



## Audit and Governance Committee

**Date:** Monday, 17 January 2022

**Time:** 10.00 am

**Venue:** Please note that, due to the current coronavirus pandemic the Council has reviewed its approach to holding committee meetings. This meeting will be held remotely in a Microsoft Teams Live Event (see link below)

**Membership: (Quorum 3)**

Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Susan Cocking, Rod Adkins, Janet Dover, Barry Goringe, Mike Parkes, Bill Pipe, Bill Trite and Jon Orrell

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**Chief Executive:** Matt Prosser, South Walks House, South Walks Road, Dorchester, Dorset DT1 1UZ (Sat Nav DT1 1EE)

**For more information about this agenda please contact Democratic Services**  
**[susan.dallison@dorsetcouncil.gov.uk](mailto:susan.dallison@dorsetcouncil.gov.uk)**



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Due to the current coronavirus pandemic the Council has reviewed its approach to holding committee meetings. Members of the public are welcome to attend this meeting and listen to the debate online by using the following link:-

[Link to virtual meeting](#)

**Members of the public wishing to view the meeting from an iphone, ipad or android phone will need to download the free Microsoft Team App to sign in as a Guest, it is advised to do this at least 30 minutes prior to the start of the meeting.**

**Please note** that public speaking has been suspended. However Public Participation will continue by written submission only. Please see detail set out below.

Dorset Council is committed to being open and transparent in the way it carries out its business whenever possible. A recording of the meeting will be available on the council's website after the event.

### **Using social media at virtual meetings**

Anyone can use social media such as tweeting and blogging to report the meeting when it is open to the public.

# A G E N D A

Page No.

## 1 APOLOGIES

To receive any apologies for absence.

## 2 DECLARATIONS OF INTEREST

To receive any declarations of interest.

## 3 PUBLIC PARTICIPATION

To receive questions or statements on the business of the committee from town and parish councils and members of the public.

Public speaking has been suspended for virtual committee meetings during the Covid-19 pandemic and public participation will be dealt with through written submissions only.

Members of the public who live, work or represent an organisation within the Dorset Council area, may submit up to two questions or a statement of up to a maximum of 450 words. All submissions must be sent electronically to [susan.dallison@dorsetcouncil.gov.uk](mailto:susan.dallison@dorsetcouncil.gov.uk) by the deadline set out below.

When submitting a question please indicate who the question is for and include your name, address and contact details. Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.

Questions will be read out by an officer of the council and a response given by the appropriate Portfolio Holder or officer at the meeting. All questions, statements and responses will be published in full within the minutes of the meeting.

**The deadline for submission of the full text of a question or statement is 8.30am on 12 January 2022.**

## 4 INTERNAL AUDIT PROGRESS REPORT

5 - 12

To receive a report from SWAP, Sally White, Assistant Director.

**5 QUARTERLY RISK MANAGEMENT UPDATE 13 - 56**

To receive a report by Marc Eyre, Service Manager for Assurance.

**6 PROCUREMENT OF EXTERNAL AUDITORS 57 - 68**

To receive a report by Richard Ironside, Senior Accountant.

**7 AUDIT & GOVERNANCE SUB-COMMITTEE 69 - 72**

To note the minutes of the meeting held on 1 December 2021.

**8 FORWARD PLAN 73 - 76**

To consider the work programme for the Committee.

**9 URGENT ITEMS**

To consider any items of business which the Chairman has had prior notification and considers to be urgent pursuant to section 100B (4) b) of the Local Government Act 1972. The reason for the urgency shall be recorded in the minutes.

**10 EXEMPT BUSINESS**

To move the exclusion of the press and the public for the following item in view of the likely disclosure of exempt information within the meaning of paragraph 3 of schedule 12 A to the Local Government Act 1972 (as amended).

The public and the press will be asked to leave the meeting whilst the item of business is considered.

**There is no exempt business.**

# Dorset Council

## Report of Internal Audit Activity

### Progress Report 2021/22 – December 2021

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Agenda Item 4

## Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

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SWAP is an internal audit partnership covering 25 organisations. Dorset Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:  
<https://www.swapaudit.co.uk/>



### Audit Opinion, Significant Risks, and Audit follow up work

#### **Audit Opinion:**

This is our third quarterly update for 2021/22 financial year.

Our live [Internal Audit Rolling Plan](#) and specifically the coverage and assurance tab (*which can be found on the first tab of the Rolling Plan or on page 2 below*), reflects the outcomes of recent reviews completed. Based on these recent reviews, we recognise that while generally risks are well managed, we have identified some gaps, weaknesses and areas of non-compliance. However, we have reasonable levels of confidence that the agreed actions will be implemented and as such are able to offer a **reasonable opinion**.

Since our last progress report in September 2021, we have issued **one Limited** assurance opinion on the areas and activities we have been auditing but this has not been classified as a significant risk. Currently all previously identified significant risks have been assessed as having adequate mitigating controls now in place. In Appendix A on pages 6, we have provided the one-page audit report for the Limited assurance opinion work, to offer the committee further insight.

#### **Follow Up of Agreed Audit Actions**

Our new process which embeds the follow up of actions within directorates themselves, and tracks this on a continuous basis is proving to be effective. We have a link contact within each of the Council's directorates, who is responsible for obtaining updates from managers. When actions are considered to be complete, there is a process of sign off by the service, with a confirmation sign off from SWAP.

We are still focussing on a small number of long overdue actions to ensure these are updated and signed off as soon as possible to bring us to an up-to-date position. When we reported to you in September, we had reduced 63 overdue actions to 39 as at 17/08/2021 and we now have 33 as at 01/12/2021, although of course this will include new actions that have become overdue during that time. We are working proactively with our directorate links to ensure that where possible actions are implemented in a timely manner and before they become overdue. The **Action Tracker** is stored in the same location as our Rolling Plan and can be viewed by clicking on [this link](#).

# Internal Audit Plan Progress 2021/22

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP Internal Audit Plan Coverage, and a move to Assurance Mapping

Recent internal audit coverage and outcomes by corporate risk are reflected in the chart below. As you will see the areas with no audit coverage is reducing. Additionally, we are making some progress in developing a more holistic **Assurance Map**, which will identify and capture other streams of assurance over the corporate risks across the Council. This is a lengthy and complex piece of work which requires the support of Dorset Council officers. However once complete this together with SWAP’s own coverage assessment, will enable us to visually highlight key assurance gaps, and also build a better picture of assurance outcomes to help direct focus and oversight.

