

Risk Management Update

Date of Meeting: 3 December 2019

Portfolio Holder: Cllr S Flower, Leader/Governance, Performance & Communications

Local Member(s): N/A

Director: Jonathan Mair, Corporate Director, Legal & Democratic

Executive Summary:

The continual development and promotion of risk management will ensure that the Council is well placed to demonstrate that objective and informed decisions are taken and that the Council is ultimately in a strong position to successfully face and address the challenges ahead.

Strategic risk management is owned by the Senior Leadership Team, with an agreed risk management policy statement setting out the Council's commitment. Work was undertaken with the leadership team and the Shadow Executive to determine the Council's risk appetite, and this informs the scoring criteria used to prioritise and escalate risks.

The initial corporate risk register is based on a mix of consolidated sovereign council registers and other exposures identified during the Shaping Dorset Council implementation programme. Executive / Corporate Directors are accountable for the top level strategic risks. Operational / service level risks meanwhile are owned by Heads of Service / Service Managers, with the performance of these informing the top level strategic risks. A summary of the corporate risks is identified at Appendix A, including a Management Response for all risks identified as High.

Since the last report to this Committee in September 2018, a risk profiling process has commenced with Heads of Service and Service Managers to identify the most significant risks within each service area. The output from this work will establish service level risk registers and ensure that the register properly reflects the risk profile of Dorset Council. This will in turn inform and challenge the content of the overarching corporate risk register. Once complete, future quarterly reports will include a management update on High service risks.

Work is also underway with the South West Audit Partnership (SWAP) to more fully align the risk management and internal audit processes. Owners of service risks will need to identify the key controls that mitigate risks and make a judgement on the effectiveness of these controls. SWAP will provide challenge and support to improving this control framework. Once the service risk registers are sufficiently developed, they will play a key role in the commissioning process for the audit plan.

Overview of risk management rests with the new Assurance function, which is looking to embed a culture of organisational learning from risk events that occur. The September report highlighted resources issues for the corporate risk function. A Risk and Resilience

Officer has now been recruited and will provide the necessary support to drive forward a proactive risk management approach, in conjunction with Accountable Officers and Risk Owners. Appendix B sets out the timeline for achieving an improved risk framework.

Equalities Impact Assessment:

There is no change in policy, or impact on equalities groups, associated with this report.

Budget:

No budget implications specifically, although unmanaged risks may pose a threat to the Council's financial stability. Identified risk improvement measures may also have direct budget implications, each of which need to be subject to a cost/benefit analysis prior to implementation.

Risk Assessment:

Having considered the risks associated with this decision using the Council's approved risk management methodology, the level of risk has been identified as:

Current Risk: HIGH
Residual Risk: HIGH

The risk level is identified as High as Appendix A provides an update on those High level risks which are currently identified within the Corporate Risk Register.

Climate implications:

"Failure to protect our environment and adapt services and communities to the impacts of a changing climate" is identified as one of the 20 corporate risk themes.

Other Implications:

Recommendation:

That Audit and Governance Committee:

- Note the key risks identified in the corporate risk register and the timeline for embedding the risk framework

Reason for Recommendation:

To ensure that the Council's risk management methodologies remain current, proportionate and effective in enabling risk informed decisions to be made.

Appendices:

Appendix A – Summary of Dorset Council corporate risks;

Appendix B – Timeline for embedding the Dorset Council risk framework;

Appendix C – Dorset Council Risk Scoring Matrix

Background Papers:

Officer Contact:

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APPENDIX A

Summary of Corporate Risks

Please note, corporate risks are informed by a more detailed schedule of service level risks. A Management Update is provided for High Risks.

Ref	Risk Description	Current Risk Level
CRR 01	Failure to adequately manage the financial position leads to an overspend which is untenable in the medium term	High
CRR 02	Loss of ICT service or data through a cyber attack	High
CRR 03	Failure to recruit, develop and retain the required workforce skills leads to an inability to deliver the Council's vision	High
CRR 04	Failure to safeguard personal information or the misuse of information leads to a breach of the General Data Protection Regulations	Medium
CRR 05	Failure to respond to a major event (internal or external) that could impact on the community, the environment and/or the delivery of critical Council services	Medium
CRR 06	A failure to understand and manage EU Exit implications on the Council results in a breach of statutory duty or service failure	Medium
CRR 07	Failure to provide adequate provision of infrastructure leads to inability to deliver the Council's vision	High
CRR 08	Failure to provide a good education to young people in Dorset	Medium
CRR 09	A failure to manage the service transformation process results in poor service outcomes and negative staff morale	Medium
CRR 10	Failure to manage the extent of staff changes and structural change results in a significant loss of corporate knowledge	Medium
CRR 11	Failure to protect our environment and adapt services and communities to the impacts of a changing climate	Medium
CRR 12	Failure of process, policy or procedure leads to a breach of statutory duty, litigation or cessation of critical service	Medium
CRR 13	Failure to protect the health, safety and wellbeing of staff, contractors or the public leads to significant financial and/or reputational damage	Medium
CRR 14	A safeguarding failure results in the harm or neglect of a vulnerable person	Medium
CRR 15	Failure to effectively commission services results in poor value for money, service failure or legal challenge	Medium
CRR 16	Failure to maintain an effective political and managerial interface leads to a breakdown in effectiveness	Medium
CRR 17	Major service failure associated with transport provision for schools	Medium
CRR 18	Failure to use sufficient and meaningful evidence leads to incorrect decisions	Medium
CRR 19	Failure to sustain an effective relationship with key partners results in a service delivery failure	Medium
CRR 20	Failure to successfully deliver an election impacts on the Council's reputation and incurs costs	Medium

