

Chilterns Crematorium Joint Committee

Thursday, 21st June, 2012

**At
4.30 pm**

**Cabinet Room, King George V House, King George V Road,
Amersham**

ITEM 8.3 - LATE URGENT REPORT:

Risk Management

**CHILTERNS CREMATORIUM JOINT COMMITTEE
21 JUNE 2012**

REPORT OF THE TREASURER

RISK MANAGEMENT

(Contact Officer: Alison Howes 01494 732260)

RECOMMENDATION

- 1. That the Joint Committee formally adopt the updated Risk Management Strategy of the lead authority.**

Arrangements for Risk Management are in place at the Crematorium and follow the policies and protocols of the lead authority.

The Superintendent maintains and reviews on a regular basis an Operational Risk Register and a Health and Safety Risk Register and ensures that the Business Continuity arrangements are in place. On an annual basis the Superintendent is required to provide an assurance to demonstrate compliance with the requirement to actively identify, assess, manage and review the strategic and operational risks for the Crematorium. The Superintendent is also a member of the lead authority's officer Risk Management Group.

The Joint Committee last considered the Risk Management Strategy of the lead authority in February 2010. The lead authority reviewed and updated its Risk Management Strategy in October 2011 and is attached as an **Appendix**. The Joint Committee is asked to formally adopt the updated strategy.

CHILTERN DISTRICT COUNCIL - RISK MANAGEMENT STRATEGY

1. PURPOSE

- 1.1. This document sets out the Council's Risk Management Policy.
- 1.2. The Council provides a diverse range of services. It is essential that the Council protects and preserves its ability to continue to provide these services, by ensuring that its assets, both tangible and intangible are protected against loss and damage. This policy sets a framework for identifying and managing the risks inherent in service provision.
- 1.3. Effective Risk Management affects everyone in the Council. To ensure a widespread understanding, members, management team, heads of service and their managers should be familiar with the principles set out in this policy. All staff should be made aware of the policy.

2. RISK

- 2.1. 'Risk' may be defined as anything happening that might stand in the way of the Council achieving its objectives or implementing its policies successfully. It is not only about adverse developments or events but also about missing or failing to make the most out of opportunities.

3. RISK MANAGEMENT

- 3.1. Risk Management does not mean avoiding risk. Instead, it provides a framework for the Council to identify, understand and manage potential risks through controlling, transferring or living with the risk.
- 3.2. The objectives of the Council's Risk Management arrangements are to help managers make informed choices which:
 - Improve service performance by informing and improving decision making and planning.
 - Promote a balanced approach between innovation and a risk averse culture.
 - Provide a sound basis for integrated risk management and internal control components of good corporate governance.
- 3.3. The improvements and benefits which effective Risk Management should provide include:
 - An increased likelihood of achieving the Council's strategic objectives and service priorities.
 - Assist in planning and prioritising the allocation of resources.
 - Give an early warning of potential problems before they occur.
 - Provide everyone with the skills to consider and manage risk within their services.
 - More effective Business Continuity Management arrangements.

4. TYPES OF RISKS

4.1. To help identify and understand the types of risks that may affect the Council, it is useful to set them within categories.

The Council's Risk Management Strategy is focused around the following types of risk:

- **Strategic risks** – these are the corporate risks facing the Council and are managed by the Council's Corporate Management Team
- **Operational risks** – the risks associated with day to day management of the services and the impact on service delivery following an incident. These would include risks around business processes used to meet service objectives. Each Division is responsible for managing their operational risks.

The following are some of the risks that the Council needs to manage. These risks could affect strategic, operational or partnership issues:

- **Financial risk**– Those related specifically to the financial aspects of the Council and the underlying financial processes. They may result in a direct loss or a loss to a third party for which the Council must make a payment.
- **Reputation risk** – The effect of an incident on the standing of the Council taken by the public, the media and other organisations, such as the private sector and central government. An example would be the death of an employee or member of the public due to the negligence of the Council.
- **People risk** – Risks arising from not having the right people in place through the inability to recruit and retain staff. Loss of staff expertise, over reliance on one individual and risks arising from deliberate or inadvertent error.
- **Partnership** - Risks focussing on the Council's critical/strategic partnerships. These are risks around partnership working including the governance issues for each key partnership and are also managed by the Council's Corporate Management Team.