Corporate Risk	Coverage	Assurance assessment based on completed internal audit work
CRR 01 - Budget	Good	Reasonable
CRR 02 - Cyber Attack	Some	Reasonable
CRR 03 - Recruit/ Retain/ Develop Workforce	In progress	In Progress
CRR 04 - GDPR	Some	Non-Assurance audit work
CRR 05 - Emergency Response	None	
CRR 06 - BREXIT	None	
CRR 07 - Infrastructure	Some	Non-Assurance audit work
CRR 08 - Education	Adequate	Limited
CRR 09 - Transformation	Some	Limited
CRR 10 - Corporate Knowledge	None	
CRR 11 - Climate Change	None	
CRR 12 - Breach of Statutory Duty	Some	Non-Assurance audit work
CRR 13 - Health, Safety, Wellbeing	Some	Non-Assurance audit work
CRR 14 - Safeguarding	Good	Limited
CRR 15 - Commissioning	Good	Non-Assurance audit work
CRR 16 - Officer/ Member Interface	None	
CRR 17 - School Transport	Some	Non-Assurance audit work
CRR 18 - Evidence Base	None	
CRR 19 - Partnerships	Some	Reasonable
CRR 20 - Election	None	
CRR 21 - COVID-19 Response	Good	Non-Assurance audit work

Coverage Key	
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In progress	Some aspects of audit coverage in progress
None	No audit coverage to date

*\*Audits carried out more than 2 years from current date are not included.  
\*Audits carried out between 12 and 24 months from current date have a reduced impact on audit coverage.*

Assurance Key	
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

*\*Audits carried out more than 12 months from current date are not included.*

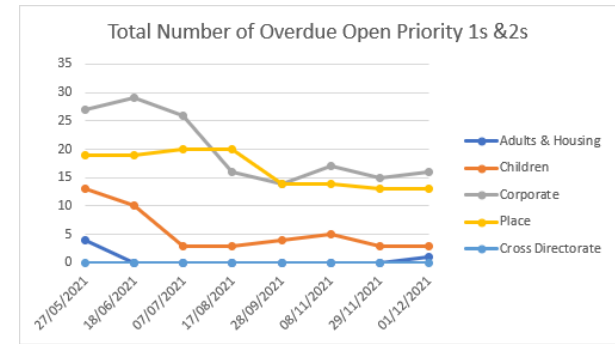
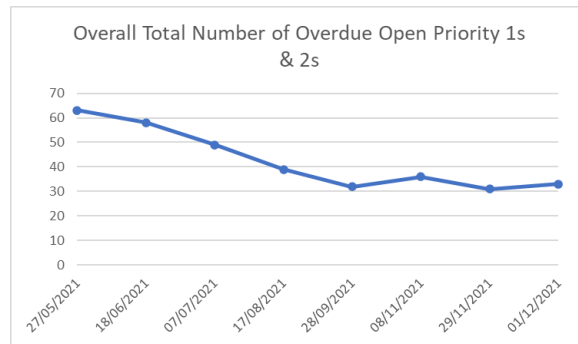
# Internal Audit Plan Progress 2021/22

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

## SWAP Performance Measures

Performance Measure	Performance
<b>Overall Client Satisfaction</b> <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	<b>100%</b>
<b>Value to the Organisation</b> <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	<b>100%</b>
<b>Financial Savings delivered to the Organisation</b> <i>(Direct and potential savings identified as a result of internal audit work)</i>	
<b>Since our last report</b>	<b>£4,176</b>
<b>Cumulative total for 2021/22</b>	<b>£127,617</b>

## Outcomes from Follow Up Audit Work



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### Added Value

**'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'**



### Added Value

#### **Financial Savings**

We are continuing to work with Dorset Council to improve the identification and prevention of duplicate payments. Since the implementation of new software, the volume of unidentified duplicate payments has significantly reduced. There are much improved processes around the swift recovery of duplicates paid in error that have been identified by the new software however, there remains an extremely low level of duplicate payments identified by the software that are dismissed in error, that are not detected until SWAP undertakes its analysis exercises. This quarter that amounted to just £4,176. All but £149 of these overpayments have now been recovered from suppliers and work is ongoing across the team to ensure that this low level of duplicate payments is eliminated.

#### **Continuous Audit**

We have expanded our process of continuous audit to encompass Accounts Payable, Accounts Receivable and Main Accounting functions. Continuous audit is a process of undertaking regular testing of key controls within fundamental or high-risk functions. This provides an on-going assurance for services that the key controls are functioning as intended.

#### **Cifas**

When the wording of secondary Fair Processing Notices has been submitted to Cifas for approval, SWAP will facilitate checking of agency, interim and contractor staff through the Cifas database (this data matching service will help the Council to both prevent and detect fraud).

#### **Benchmarking**

During the quarter we have undertaken two pieces of benchmarking work. The first was for the Registration Service and will provide key information to support a service review and development including chargeable services. The other piece of benchmarking was to support some audit work around Section 106 and CIL (S106 are legal agreements between a developer and the council and Community Infrastructure Levy is a way to ensure that developers contribute to the infrastructure that a new development will rely on.)

The role of SWAP as the internal auditors for Dorset Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. The four recently revised opinion ratings are defined as follows:

Assurance Definitions	
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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In addition to the assurance definitions above we also provide an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

The Committee is able to view a record of all internal audit work on the [Rolling Plan](#). Please follow this link, click on the files tab and then on the file called **Internal Audit Rolling Plan**. From the document, members are able to view work in progress and all completed work that would have previously been reported to the Committee in a table form. To provide the Committee with additional insight into Limited assurance audits we have been providing a summary of the outcomes. We have however, recently introduced a one-page audit report, which we are now providing in full for Limited assurance audits for members information.



Direct Payments – Final Report – October 2021

**Audit Objective**

To ensure that use of direct payments is appropriately offered to services users and that there are robust controls in place to guard against and/or detect fraudulent or erroneous use of direct payments.

**Assurance Opinion**



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

**Number of Actions**

Priority	Number
Priority 1	0
Priority 2	3
Priority 3	6
<b>Total</b>	<b>9</b>

**Risks Reviewed**

Risks Reviewed	Assessment
Direct payment fraud or erroneous use is not identified leading to misuse of council funds, the service user's well-being being compromised, and care outcomes not being met.	Medium
Social Workers do not always offer service users an alternative to a direct payment in an effort to meet direct payment targets, leading to service user well-being being compromised and care outcomes not achieved.	Medium

**Key Findings**

- No issues were found with the day-to-day processing of Direct Payments. Testing reviewed the completion of Financial Assessments where appropriate, receipt of legal agreements from Service Users and the matching of SAP and Mosaic payment runs.
- Discussions with key staff highlighted that the Council currently does not have a method for recording the reasons why Direct Payments or Social Care packages end. This restricts the ability of the Council to learn lessons from case reviews and implement improvements in practice to benefit the efficiency and effectiveness of the service and achievement of outcomes for Service Users.
- It became clear during testing that there is a lack of co-ordinated oversight across the service areas that link to the Direct Payment service. Although there is wealth of knowledge across both the Social Care and Finance Teams, we found the drive to work collaboratively does not meet the expected Dorset Council Behaviour Framework. We have experienced some resistance to gaining acceptance to actions that will benefit the service as whole, rather than just the team tasked with that action.
- A number of weaknesses have been found with regard to the Social Care practices that feed into the Direct Payment process. Data analysis of Social Care records highlighted that only 40% of expected Social Care reviews had been completed at the time of testing. This is likely to adversely affect the early identification of safeguarding concerns or instances of fraud. It is acknowledged that Covid-19 has had a significant impact on the ability to complete face-to-face visits and that a risk assessment process is in place, although this does need to be formalised. Current plans for improving the overall volume of Social Care reviews also need to be progressed.

**Audit Scope**

- The audit included:
- Data analysis of a range of financial and Social Care records from Mosaic and SAP.
  - Review of information available to both staff processing direct payments and Service Users when offered the service.
  - Review of how the Finance Team set up, monitor, and end Direct Payments.
  - Review of Social Care package creation, authorisation, care package monitoring and record management.
  - Targeted sampling from across both the Finance Team and Social Care Team processes.
  - Review of record management, sharing and oversight of the entire Direct Payment Service.