High Risks (Exception Reporting):

Risk	Accountable Officer	Risk Level	Management Update
CRR01) Failure to adequately manage the financial position leads to an overspend which is untenable in the medium term	Executive Director (Corporate Development S151)	High	General Fund reserves of £28M are underpinning the current overspend, which is predominantly driven by the demand led services. Services are developing and implementing savings initiatives in the short term, whilst the Transformation plan is being developed to provide long term cost reductions and financial sustainability. The financial position is monitored on a monthly basis and reported quarterly to Cabinet.
CRR02) Loss of ICT service or data through a cyber attack	Executive Director (Corporate Development S151)	High	<p>Countermeasures for this risk can be split into 2 categories, Likelihood reduction and impact reduction.</p> <p>Likelihood reduction: User Awareness training and Phishing Simulation capabilities are under review in order to increase user awareness to phishing cyber-attacks. These types of attack account for up to 80% of all cyber security breaches (NCSC). These capabilities are expected to be in place in Jan 2020 and should provide a reduction in risk likelihood. Phishing simulation will allow the authority to assess the effectiveness of this training providing further assurance to the organisation.</p> <p>Impact Reduction: Planning has started to provide more consistent responses to cyber incidents, enabled by the Operations team in the ICT Structure. The planned changes will allow the organisation to react to a breach quickly which can drastically reduce the overall impact of the incident.</p> <p>Work is underway to implement the new DC password policy (likelihood reduction) and multifactor authentication capability (impact</p>

			reduction) and is expected to complete by the end of December.
CRR03) Failure to recruit, develop and retain the required workforce skills leads to an inability to deliver the Council's vision	Corporate Director for Human Resources & Organisational Development	High	<p>A presentation on Workforce was considered by the Committee at its October meeting. The Senior Leadership Team is monitoring workforce data on a monthly basis, with HR business partners reporting data to Directorate Leadership Teams to help understand performance and identify trends.</p> <p>The Council's People Strategy was released in November, which includes a delivery action plan.</p>
CRR07) Failure to provide adequate provision of infrastructure leads to inability to deliver the Council's vision	Executive Director for Place	High	Highways Infrastructure – Continued achievement of Band 3 status for the full allocation from the Department for Transport's Incentive Fund. Further submissions for central government funding will be made as and when the opportunities arise.

Timeline for Development of Dorset Council Risk Framework

Timeline	Actions
November 2019	<ul style="list-style-type: none">• Risk profiling of service risks;• Risk and Resilience Officer interviews (Completed)
December 2019	<ul style="list-style-type: none">• Analysis of risk profiling work;• South West Audit Partnership risk work with services (where required);
January 2020	<ul style="list-style-type: none">• Risk and Resilience Officer commences post;• Analysis of significant risks for inclusion within Annual Governance Statement;• Presentation of key service risks to Executive / Corporate Directors and Portfolio Holders
February 2020	<ul style="list-style-type: none">• Regular risk reporting commences for Directorates;• Discussions with SWAP re Service Risks informing the Audit Plan
March 2020	<ul style="list-style-type: none">• Presentation of Annual Governance Statement to Audit & Governance Committee;• Improved risk reporting to Audit and Governance Committee (Management Update on High Service Risks)
April 2020 onwards	<ul style="list-style-type: none">• Reassessment of Dorset Council Risk Appetite with Cabinet / SLT;• Revision of Dorset Council Risk Strategy

Dorset Council Risk Scoring Matrix

IMPACT (1 to 5)

Score	Financial	Legal / Compliance	Strategic	Safety, Wellbeing & Safeguarding	Reputation	Service Delivery
5	Over £1 million	Non-compliance with legislation or regulatory breach	Complete failure of a strategic priority	Fatality or life-changing injury / illness; Significant safeguarding breach	Complete failure in confidence (local or national)	Complete failure to deliver critical services (safeguarding; urgent statutory responsibilities etc)
4	£500k to £1 million	Significant regulatory impact	Major impact on a strategic priority	Major injury / illness; moderate safeguarding breach	Long term media attention (local or national)	Major impact on delivering critical services (safeguarding; urgent statutory responsibilities etc)
3	£300k to £500k	Moderate regulatory impact	Moderate impact on a strategic priority	Moderate injury / illness	Medium term negative impact on public memory	Serious disruption to less critical services
2	£100k to £300k	Minimal regulatory impact	Minor impact on a strategic priority	Injury or illness requiring minimal intervention / treatment	Short term negative impact on public memory	Minor disruption to services
1	£100k or less	No legal or regulatory impacts	Negligible impact on a strategic priority	No health and safety impact	Minor complaints or rumours	Negligible disruption to service delivery

LIKLIHOOD (1 to 5)

5	Almost Certain	Over 80% chance
4	Likely	61 – 80% chance
3	Possible	41 – 60% chance
2	Unlikely	21 – 40% chance
1	Rare	0 – 20% chance