



# Report to Portchester Crematorium Joint Committee

*Date:* **22 June 2009**

*Joint Report of:* **Clerk to the Joint Committee and the Treasurer to the Joint Committee**

*Subject:* **RISK MANAGEMENT**

## **SUMMARY**

The Joint Committee introduced comprehensive risk arrangements in a formalised way in 2006. This included the publication of a set of strategic and operational risk registers and adoption of an action plan to mitigate the higher risks. The registers and action plans are periodically reviewed by Officers.

This report provides Members with the opportunity to review the risk management framework in place, provides an update on progress against the agreed actions, many of which have been completed.

## **RECOMMENDATIONS**

- (i) That the risk management framework and policy statement as outlined in Appendices A and B of this report be confirmed.
- (ii) That the progress against agreed actions as outlined in paragraph 10 are noted;

## **INTRODUCTION**

1. Risk management is an area that is subject to external audit as part of the Joint Committee's Corporate Governance arrangements. It also forms a key component of the self assessment process leading to the published Annual Governance Statement. It is important that the Joint Committee can demonstrate progress each year so that the arrangements continue to be assessed as sound.
2. While sound arrangements were in place and there was a generally high awareness of the risks surrounding the crematorium, these processes needed to be formalised, and training provided where there were gaps in knowledge. Consequently, a significant amount of work was carried out to prepare risk registers for the strategic and operational risks for the Joint Committee. These were categorised, and an action plan approved to mitigate the higher level risks.

## **DEFINITION OF RISK MANAGEMENT**

3. Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework for corporate governance.
4. The constituents of good risk management are seen as:-
  - A shared awareness and understanding within the Joint Committee of:
    - a) the nature and extent of the risks it faces
    - b) the extent and categories of the risk regarded as acceptable
    - c) the likelihood and potential impacts of the risks materialising
    - d) the key controls that are being relied upon to control risks
    - e) the ability to reduce the incidence and impact on the organisation of the risks that do materialise.
  - A regular and ongoing monitoring and reporting of risk including early warning mechanisms.
  - An appropriate assessment of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
  - A risk assessment process to inform any decisions being taken and to support the implementation of any projects agreed.
  - The conducting, at least annually, of a review of the effectiveness of the system of internal control in place.
  - Reporting publicly on the results of the review and explaining the action the Joint Committee is taking to address any significant concerns that it has identified.
5. The process should be ongoing and embedded in the culture of the Joint Committee and have the potential to re-orientate the whole organisation around performance management. It is not about eliminating risk but about understanding risk and managing it more effectively.

6. To demonstrate sound risk management it has been necessary to:
- Agree member responsibility for risk management.
  - Provide regular and independent reports to members on risk management and internal control.
  - Agree officer responsibilities for planning and monitoring risk management.
  - Adopt a comprehensive risk management policy.
  - Demonstrate that the risk management policy links to the Joint Committee's Objectives.
  - Agree a comprehensive implementation plan for the continual improvement of risk management that includes measurable targets and sets out clear responsibilities for achieving them.
  - Agree the role of Fareham Borough Council's Internal Audit in reviewing and advising on risk management.
  - Include a signed and approved statement of assurance on risk management and internal control as part of the annual accounts.
  - Demonstrate clear understanding of risk management responsibilities throughout the organisation.

### **RISK MANAGEMENT FRAMEWORK**

7. The risk management framework that the Joint Committee adopted is shown in Appendix A and the adopted policy statement is shown in Appendix B. These define the processes and responsibilities for managing risks across the whole spectrum.
8. Upon review, it is felt that the framework remains robust and does not require amendment. The Joint Committee are asked to confirm that the framework is still appropriate for the foreseeable future.

### **STRATEGIC RISK REGISTER**

9. The Joint Committee "own" 22 strategic risks. These are set out in Appendix C. The table below indicates the new controls and actions that were agreed by the Joint Committee and the steps that have been taken to implement them.