**Other Relevant Information**

Actions have been agreed and will be followed up in due course to track implementation. The Service have been given the relevant information to progress data matching opportunities and benefit from Dorset Council's subscription to CIFAS.

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## **Audit and Governance Committee 17 January 2022 Risk Management Update**

### **For Review and Consultation**

**Portfolio Holder:** Cllr S Flower, Leader of the Council

**Executive Director:** J Mair, Corporate Director, Legal & Democratic

**Report Author:** David Trotter  
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**Tel:** 01305 228692  
**Email:** [david.trotter@dorsetcouncil.gov.uk](mailto:david.trotter@dorsetcouncil.gov.uk)

**Report Author:** Marc Eyre  
**Title:** Service Manager for Assurance  
**Tel:** 01305 224358  
**Email:** [marc.eyre@dorsetcouncil.gov.uk](mailto:marc.eyre@dorsetcouncil.gov.uk)

**Report Status:** Public

**Recommendation:** That Audit and Governance Committee:

- i) note and review the key risks identified in the corporate and service risk registers.
- ii) agree the proposal that future quarterly reporting includes updates on emergency planning and information compliance.

**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.

## 1. Executive Summary

The continual development and promotion of risk management will ensure that Dorset Council remains well placed to demonstrate that objective and informed decisions are taken.

Strategic risk management is owned by the Senior Leadership Team, with an agreed risk management policy statement setting out the Council's commitment. There are now ten strategic risk themes informed by operational service level risks owned by Heads of Service and Service Managers. The principles of the Council's strategy is to be "risk aware" and not "risk averse", with our risk management arrangements informing our decision-making processes.

Current Risk Themes	
Communities	Political & Leadership
Compliance	Safeguarding
Digital & Technology	Service Delivery
Finance	Transformation
Health, Safety & Wellbeing	Workforce

Councillors can view the risks by theme from [this link](#).

At the September meeting, there was a discussion around emergency planning/response and how the Committee can receive assurance over the arrangements in place and lessons that are learnt from incidents. As emergency planning sits within the remit of the Service Manager for Assurance, alongside risk management, it is proposed that this quarterly risk management update extends to include key emergency planning messages. Information compliance also sits within Assurance, so similarly it is suggested that a compliance appendix should accompany this report in future.

## 2. Financial Implications

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.

### **3. Well-being and Health Implications**

Health, safety, and wellbeing is identified as one of our corporate risk themes.

### **4. Climate implications**

There are a few identified risks within the risk registers that relate to climate change and the implications.

### **5. Other Implications**

None

### **6. Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

- Current Risk: HIGH
- Residual Risk: HIGH

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

### **7. Equalities Impact Assessment**

Considering equalities issues is a key aspect of good governance, but there are no equalities issues arising directly from this report.

### **8. Appendices**

Appendix A – Summary of Extreme and High-Level Risks

### **9. Background Papers**

#### **Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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Risk Management Exception

Quarterly Update Report

## **Extreme and High-Level Risks**

December 2021

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.

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<p><b>Summary – Matrices and Graphs</b></p> <p><b>Page 5</b></p>	<p><b>Adults and Housing Services Directorate</b></p> <p><b>Page 7</b></p>	<p><b>Children’s Services Directorate</b></p> <p><b>Page 13</b></p>	<p><b>Corporate Services</b></p> <p><b>Page 19</b></p>
<p><b>Place Directorate</b></p> <p><b>Page 27</b></p>	<p><b>Risk Ranking Matrix</b></p> <p><b>Page 39</b></p>		



## Risk Management Road Map 21-22

The Road Map helps to provide a visual way to quickly communicate our plan of work for the coming months. We feel that this is the most effective tool to give you a bird's-eye view of everything that's planned. By being more risk aware, Dorset Council will be better placed to avoid threats and take advantage of any opportunities.



## Introduction

We recognise that risk management helps us to embed a culture, process and structure that is directed towards the effective management of opportunities and threats to the council. The Annual Governance Statement (AGS) highlighted several opportunities to enhance risk management and for example efforts have been made to:

- Increase the level of engagement and ownership.
- Enhance the engagement of Members in the risk management process.
- Refresh and update the Corporate and Directorate Risk Registers.
- Update the risk management training and awareness functionality.

The Accounts and Audit Regulations 2015 require the council to have in place arrangements for the management of risk.

## Risk Management

Risk affects all organisations. It can have consequences in terms of performance, environmental and safety outcomes, and professional reputation. Risk is anything and everything that could impact upon the successful achievement of aims and objectives. Risk management is a process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of our objectives. Success comes from managing both the positive and the negative aspects of risk effectively.

## Risks by Themes

When operating effectively, risk management is a key element of the council's strategic and operational planning processes – supporting desired outcomes that help to enable the council to meet its ambitions as set out in the Council Plan. Our risk themes capture risks that are specific and appropriate to Dorset Council. To meet that challenge, the assurance team are already thinking and developing processes needed for rapid reporting, deeper insights, and modelling. We have reduced the risk themes to ten key areas that we will use to plot and link our risks and capture information to help senior managers make decisions to manage and support service delivery.



**Risk Management Themes**  
We have revised the risk management themes to ten key risk themes to help bring about improved informed decisions that achieve objectives and deliver outcomes.



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. Risk Management should be viewed as a positive and managers need to embrace risk and, in doing so, actively consider it in performing their duties.

By being more risk aware, Dorset Council will be better placed to avoid threats and take advantage of any opportunities.

## Update Statement

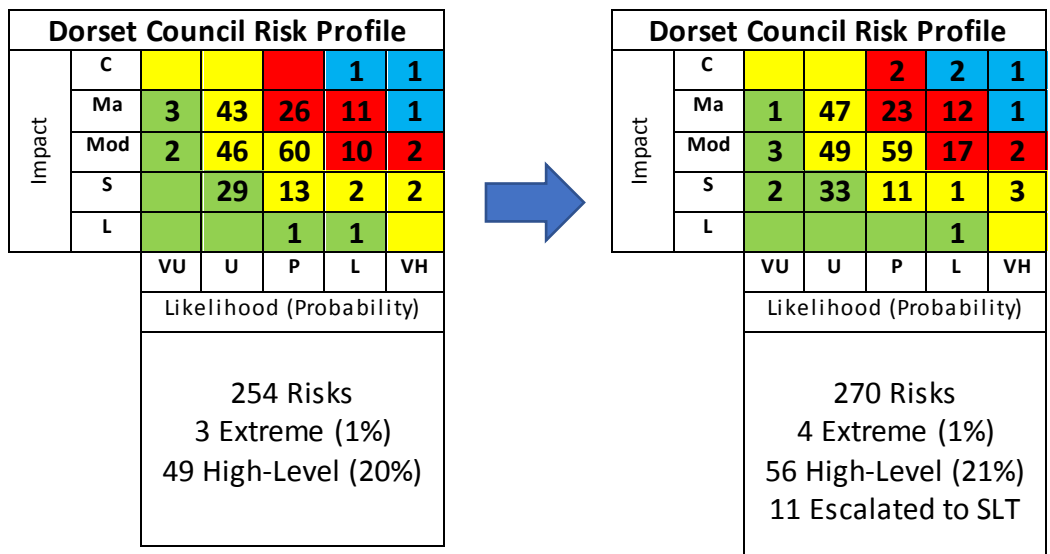
We continue to look at what makes sense, to understand where we need the resources and the skill sets, we need. We will be working to support the challenge to make our services as efficient as possible, and that’s a relentless part of our budget setting process. We are all passionate about delivering the best outcomes for Dorset residents. We recognise that Risk Management is an integral part of good governance to which we are all committed. Risk Management helps us to provide the framework and processes that enables the Council to manage uncertainty in a systematic way. Further developments within the risk register being the introduction of ‘Track My Risks’ and ‘Senior Leadership Team (SLT) – Escalated Risks’.

