</u>

Finance Director's Additional Notes to the Audited Accounts prepared by Thompson Jenner

Administrative Expenses - Please see detailed List of Administrative Expenses

Note 1 - Staff Costs

The increase reflects the fact that the post of Chief Executive was filled for the full accounting period. The previous year's expenditure showed a part-year salary and associated costs, due to the employment of a CEO from September 'til December.

Note 2 - Committee Costs

This apparent increase is due to a change in our accounting practices to ensure we can identify costs associated with different parts of our organisation.

Note 3 - Special Interest Groups (SIGs) Expense (read in conjunction with Note 3 above)

The increase reflects an increase in activity undertaken by the SIGs. The increase includes the cost of publications produced including: Business Continuity Management guidance, written in partnership with Insight; work on the Fraud Standard and Benchmarking Survey; and the outputs from both the Police & Fire Sector Groups.

Note 4 - Office Expenses

These are costs associated with supporting the CEO position, separately identified, in line with our change in accounting practice.

Note 5 - Newsletter

This apparent decrease in the cost of producing the Newsletter is a reflection of the change in accounting practice, to show the real cost to ALARM. Sponsorship received in connection with this publication has been taken into account.

Note 6 - Website

These costs reflect the development of the refreshed website and maintenance costs incurred for 2006.

Note 7 - Travel

These costs arise from a change in accounting practice to ensure we can identify costs associated with different parts of our organisation. This is the cost of travel for the CEO function.

Note 8 - Bad Debts

This reflects the charges incurred for the use of a collection agency to resolve old debt.

Note 9 - Arima and Prima Expenses

Arima and Prima income and expenses are now paid direct by the sponsor, whereas in the past they had been paid through ALARM.

Note 10-Depreciation

This figure is higher than previous years as we have an increased inventory of equipment subject to depreciation. ALARM purchased a number of laptops and projectors for use at conference, which we are depreciating over a short life, thus increasing our depreciation charges.

ALARM
THE NATIONAL FORUM
FOR RISK MANAGEMENT
IN THE PUBLIC SECTOR



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