5. THE RISK MANAGEMENT PROCESS

5.1. The Risk Management process applies to corporate and operational levels. It will form part of strategic planning, service planning and proposed investment/ expenditure project appraisal.

5.2. The key stages in the process are:

- **Have a clear set of objectives** – This relates to both Strategic and Service objectives. This enables Managers to consider the risks that might prevent the achievement of the objectives
- **Recognise and identify the risk** – This involves identifying what, how and why risks can arise.
- **Evaluating risk** – This should be carried out in accordance with the Risk Rating Matrix in the [Guide to Risk Management update October 2011.doc](#)

- **Managing the risk** – Determine the response to the risk, which can be one of four responses. In deciding this, officers must maximise the benefit whilst minimising the cost of managing the risk. The following responses are not in any particular order but should be taken into account for each specific risk.
 - **Accept** the risk and be prepared to manage its consequences. This may be because they are very unlikely to happen, they would have a low impact, or they are too costly to avoid.
 - Accept the risk but mitigate it by **transferring** it to a third party, for example by insurance or a contractual arrangement
 - **Reduce** the risk by introducing controls
 - **Avoid** the risk by deciding not to proceed with the activity or by seeking an alternative means to achieve the objective.

6. RISK MANAGEMENT POLICY

6.1. The Council recognises the value of adopting a risk management policy and culture and will ensure:

- Management Team regularly identifies and manages strategic risk and risk management will be a regular item at Management Team meetings.
- The Risk Management Group promotes risk management throughout the Council and monitors operational risk registers to ensure agreed actions have been implemented.
- Operational Risk management registers will be maintained by divisions and monitored by the Risk Management group.
- Departmental Management Teams monitors risk management progress and have a regular item at meetings.
- Risk assessment/management is an integral element in the annual review of service and financial planning.
- All elected members and officers are encouraged to maintain a risk management ethic and report concerns accordingly.

6.2. Reports to Cabinet and Council will reflect risk management issues where appropriate.

6.3. The aim is to anticipate and where possible, avoid risks rather than dealing with their consequences. However for some key areas where the likelihood of a risk occurring is relatively small, but the impact on the Council is high, we may cover that risk by developing Contingency arrangements e.g. Business Continuity Plans.

6.4. The Council recognises that the success of its Risk Management Policy will be influenced by the positive responsiveness of those officers responsible for its implementation on a day to day basis. Accordingly, the Council will include Risk Management in induction and training programmes.

7. ROLES & RESPONSIBILITIES

7.1 The **Cabinet** to receive an annual report on Risk Management arrangements and to annually approve the Risk Management Strategy.

7.2 **Leader, Cabinet, Chief Executive and Directors** – Risk Management is a key element of corporate governance and it is therefore the responsibility of the Leader, Cabinet, Chief Executive and Directors to set the strategy to ensure that risk management is adopted as part of the normal service planning process and service delivery.

7.3 Heads of Service and Managers. – All Heads of Service and Managers are responsible for implementing the risk management processes and for promoting risk management with their staff. This includes drawing up operational risk registers to include:

- identifying operational risks
- assessing the risks for likelihood and impact
- identifying any mitigating controls
- allocating responsibility for the mitigating controls
- ensuring that mitigating controls are implemented by targeted dates

7.4 Risk Management Group - will comprise of:

- Chair (Head of Service)
- Vice Chair (Head of Service)
- The Audit Manager
- The Risk and Insurance Manager
- The Health and Safety Advisor
- Representatives from all service areas (including the Chilterns Crematorium)
- A representative from the Council's Insurance brokers to be invited

The Group will represent the Cabinet and Management Team in promoting Risk Management throughout the Authority and monitor operational risk registers for completion of agreed action; reporting as appropriate.

7.5 Internal Audit - will help to develop and promote Risk Management in the Council. It will look to support and advise management in embedding risk management processes into service activities.

7.6 All officers - have a responsibility for maintaining good internal control and managing risks in order to achieve strategic, service, team and personal objectives. Officers collectively need the appropriate knowledge, skills, information and authority to establish, operate and monitor the system of internal control. This requires an understanding of the Council's objectives and the risks it faces.

Reviewed and updated: 26 October 2011

Updated to include:

- RM Group now includes a representative from all service areas
- Evaluation of risk – in accordance with procedures in the 'Guide to Risk Management'
- A representative from the Council's Insurance brokers to be invited to meetings of the RM Group