**Comparison** - The matrices below illustrate how the risk profile (the actual number of risks on the register) of the Council has changed throughout the year. This is based on the inherent risk, the risk impact and likelihood considering any existing controls in place to manage the risk, but before any further planned controls are introduced. The change in the overall risk profile of the Council demonstrates how action is taken to manage risks, to ensure the completeness of the risk register and to capture emerging risks.

The full Services Risk Register can be viewed from this link [HERE](#)

AUGUST 2021

DECEMBER 2021



The aim is for all risks to have management actions in place and the risk management process will continue to be subject to a regular refresh. As with all risks, it is not possible to eliminate the potential of failure entirely without significant financial and social costs. The challenge is to make every reasonable effort to mitigate and manage risks effectively, and where failure occurs, to learn and improve.

We recognise that risk management is at the heart of good governance. When operating effectively, risk management is a key element of the councils strategic and operational planning processes – supporting desired outcomes that help to enable the council to meet its ambitions as set out in the Council Plan. Our risk themes capture risks that are specific and appropriate to Dorset Council.

The next few years will be challenging for risk management teams, with new risks and new ways to manage them.

A **SUMMARY** of the risks for this reporting period are set out below:

**270 Risks**

Dorset Council Risk Profile						
Impact	C			2	2	1
	Ma	1	47	23	12	1
	Mod	3	49	59	17	2
	S	2	33	11	1	3
	L				1	
	VU	U	P	L	VH	
Likelihood (Probability)						

4 Extreme  
56 High-Level

11 Escalated to SLT

**Adults and Housing**

No. of Risks 34

1 Extreme – 7 High-Level – 3 SLT

Impact (Severity)	C					
	Ma			2	4	1
	Mod		10	8	1	
	S	1	6		1	
	L					
	VU	U	P	L	VH	
Likelihood (Probability)						

**Children's Services**

No. of Risks 25

0 Extreme - 8 High-Level – 0 SLT

Impact (Severity)	C					
	Ma		4	5	2	
	Mod		5	4	1	
	S		2	2		
	L					
	VU	U	P	L	VH	
Likelihood (Probability)						

**Corporate**

No. of Risks 56

2 Extreme – 18 High-Level – 5 SLT

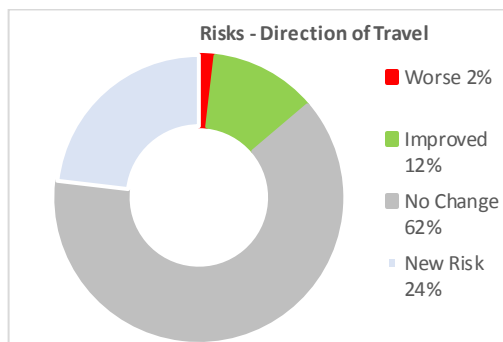
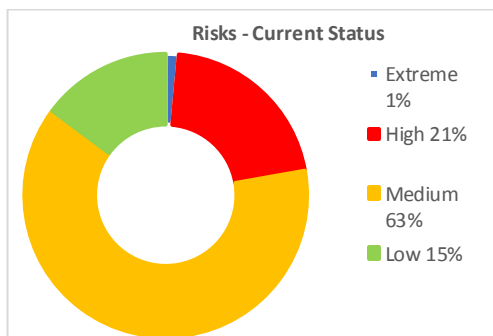
Impact (Severity)	C			2	1	1
	Ma	1	9	3	2	
	Mod		6	11	9	2
	S		6	1		2
	L					
	VU	U	P	L	VH	
Likelihood (Probability)						

**Place**

No. of Risks 155

1 Extreme - 23 High-Level – 3 SLT

Impact (Severity)	C				1	
	Ma		34	13	4	
	Mod	3	28	36	6	
	S	1	19	8		1
	L				1	
	VU	U	P	L	VH	
Likelihood (Probability)						



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## **Risk Management Update Report**

# **People Directorate for Adults and Housing**

## **Extreme and High-level Risks**

December 2021

## **Extreme and High-Level Risks as of December 2021**

<b>EXTREME</b>	<p><b><u>Adults &amp; Housing – Commissioning</u></b></p> <p><b>Risk 343 - Market failure leads to unsafe and unacceptable levels of unmet need for domiciliary care</b> Accountable Officer - Corporate Director for Commissioning and Interim Corporate Director - Adult Care Operations (Impact 4 Likelihood 5) No Change</p>
<b>HIGH-LEVEL</b>	<p><b><u>Adults &amp; Housing - Adult Care</u></b></p> <p><b>Risk 339 - The impact of hospital pressures</b> Accountable Officer - Corporate Director for Commissioning and Corporate Director for Adult Care Operations (Impact 4 Likelihood 4) Worsening Risk</p> <p><b>Risk 125 - Gap exists between amount of available resource and post-COVID statutory demand</b> Accountable Officer - Corporate Director for Commissioning and Corporate Director for Adult Care Operations (Impact 4 Likelihood 4) No Change</p> <p><b>Risk 165 - Capacity, capability and focus within the Adult Social Care workforce is not appropriate to deliver statutory responsibilities and key priorities to an acceptable standard</b> Accountable Officer - Corporate Director for Adult Care Operations (Impact 4 Likelihood 3) No Change</p>
<b>HIGH-LEVEL</b>	<p><b><u>Adults &amp; Housing - Commissioning</u></b></p> <p><b>Risk 298 - Failure to achieve infection control</b> Accountable Officer - Corporate Director for Commissioning (Impact 3 Likelihood 4) No Change</p> <p><b>Risk 5 - Failure to manage and shape the provider market results in increases in service costs and poor service</b> Accountable Officer - Corporate Director for Commissioning (Impact 4 Likelihood 3) No Change</p> <p><b><u>Housing</u></b></p> <p><b>Risk 180 – Increased Homeless Population</b> Accountable Officer – Corporate Director for Housing and Community Safety (Impact 4 Likelihood 4) No Change</p> <p><b>Risk 247 - Temporary Accommodation is insufficient to meet community need</b> Accountable Officer - Service Manager for Housing Solutions (Impact 4 Likelihood 4) No Change</p>



## Management Update

### Adults & Housing - Adult Care

Risk339 - The impact of hospital pressures						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Commissioning and Corporate Director for Adult Care Operations	Worse	5 December 2021	High-Level			
			Impact	4	Likelihood	4
Update - The pressure felt by hospitals across Dorset reflects the wider national crisis. The local authority is holding risk in both unavoidable delays due to the unavailability of home care and the secondary impact of prioritising the available home care for hospital discharge, meaning increasing risks in the community teams. Support is being provided to the hospitals in whatever way is possible, however being mindful of the financial impact on Dorset Council, if the response is not currently system funded. The external system partner has been appointed and started work with the Dorset health and social care system during mid-August. The milestones within the plan are being met and further information to follow.						

