



**Report to
Portchester Crematorium Joint Committee**

Date: **17 June 2013**

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

Subject: **RISK MANAGEMENT**

SUMMARY

The Joint Committee adopted a Risk Management Framework and Policy in June 2009 and a forward looking Risk Management Strategy in December 2009. This included the publication of a set of Strategic and Operational Risk Registers.

This report provides Members with the opportunity to review the Risk Management framework in place.

RECOMMENDATIONS

- a. That the Risk Management Strategic Framework and Policy as set out in Appendix A and B of this report be approved.
- b. That the revised Strategic and Operational Risk Registers set out in Appendix C and D are approved.
- c. That the Financial Regulations set out in Appendix E are approved.

1. Risk Management is an area that is subject to internal and 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 Annual Governance Statement as part of the Annual Return.

DEFINITION OF RISK MANAGEMENT

2. 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.

3. The constituents of good risk management are seen as :

A shared awareness and understanding within the Joint Committee of :

- The nature and extent of the risks it faces
- The extent and categories of risk regarded as acceptable
- The likelihood and potential impacts of the risk materialising
- The key controls that are being relied upon to control risks
- 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 implements 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 it has identified.

RISK MANAGEMENT FRAMEWORK AND RISK POLICY STATEMENT

3. In June 2009 the Joint Committee adopted a Risk Management Framework and Risk Management Policy Statement. These two documents remain up to date, relevant and robust. They define the processes and responsibilities for managing risks across the whole spectrum, and are set out at Appendix A and B respectively. The Joint Committee is asked to approve these documents for their continued application to the system of risk management in place.

STRATEGIC AND OPERATIONAL RISK REGISTERS

4. The Registers covering Strategic and Operational Risks at Appendix C and D respectively have been reviewed for their continued suitability and relevance to

the Joint Committee by the Officers Governance Assurance Group, and are presented to the Joint Committee for approval.

5. As part of that review the assessment methodology has been simplified for enhanced clearness and transparency. Previously individual risks were assessed using a matrix that calculated a score based on the likelihood and impact of the risk materialising. A new approach has been adopted, that considers individual risks in the same comprehensive way but is more straightforward in ranking an individual risk as being 'high', 'medium' or 'low'.
6. As can be seen in the Risk Registers, only one 'High' ranked strategic risk has been identified, being 'Another crematorium built within the Joint Committee's area removes customers', along with one operational risk, being 'Major reduction in income collected compared to budget'. A separate follow up meeting will be scheduled to discuss possible mitigating actions that can be taken in the lead up to the construction and opening of the new crematorium in East Hampshire, near to Havant.
7. The following achievements and progress are also detailed for information:

The Mercury Abatement Project has been completed, and so the entry on the Strategic Risk Register is no longer required.

As part of the work to mitigate the risk for 'Control Assurance, financial management and governance framework not clear' a set of Financial Regulations has been prepared and is presented to the Joint Committee for approval. This also meets an Internal Audit recommendation from their 2012/13 report.

The Financial Regulations comprise the following –

- Regulation 1 – Responsibilities of Members
- Regulation 2 – Responsibilities of Officers, Employees and Agents of Portchester Crematorium
- Regulation 3 – Revenue and Capital Budgets
- Regulation 4 – Financial Reporting
- Regulation 5 – Audit Arrangements
- Regulation 6 – Contracts and Procurement Procedures
- Regulation 7 – Ordering and Paying for Works, Goods and Services
- Regulation 8 – Assets (to be compiled)
- Regulation 9 – Other Assets (to be compiled)
- Regulation 10 – Petty Cash and Floats
- Regulation 11 – Payments to Employees
- Regulation 12 - Income Collection and Banking
- Regulation 13 – Taxation

8. The remaining risks are all ranked as Medium or Low, and will continue to be monitored by the assigned Risk Manager who will report to the Joint Committee on developments should the need arise.

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

| Framework Element | Process agreed |
|---------------------------------|--|
| Risk Management | |
| Risk Management Policy/Strategy | <p>Figurehead - Clerk to the Joint Committee</p> <p>Responsibility - Treasurer to the Joint Committee</p> <p>Approved, and reviewed as appropriate by the Joint Committee</p> <p>Annual assessment of adequacy of risk management arrangements</p> |
| Strategic Risk Management | <p>Register Owner - Portchester Crematorium Joint Committee</p> <p>Strategic risk register to be reviewed annually by the Assurance Group with material changes reported to the joint committee as appropriate.</p> <p>Risk assessments updated annually.</p> <p>Additional risks to be identified by officers and members as and when needed throughout the year. (Currently 9 risks)</p> <p>12 monthly progress on completion of the actions to be reported to be considered by the Assurance Group Joint Committee in September with 6 monthly Officers review.</p> |
| Operational Risk Management | <p>Service and Employer registers maintained (currently 27 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 annually (service and 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 strategic 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**