<b>Ref</b>	<b>Risk (Summarised)</b>	<b>Current Controls (Summarised)</b>	<b>New Controls or Action (Summarised) &amp; Timescale</b>
3	National cultural changes significantly affect service required	Monitoring of national trends ( <i>Category 3</i> )	Review as part of the Bi-annual review of the Development Plan ( <i>Category 3</i> ) Target Date: 30/06/10  <b>Current Position: In progress. To be reported to the June committee meeting.</b>
22	Size of coffin is to large in relation to size of cremator	Cremation carried out at alternative crematorium	Undertaker makes arrangements with other crematoria. Keep under Bi-annual review ( <i>Category 3</i> ) Target Date: 30/06/10

10. As can be seen, good progress has been made and all risks are at the "Post Category" score of 5 or 6, with the exception of risk 3 (National cultural changes significantly affect service required) and risk 22 (Size of coffin too large to size of cremator)
11. No other new risks have been identified for inclusion in the register.

### **SERVICE AND EMPLOYER RISKS**

12. 28 service risks and 29 employer risks were previously identified. These registers are "owned" by the Crematorium Manager and Registrar, and the Clerk to the Joint Committee respectively)
13. Early in 2008, all risks were reviewed by Officers, and significant progress has been made implementing the actions linked to them. No new risks were identified as part of this exercise.
14. However, one existing risk relating to the inability for the Crematorium to meet demand in the event of a short term upsurge in death rates has been identified as requiring close attention. This is particularly pertinent at this time as Councils make preparations in the event that a pandemic flu epidemic may break out. Officers are working closely with emergency planning teams and considering guidance issued by the Government to ensure that the Crematorium can fulfil its responsibilities if such an epidemic occurred.
15. As this work progresses, Officers will consider whether it is necessary to escalate this risk to the Strategic Risk Register and report back to the Joint Committee accordingly.

### **RISK STRATEGY**

16. A forward looking risk strategy needs to be prepared, to demonstrate how the agreed policies will be implemented which should be aligned with the strategies of the constituent authorities. This report will be prepared by the Treasurer and presented to the Joint Committee in September for consideration, which will inform the Governance Statement which is a mandatory element of the 2008/09 Statement of Accounts.

### **Enquiries:**

For further information on this report please contact Andrew Wannell, The Treasurer to the Joint Committee or John Haskell, Clerk to the Joint Committee

**PORTCHESTER CREMATORIUM JOINT COMMITTEE  
SUMMARY OF RISK MANAGEMENT FRAMEWORK**

<b>Framework Element</b>	<b>Process agreed</b>
<b>Risk Management</b>	
Risk Management Policy	<p>Figurehead - Clerk to the Joint Committee</p> <p>Responsibility - Treasurer to the Joint Committee (Andy Wannell)</p> <p>Annual update in March approved by the Joint Committee</p> <p>Annual assessment of adequacy of risk management arrangements to feed into the Annual Governance Statement</p>
Risk Management Strategy and action plan	<p>Responsibility - Treasurer to the Joint Committee (Andy Wannell)</p> <p>Report to be drafted for consideration by the Joint Committee and annual progress report on action plan reported to Joint Committee</p> <p>Registers (risks and action plans) maintained on FBC software</p>
Strategic Risk Management	<p>Register Owner - Portchester Crematorium Joint Committee</p> <p>Strategic risk register to be approved annually by the joint committee. Risk assessments updated each September.</p> <p>Additional risks to be identified by officers and members as and when needed throughout the year. (Currently 22 risks)</p> <p>12 monthly progress on completion of the actions to be reported to Joint Committee in September with 6 monthly Officers review.</p>
Operational Risk Management	<p>Service and Employer registers maintained (currently 28 and 29 risks respectively)</p> <p>Service Risk Register Owner - James Clark Employer Risk Register Owner - John Haskell</p> <p>Register to be agreed in officers meetings and risk assessments updated every October (service) and November (employer).</p> <p>6 monthly progress on completion of the actions to be reviewed at quarterly officer meetings (alternating between service and employer).</p>

## RISK MANAGEMENT POLICY STATEMENT

The Portchester Crematorium Joint Committee recognises that Risk Management is an intrinsic part of Corporate Governance. The Joint Committee accepts that some risks will always exist and will never be eliminated.