Risk125 - Gap exists between a amount of available resource and post-COVID statutory demand						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Commissioning and Corporate Director for Adult Care Operations	No change	7 December 2021	High-Level			
			Impact	4	Likelihood	4
Update - This remains a significant risk. Operational and commissioning action is being taken to mitigate and reduce the financial risk. This is being overseen by a Savings and Transformation Board which is jointly chaired by Corporate Directors, which track all the savings plans through DART as well as opportunistic schemes. In addition, Cabinet has approved a new Dorset Care Framework which when implemented will help shape the market costs alongside a fair cost of care exercise. Conversations with the CCG are also taking place as we review and right size funding arrangements for a selection of packages and placements and finally, we are reviewing hospital discharge arrangements. We are working closely with Finance and Procurement colleagues on this matter. The impact of the Hospital Discharge Programme is still having an impact of the financial position of ASC and the workforce pressures. A workstream in a separate risk detail that further.						
The existing controls are summarised as follows:						
<ul style="list-style-type: none"> <li>• Monthly Savings boards jointly chaired by corporate directors.</li> <li>• Re-establishment of financial control measures, including levels of delegations.</li> <li>• Consistency and proper control of access to council funded services, via hospital and community routes.</li> <li>• Revised peer forum and funding decision process for organisational sign off.</li> </ul>						
The risk mitigation actions are as follows:						
<ul style="list-style-type: none"> <li>• Closer relationship between commissioning and finance, to give greater visibility on spend and medium to longer term forecasting.</li> <li>• Targeted work with 42 budget holders to support and hold to account in delivery to budget position.</li> <li>• Revision of actions provided to the Our Dorset health and social care system on provision of services for the Hospital Discharge Programme.</li> </ul>						

Risk165 - Capacity, capability and focus within the Adult Social Care workforce is not appropriate to deliver statutory responsibilities and key priorities to an acceptable standard						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Adult Care Operations	No Change	7 December 2021	High-Level			
			Impact	4	Likelihood	3
Update - Although the impact of the 2nd wave of COVID-19 is easing there is a potential for a third wave peaking later in the year, so preparation will continue to develop the system-wide Hospital Discharge process and resilience in the wider service. Following the easing of the first COVID wave, contacts into adult social care doubled in the first month and took another quarter to reduce. This pattern is occurring now, and capacity is being monitored closely. The amount of unused annual leave across the service and the impact on service delivery of spacing requests is being analysed.						
The significant additional demands resulting from COVID-19, in particular delivering Hospital Discharges, increased safeguarding, Approved Mental Health Professional and Deprivation of Liberty Safeguards referrals have had significant impact on the capacity within Adult Social Care to deliver business as usual alongside the transformation required to deliver improved outcomes for vulnerable people and savings. The hospital discharge COVID requirements have increased the number of people we are commissioning/contracting for across the system. This has impacted upon commissioning and brokerage functions, business intelligence and the finance teams who are required to recording and track cases to claim COVID funding support. For finance, the increase in workload alongside workforce changes and subsequent gaps may be a significant risk to the Council. There is significant complexity and demand in Learning Disability services, and this is stretching capacity within this specialism especially in relation to level 3 Social Worker and Area Practice Manager capacity. Plans are in place to mitigate this as far as is possible.						

Work is also progressing on the duties being carried out under Section 117 of the Mental Health Act on behalf of the CCG and Continuing Health Care (CHC) arrangements

The existing controls are summarised as follows:

- A series of clarification and reiteration points has been developed (exceptions work) that will support the workforce and partners in understanding the pressure that ASC, alongside health, are under during the winter period of 21/22.
- Local resilience forums continue, along with escalation and information sharing via system ODG, Bronze, Silver and Gold.
- Communication work to support suppression of some demand underway but undeveloped currently.

The risk mitigation actions are as follows:

- Further action needed as winter pressures build.
- To be tracked at ASC leadership weekly meeting and 3x weekly risk and escalation meetings.

## Adults & Housing – Commissioning

Risk298 - Failure to achieve infection control				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director for Commissioning	No change	11 November 2021	<b>High-Level</b>	
			Impact	3
			Likelihood	4
<p>Successful infection control across adult social care in Dorset is achieved through a combination of work by the Council, work by suppliers and care providers, and work in partnership. The main driver for this risk is currently the impact of the new Government Regulation that all care home workers and other visiting professionals must be fully vaccinated against COVID-19 from 11 November unless they have an exemption, or there is an emergency. (And 16 September marked the cut-off point for care home workers to receive their first dose of the vaccination if they are to be fully vaccinated by the 11 November deadline). Nationally there will be a proportion of the workforce who will decline to comply with the Regulation. The grounds that are cited include pregnancy and fertility concerns and religious objections. Work carried out to determine what the proportion is likely to be in Dorset has identified that 97% of care home workers have now received their first dose of the vaccine and 91% of workers have received both doses. In terms of numbers, that equates to a round 70 workers across 28 care homes who are unvaccinated and will leave the sector if they cannot be re-deployed. A legal challenge to the Regulation is expected, and consequently it is not yet fully clear what will be the consequence for an individual who refuses to comply.</p> <p>The regulator, CQC's, approach is currently 'light touch'. There is no Guidance at the present time on whether the vaccine or the booster is likely to be mandated for domiciliary care workers.</p> <p>The impact of the loss of care may be significant and the mitigating actions that are in place are focused on:</p> <ul style="list-style-type: none"> <li>• 'myth-busting'</li> <li>• work to encourage vaccine take-up</li> <li>• examining the legitimate scope of exemptions</li> <li>• monitoring the possibility that care home workers who decline a vaccine may be redeployed to help meet the shortage in domiciliary care.</li> </ul> <p>A risk assessment is being carried out for each care home, leading to a RAG rating for each home. The RAG rating will depend in part on the number of unvaccinated workers at the care home in relation to the home's overall number of care workers. A third 'booster jab' is not yet mandated, but a consultation is underway regarding whether the Regulation should extend to domiciliary care workers. Please see 'Mitigating Actions' section. Please see Risk 5 for an updated commentary about the potential impact of the loss of financial support currently provided by the Government's Infection Control Fund. Both CQC and PH England have noted that actual infection levels in care home settings appear to be plateauing. However, we are also noting a deterioration in the robustness of infection control practice within many care homes. CQC are concerned that the omissions may be a result of the impact of the exceptional pressures that care home staff have been subject to, on their mental health and wellbeing.</p>				

Risk343 - Market failure leads to unsafe and unacceptable levels of unmet need for domiciliary care				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director for Commissioning and Interim Corporate Director - Adult Care Operations	New Risk	11 November 2021	<b>Extreme</b>	
			Impact	4
			Likelihood	5
<p>Update - A combination of adverse factors has led to a current waiting list of over 300 people for domiciliary care packages that they have been assessed as needing in accordance with Care Act 2014 eligibility criteria and/or the mandated hospital discharge policy. Fuller details are provided in this report to the People and Health Scrutiny Committee on 1 November 2021: <a href="#">HERE</a></p> <p>The adverse factors include:</p> <ul style="list-style-type: none"> <li>• Coronavirus hospital discharge requirements that have increased the demand for domiciliary care through more people leaving hospital with higher needs</li> <li>• the current forecast for hospital admissions which is higher than expected for this time of the year</li> <li>• The legacy of the particularly buoyant 2021 'summer economy' which drew a proportion of providers' workforces into the hospitality sector</li> </ul>				

- Social isolation rules
- A reduced number of workers from EU countries coming to work in Dorset
- Recruitment activities, which have suffered because of the pandemic.