Portchester Crematorium Joint Committee
Strategic Risk Register

| Risk Reference | Risk | Assigned Risk Manager | Risk Category |
|----------------|--|-----------------------|---------------|
| 1 | Another Crematorium built within the Joint Committee's area removes customers | John Haskell | High |
| 2 | Benefits, objectives and targets for Joint Committee are not clear nor monitored nor delivered (including surplus levels not achieved) | John Haskell | Low |
| 3 | Control assurance, financial management and governance framework not clear | Andy Wannell | Low |
| 4 | Inappropriate or inadequate Memorandum of Agreement | John Haskell | Low |
| 5 | Joint Committee member responsibilities not understood nor complied with | John Haskell | Low |
| 6 | Lack of agreed clear exit strategy (including handover of records to allow continued running) | John Haskell | Low |
| 7 | National cultural changes significantly affect service required (e.g. religious, government) | James Clark | Low |
| 8 | Objective assessments are not made or reported about the true effectiveness of service delivery and Joint Committee arrangements | John Haskell | Low |
| 9 | Standard of service provision does not meet customer expectations | James Clark | Low |

Portchester Crematorium Joint Committee
Operational Risk Register

| Risk Reference | Risk | Assigned Risk Manager | Risk Category |
|----------------|---|---------------------------------|---------------|
| 1 | Major reduction in income collected compared to budget | Andy Wannell | High |
| 2 | Adverse external audit opinion and report on Annual Return | Andy Wannell | Low |
| 3 | Contractor failure deliver the required service | Terry Garvey | Low |
| 4 | Crematorium is not competitive compared with neighbouring crematoriums | James Clark | Low |
| 5 | Crematorium premises and land not at an appropriate level of presentation (grounds, building) | Ashley Humphrey Terry Garvey | Low |
| 6 | Cremators cease to function (breakdown, served with H&S Executive notice) | James Clark | Low |
| 7 | Cremation registers lost or inadequate | James Clark | Low |
| 8 | Environmental damage to building and grounds | Terry Garvey | Low |
| 9 | Fire breaks out during a services | James Clark | Low |
| 10 | Funeral service requested not delivered | James Clark | Low |
| 11 | Inadequate insurance cover or compliance problems | Andy Wannell | |
| 12 | Insufficient car parking for attendees | James Clark | Low |
| 13 | Key legislation or code of practice for cremation not complied with | | |
| 14 | Loss of online booking system (funeral directors) | James Clark | Low |
| 15 | Loss of PC functionality and data stored | James Clark | Low |
| 16 | Loss of web based information on the crematorium | James Clark | Low |
| 17 | Malicious damage to the building and grounds | Terry Garvey | Low |
| 18 | Medium term loss of energy supplies | Terry Garvey | Low |
| 19 | Member of the public exposed to Health and Safety hazard | James Clark | Low |
| 20 | Member of the public has an accident on crematorium premises during the operational week | James Clark | Low |
| 21 | Member of the public has an accident on crematorium premises outside the operational week | James Clark | Low |
| 22 | New, or amendments to, legislation relating to the crematorium not identified or acted upon, including equality and inclusion | James Clark | Low |

| | | | |
|----|--|--------------|-----|
| 23 | Non-compliant with disability discrimination act in relation to the public | Terry Garvey | Low |
| 24 | Non-specialist Contractors go into liquidation (e.g. maintenance and capital works) | Terry Garvey | Low |
| 25 | Size of coffin is too large in relation to size of the cremator | James Clark | Low |
| 26 | Unexpected exceptional expenditure (e.g. utilities price increases, medical referees expenses) | Andy Wannell | Low |
| 27 | Unsuitable contractors engaged (not best value, unable to deliver required services) | Terry Garvey | Low |

FINANCIAL REGULATIONS

Regulation 1 – Responsibilities of Members

Regulation 2 – Responsibilities of Officers, Employees and Agents of Portchester Crematorium

Regulation 3 – Revenue and Capital Budgets

Regulation 4 – Financial Reporting

Regulation 5 – Audit Arrangements

Regulation 6 – Contracts and Procurement Procedures

Regulation 7 – Ordering and Paying for Works, Goods and Services

Regulation 8 – Assets (to be compiled)

Regulation 9 – Other Assets (to be compiled)

Regulation 10 – Petty Cash and Floats

Regulation 11 – Payments to Employees

Regulation 12 - Income Collection and Banking

Regulation 13 – Taxation

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