The Joint Committee recognises that it has a responsibility to manage risks and supports a structured and focused approach to managing them by developing a risk management strategy and taking actions to reduce or mitigate risks wherever possible.

In this way the Joint Committee will better achieve its corporate objectives and enhance the value of services it provides to the community.

The Joint Committee's risk management strategy's objectives are to:

- ♦ Integrate risk management into the culture of the Joint Committee
- ♦ Manage risk in accordance with best practice
- ♦ Anticipate and respond to changing social, environmental, legislative, political, economic, technological, competitive and citizen requirements
- ♦ Prevent injury, damage and losses and reduce the cost of risk
- ♦ Raise awareness of the need for risk management by all those connected with the Committee's delivery of services.

These objectives will be achieved by:

- ♦ Establishing clear roles, responsibilities and reporting lines within the Joint Committee for risk management
- ♦ Offering a framework for identifying and prioritising risk areas
- ♦ Reinforcing the importance of effective risk management as part of the everyday work of employees
- ♦ Incorporating risk management considerations into all aspects of the Joint Committee's work.
- ♦ Monitoring arrangements on an on-going basis.

**The key components of the Risk Management Framework are:**

- **A Strategic risk register of risks to the partnership**
- **An operational risk register of risks to the service**
- **A set of Health and Safety hazard assessments**
- **Inclusion of risk information in decision making reports to the Joint Committee**
- **Risk assessments supporting any projects implemented at the Crematorium**

**PCJC Strategic Risk Register**

<b>Risk Ref</b>	<b>Risk</b>	<b>Assigned Risk Manager</b>	<b>Pre-Category</b>	<b>Post-Category</b>
3	National cultural changes significantly affect service required (e.g. religious, government)	James Clark	3	3
22	Size of coffin is too large in relation to size of the cremator	James Clark	3	3
2	No clear long term policy or strategy for the disposal of remains	James Clark	5	5
12	Control assurance framework not clear	Andy Wannell	5	5
1	Reason and objectives for joint committee not clear	John Haskell	5	5
4	Lack of interest or conflicting priorities for member representatives (allows a maverick authority rep to pursue own agenda)	John Haskell	5	5
7	Political changes within constituent members authorities	John Haskell	5	5
10	Mis-management of Funds	Andy Wannell	5	5
13	Failure to act on audit and inspection reports	Andy Wannell	5	5
14	Inadequate financial management of the joint committee	Andy Wannell	5	5
15	Unexpected additional costs	Andy Wannell	5	5
16	Adverse affect on VAT position (partial exemption status)	Andy Wannell	5	5
17	Objective assessments are not made or reported about the true effectiveness of service delivery and joint committee arrangements	John Haskell	5	5
18	Benefits, objectives and targets for the joint committee are not clear nor monitored nor delivered (including profit levels not achieved)	John Haskell	5	5
19	Lack of agreed clear exit strategy (including handover of records to allow continued running)	John Haskell	5	5
20	No plan for the replacement of the mercury transmission plant (Cameo)	Terry Garvey	5	5

<b>Risk Ref</b>	<b>Risk</b>	<b>Assigned Risk Manager</b>	<b>Pre-Category</b>	<b>Post-Category</b>
21	Another crematorium built within the joint committee's area removes customers	John Haskell	5	5
11	Officer responsibilities not clear or being complied with	John Haskell	6	6
5	Lack of co-operation or trust between partners	John Haskell	6	6
6	Cultural or strategic mismatch between constituent member authorities (e.g. dividend targets)	John Haskell	6	6
8	Inappropriate or inadequate memorandum of agreement	John Haskell	6	6
9	Joint committee member responsibilities not understood nor complied with	John Haskell	6	6

22 risks