This risk has unfortunately crystallised rapidly. It affects even our most reliable providers. Lead commissioners are working with all providers to establish what support the Council can offer them. It is clearly in providers' business interests to address the issue and some are considering significant changes like offering salaried positions instead of hourly pay. Tricuro can offer some capacity in their role as our 'provider of last resort'. However, this impacts on their capacity to provide reablement - itself often a statutory duty. In the late summer, commissioning managers were successful in a bid to the DH&SC's 'Contain Outbreak Management Fund' (COMF) which provides funding to councils, to help reduce the spread of coronavirus and support local public health. The £200,000 award will be used to boost recruitment to the Dorset domiciliary care workforce. The new Dorset Care Framework has attracted very good engagement from providers so far, and offers the opportunity to develop the capacity and competitiveness of the market.

This risk is principally managed through a range of statutory and commissioning frameworks and contracts.

**Mitigation:**

People and Health Scrutiny Committee - Market Sufficiency Nov 2021.pdf (dorsetcouncil.gov.uk)

The other mitigating actions we are taking with people include:

- where safe and appropriate, asking whether family members can provide additional support on a temporary basis.
- asking people to be flexible about the time that the carer(s) visits.
- asking people to be flexible about who the carer is; and
- establishing whether the care needs can still be fully met with a reduced number of care visits, on a temporary basis, which allows hours to be offered to people elsewhere.

Please see Risk 5 for a commentary about the financial support currently provided by the Government's Infection Control Fund.

**Risk 5 - Failure to manage and shape the provider market results in increases in service costs and poor service**

Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating		
Corporate Director for Commissioning	No change	11 November 2021	<b>High-Level</b>		
			Impact	4	Likelihood 3

High-quality, personalised care and support can only be achieved where there is a vibrant, responsive market of service providers. The role of the council is critical to achieving this through the actions it takes to commission services directly to meet needs. Section 5 of the Care Act 2014 covers the principles which should underpin our market-shaping and commissioning activity.

Our current main approach to this risk is through the new Dorset Care Framework (DCF). A report to Cabinet in June 2021 requesting approval to implement the new DCF, was agreed. A task and finish group now meets weekly to deliver a project implementation plan, including an engagement strategy and a 'fair cost of care' exercise. Two provider events have taken place, involving 80 potential providers. Further events are timetabled.

The DCF is generally regarded as a positive development among providers, and many are expected to join the Framework. However, one of the most significant issues currently faced by providers is recruitment. Recruitment is not an issue that providers can solve alone - sector-led impetus is vital. Including from ADASS and the recent dialogue between CQC and DH&SC. The recent 'fair cost of care' exercise and fee uplifts will ease some pressure in the market. And the forthcoming NIHR ARC KSS work is expected to support commissioners who are actively working with providers to identify how we can help tackle blockages in supply.

The overall timescale for the DCF work has been adjusted but remains challenging in the context of the other pressures that colleagues and providers are facing. Recommendations go to Directorate Leadership Group on 17 November 2021 for approval and if approved, will go to market via procurement during w/c 22 November. Now, one of the most significant of those other pressures is partly contained through the financial support currently available through the Government's Infection Control Fund. The purpose of this fund is to support adult social care providers, including those with whom the council does not have a contract, to reduce the rate of COVID-19 transmission within and between care settings.

The current financial viability of several Dorset providers depends on the continuation of that Government funding stream. Fortunately, an announcement was made at the beginning of October 2021 on the extension of the grants for Infection Control and Rapid Testing Support to Care Homes, and Care at Home agencies, this will take the funding to the sector to the end of March 2022.

There is a residual risk after March 2022 as if testing is still required, Care homes will still have to absorb the cost of undertaking these tests, as well as all providers paying staff for isolating and not working in multiple care settings. It is unlikely that this risk will improve before DCF 2 is launched and we may be able to recruit new providers who are themselves able to attract staff.

## Housing

Risk180 - Increased homeless population			
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating
Corporate Director for Housing and Community Safety	No Change	3 December 2021	<b>High-Level</b>
			Impact   4   Likelihood   4
<p>Update - Risk of homelessness increasing due to the release of the ban on landlords taking possession proceedings to Court (eviction), income loss due to rises in unemployment and income loss due to the £20 Universal Credit top up being removed. Protections have been in place during the lockdown period, since March 2020, to prevent eviction and to top up income shortfalls through furlough or Universal Credit.</p> <p>New approaches did return to pre-pandemic levels in the summer however, the lifting of the eviction ban and gradual easing of notice periods over the next few months is expected to contribute to an increase in the levels of households approaching the service. Data suggests the number of homeless approaches is beginning to slowly increase although the top reasons for homelessness do not include the lifting of the eviction ban. Advice and guidance available within the community and via website. Support to complete residency available at Citizens Advice Bureau and Race Equality group. Should additional people then become homeless they are not eligible for service and this should be considered as part of wider community strategy in partnership with all community and voluntary agencies. Clear engagement work required with relevant agencies to support this cohort.</p> <p>Controls:</p> <ul style="list-style-type: none"> <li>• Advice and guidance available within the community and via website. Support to complete residency available at CAB and Race Equality group.</li> <li>• Should additional people then become homeless they are not eligible for service and this should be considered as part of wider community strategy in partnership with all community and voluntary agencies. Clear engagement work required with relevant agencies to support this cohort.</li> </ul>			

Risk247 - Temporary Accommodation is insufficient to meet community need			
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating
Service Manager for Housing Solutions	No Change	3 December 2021	<b>High-Level</b>
			Impact   4   Likelihood   4
<p>Update - The Covid-19 pandemic has seen the Council's dependence on B&amp;B accommodation for homeless households increase by over 50%. As of July 2021, the number of households in temporary accommodation including B &amp; B was 325 of these 85 were in B &amp; B. As of 7 August 2020, the Council had 349 households in temporary accommodation of which 139 households were in B&amp;B accommodation. As of 1 December 2021, there were 337 households in TA including B &amp; B of which 96 were in B &amp; B</p> <p>Emergency and bed &amp; breakfast accommodation is at capacity levels. The service is working hard to secure additional temporary accommodation in the private rented sector which is unresponsive. During the pandemic the number of families with children in B &amp; B for over 6 weeks reduced to 1 but is now at 15 and expected to rise with the lifting of the eviction ban. Currently the top 3 reasons for homelessness for these households at this date are families no longer willing to accommodate: domestic abuse and ending of assured shorthold tenancy. We continue to prioritise these households. As of October 2021, there were 17 households with children in B &amp; B. This number has increased over the last few months due to the reduced number of vacancies in temporary accommodation and difficulties accessing affordable accommodation in the private rented sector.</p> <p>Work continues the Next Steps Accommodation Programme (NSAP) 10 new properties have been purchased and we have supported a local housing association to bid for funds that purchased 3 additional properties with support. We have completed placements to all these properties. The relocatable units funded through NSAP are now on site. Occupation is anticipated late August / first week of September 2021. MHCLG announced a second phase of funding – Rough Sleeping Accommodation Programme (RSAP). We have submitted a bid and anticipate the results during June 2021. Funding will be used to continue the provision of additional accommodation and support for this cohort. Despite the challenges faced by developers to complete new affordable homes our target of 300 was surpassed with 301 new affordable becoming homes available in 20-21. Work will start in 21-22 to develop a new Dorset Council Housing Strategy to drive incremental improvements in access and provision of suitable housing for our residents.</p> <p>There is a direct cost to the Council for every household placed in B&amp;B accommodation in housing benefit top up. Additional temporary accommodation takes the pressure off B&amp;B placements and results in a cost avoidance.</p>			

**Risk Management Update Report**  
**Children's Services Directorate**

**Extreme and High-level Risks**

December 2021

## Extreme and High-Level Risks as of December 2021

<b>EXTREME</b>	None
<b>HIGH-LEVEL</b>	<p><b><u>Children's Care &amp; Protection</u></b></p> <p><b>Risk 104 - A lack of sufficiency and resilience (placements/residential/foster care) impacts negatively on the demands led budget for children in care</b> Accountable Officer - Assistant Director for Care &amp; Protection (Impact 4 Likelihood 4) No Change</p> <p><b>Risk 105 - Failure to keep children safe that are known to, or in the care of, Dorset Council</b> Accountable Officer - Assistant Director for Care &amp; Protection (Impact 4 Likelihood 3) No Change</p> <p><b>Risk 106 - Failure to understand and respond to the changing nature of exploitation results in a safeguarding failure</b> Accountable Officer - Corporate Director for Care &amp; Protection (Impact 4 Likelihood 3) No Change</p> <p><b>Risk 107 - Inadequate evidence base (including Partnership data) to determine service need for children's care and protection</b> Accountable Officer - Corporate Director for Care &amp; Protection (Impact 4 Likelihood 3) No Change</p> <p><b><u>Commissioning &amp; Partnerships</u></b></p> <p><b>Risk 277 - Insufficient availability of local placements and supported accommodation to meet local needs</b> Accountable Officer - Corporate Director for Commissioning &amp; Partnerships (Impact 4 Likelihood 3) No Change</p> <p><b>Risk 281 - Financial viability of nursery and after school provision unaffordable</b> Accountable Officer - Corporate Director for Commissioning &amp; Partnerships (Impact 3 Likelihood 4) No Change</p> <p><b>Risk 278 - Major safeguarding failure by placement providers</b> Accountable Officer - Corporate Director for Commissioning &amp; Partnerships (Impact 4 Likelihood 3) No Change</p> <p><b><u>Schools &amp; Learning</u></b></p> <p><b>Risk 272 - Failure to stabilise the budget for the High Needs Block</b> Accountable Officer - Corporate Director for Schools &amp; Learning (Impact 4 Likelihood 4) No Change</p>

## Management Update

### Children's Care & Protection

Risk104 - A lack of sufficiency and resilience (placements/residential/foster care) impacts negatively on the demands led budget for children in care				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director for Care & Protection	No Change	7 December 2021	<b>HIGH-LEVEL</b>	
			Impact	4
			Likelihood	4
<p>Update - Ensuring sufficient local placements for our children in care, closer to their families and communities, is a priority within our Strengthening Services for Children and Families Plan. We are continuing focused initiatives to further enhance our campaigns to promote Foster Care in Dorset, this has included social media and radio campaigns. We have an active group of Foster Carers and a recently formed Foster Carers association who are continually helping us to shape our services and support. We are also continuing to deliver our Looked After Children Reduction Strategy. This strategy explicitly states our commitment to reducing the number of children in our care.</p> <p>Current Controls: Early help strategy; Commissioning strategy for placements; performance management; prevention is a priority within the Children Families &amp; Young Peoples plan ensuring partner engagement; budgetary controls, monthly tracking and performance meetings and continued progress through the Strengthening Services plan.</p> <ul style="list-style-type: none"> <li>Sufficiency strategy to understand need and identify plans for increasing sufficiency</li> <li>Fostering service improvement board</li> <li>Improvements in Care Planning</li> </ul>				

Risk105 - Failure to keep children safe that are known to, or in the care of, Dorset Council				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Assistant Director for Care & Protection	No Change	8 December 2021	<b>HIGH-LEVEL</b>	
			Impact	4
			Likelihood	3
<p>Update - We are continuing work to further strengthen practice and services through our Strengthening Services for Children and Families Programme.</p> <p>Current Controls: Participation in sector improvement programme, self-assessment processes, improvement plans; Supervision processes; case file audits; performance management with report to CSLT/Safeguarding Overview and Scrutiny Committee; policies and process continuous improvement; case audits by peer groups/senior managers.</p>				

Risk106 - Failure to understand and respond to the changing nature of exploitation results in a safeguarding failure				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director for Care & Protection	No Change	8 December 2021	<b>HIGH-LEVEL</b>	
			Impact	4
			Likelihood	3
<p>Update - Our new Pan-Dorset Safeguarding Partnership arrangements are now in place including the appointment of a highly regarded and experienced chair as Independent Scrutineer. We, along with partners across Dorset have published our new Child Exploitation Strategy 2020-2022 setting out how together we will ensure an effective and coordinated response to children and young people at risk of, or linked to exploitation, identifying potential risk early to reduce risk and harm.</p> <p>Multi-agency strategy agreed and tactical group in place to oversee this work.</p> <p>Multi-agency tactical group meeting is held regularly to understand and share intelligence on exploitation locally.</p>				

Risk107 - Inadequate evidence base (including Partnership data) to determine service need for children's care and protection				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director for Care & Protection	No Change	9 December 2021	<b>HIGH-LEVEL</b>	
			Impact	4
			Likelihood	3
<p>Update - We are undertaking significant work to further strengthen practice and services through our Strengthening Services for Children and Families Programme. The developments in Business Intelligence are supporting us to understand and model service need and we will continue to develop this approach.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Business Intelligence Team is improving the approach to collection and sharing information</li> <li>Joint Strategic Needs Assessment completed</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>We are undertaking significant work to further strengthen practice and services through our Strengthening Services for Children and Families Programme</li> <li>The developments in Business Intelligence are supporting us to understand and model service need and we will continue to develop this approach</li> </ul>				

## Commissioning & Partnerships

Risk277 - Insufficient availability of local placements and supported accommodation to meet local needs.						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Commissioning & Partnerships	No Change	12 August 2021	<b>HIGH-LEVEL</b>			
			Impact	4	Likelihood	3
<p>Update - Ensuring sufficient local placements for our children in care closer to their families and communities and ensuring sufficient accommodation options for young people leaving care and other vulnerable young people is a priority within our Strengthening Services for Children and Families Plan. We have developed and published the Dorset Young People's Protocol between Housing and Children's Services, this is a joint protocol that describes how Housing and Children's Services will work together jointly to address the needs of 16- and 17-year-olds. Although there is increased local investment and plans in place to address long-term sufficiency, there remains several national challenges having an impact on sufficiency. These include quality concerns identified by Ofsted resulting in the restriction of new admissions in multiple settings, lack of sufficient availability of crisis mental health support including Tier 4 mental health beds, lack of secure welfare accommodation.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Development of local provision internally through the building of new children's residential provision</li> <li>Development of local provision internally through the repurposing of existing council premises for the provision of residential care</li> <li>Working with external providers to encourage the opening of new provision locally through offering lease arrangements on DC buildings</li> <li>Working with external providers to encourage the opening of new provision locally through sharing local intelligence on needs and supporting registration and consideration of block contracts where appropriate</li> <li>Developing our in-house fostering provision - increasing the timeliness of assessment and the quality of support</li> <li>Working with health colleagues to implement new models of crisis care for children experiencing poor mental health</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>Planning permission has been secured to build additional local residential provision.</li> <li>The placement sufficiency strategy was approved by Cabinet in January 2021 and is a 3-year plan for delivery of additional placements.</li> </ul>						

Risk281 - Financial viability of nursery and after school provision unaffordable						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Commissioning & Partnerships	No Change	16 December 2021	<b>HIGH-LEVEL</b>			
			Impact	3	Likelihood	4
<p>Update - The position of schools and early years settings is such that full DfE grant income continues to be made available irrespective of opening status. There are some pressures on school budgets that are covered by exceptional DfE grants. Early years settings are commercial settings and have in some cases responded by closure and furlough. Other settings are working closely with the Council to ensure they remain viable. The financial viability of settings has been further impacted by Covid and there is some uncertainty over demand because of furloughing. There is new support coming from the DfE on Holiday Provision and Wrap around support, so we are undertaking some further analysis of the requirements and impact of this.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Childcare Sufficiency Strategy has been completed to identify childcare needs</li> <li>Work is now underway to review the nursery provision</li> <li>Financial support has been secured through Contain Outbreak Management Fund to offset additional costs associated with Covid</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>There is new support coming from the DfE on Holiday Provision and Wrap around support, so we are undertaking some further analysis of the requirements and impact of this.</li> </ul>						

Risk278 - Major safeguarding failure by placement providers						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Commissioning & Partnerships	No Change	12 August 2021	<b>HIGH-LEVEL</b>			
			Impact	4	Likelihood	3
<p>Update - Regular contract management is in place as part of regional and local frameworks. Due diligence on providers takes place prior to making a placement through checking of Ofsted reports and location risk assessments. We have appointed a QA officer to work with operational services to identify early warning signs that can be addressed with providers. Ofsted Assurance visits have increased and are identifying poor practice.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Due diligence checks prior to making placements</li> <li>Regular contract review meetings</li> <li>Visits by social workers, IROs and other professionals</li> <li>QA of Reg 44 visits</li> <li>Monitoring of Ofsted assurance visit reports and notifications of restrictions and closures</li> </ul>						



## Schools & Learning

Risk272 - Failure to stabilise the budget for the High Needs Block						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Schools & Learning	No Change	18 August 2021	<b>HIGH</b>			
			Impact	4	Likelihood	4
<p>Update - Failure to stabilise the pressures in the HNB budget will result in a further increase in the deficit in the DSG. Legally this deficit sits with the DSG and is not part of the LAs budget, however, this does not absolve the LA of working with all schools to support actions to create an inclusive culture of support for pupils with additional and special educational needs in all Dorset schools.</p> <p>Work is being undertaken to move to early intervention and support for families across Dorset; to identify pupil needs earlier so that remedial support can be put in place quickly and thus try to stop expensive support later; to create specialist support in all schools and highly specialist support in local schools to reduce the need for pupils to be placed in the independent sector.</p> <p>Mitigation</p> <ul style="list-style-type: none"> <li>• Work is being undertaken to move to early intervention and support for families across Dorset; to create specialist support in all schools and highly specialist support in local schools to reduce the need for pupils to be placed in the independent sector.</li> <li>• We are in the process of writing a high needs strategy document, with further recommendations which will be discussed with Schools Forum representatives early in the Autumn Term and will be presented to Cabinet and the wider Schools Forum before Christmas 2021.</li> </ul>						

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# Risk Management **Update Report**

## **Corporate Services**

### **Extreme and High-level Risks**

December 2021

# Corporate Services

## Extreme and High-Level Risks as of December 2021

EXTREME

**Risk 286 - Loss of ICT service or data through a cyber-attack**

Accountable Officer - Head of ICT Operations  
(Impact 5 Likelihood 5) No Change

**Risk 348 - There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure**

Accountable Officer - Head of ICT Operations  
(Impact 5 Likelihood 4) No Change

### Finance

**Risk 345 - There is a risk that DC will not comply with the Procurement Regulations (UK Law) or Contract Procedure Rules if business areas fail to seek advice from, or have early engagement with, the Commercial & Procurement Team**

Accountable Officer - Service Manager for Commercial & Procurement  
(Impact 3 Likelihood 4) No Change

**Risk 346 - There is a risk that DC will not attain best value through procurement activity and effective contract management if business areas fail to seek advice from, or have early engagement with, the Commercial & Procurement Team**

Accountable Officer - Service Manager for Commercial & Procurement  
(Impact 3 Likelihood 4) No Change

### Human Resources & Organisational Development

**Risk 359 - There is a risk that Schools will cease buying DC HR services, leading to a reduction in income into service and associated impact on service delivery from the wider service**

Accountable Officer - Service Manager for HR Operations  
(Impact 4 Likelihood 3) No Change

**Risk 349 - There is a risk that the HR Manager Self-Service model is inconsistently applied across the council by managers**

Accountable Officer - Service Manager for HR Operations  
(Impact 3 Likelihood 5) No Change

**Risk 358 - There is a risk that the review of terms and conditions may impact on the retention of key skills within the council**

Accountable Officer - Corporate Director for Human Resources  
(Impact 4 Likelihood 3) No Change

### Legal & Democratic Services

**Risk 212 - Inadequate information governance culture and framework and culture (policy; training; monitoring etc) results in a significant data breach**

Accountable Officer - Service Manager for Assurance  
(Impact 3 Likelihood 4) Improving Risk

**Risk 388 - Unable to sustain Assurance service due to prolonged pressures (increasing caseloads; pandemic etc)**

Accountable Officer - Service Manager for Assurance  
(Impact 3 Likelihood 5) No Change

**Risk 393 - Information Compliance - Inadequate "data protection by design and default" culture and processes**

Accountable Officer - Service Manager for Assurance  
(Impact 4 Likelihood 3) New Risk

HIGH-LEVEL

## Business Insight & Corporate Communication

### **Risk 317 - Policy work slower than required (Chief Exec's)**

Accountable Officer - Head of Chief Exec's Office  
(Impact 3 Likelihood 4) No Change

### **Risk 344 - There is a risk that teams/services/directorates breach the Equality Act 2010 by failing to assess the impact of service changes, new policies, and projects on people with protected characteristics**

Accountable Officer – Senior Leadership Team  
(Impact 3 Likelihood 4) No Change

### **Risk 316 - Value for money work doesn't progress (Chief Exec's)**

Accountable Officer - Head of Chief Exec's Office  
(Impact 3 Likelihood 4) No Change

### **Risk 314 - Lack of ability to focus on core campaigns (Comms)**

Accountable Officer - Chief Executive and Service Manager for Communications and Engagement  
(Impact 3 Likelihood 4) New Risk

### **Risk 315 - Burn out of team members due to volume of work (Comms and Chief Exec's)**

Accountable Officer – Head of Chief Exec's Office, Service Manager for Communications and Engagement and Service Manager for Business Intelligence and Performance  
(Impact 3 Likelihood 4) New Risk

## Digital & Change

### **Risk 326 - Failure to deliver savings from transformation - The efficiency and savings programme and associated the transformation programme are not delivered including the failure to deliver financial savings**

Accountable Officer - Corporate Director - Digital & Change  
(Impact 4 Likelihood 3) New Risk

## Corporate Management Team

### **Risk 385 - Failure to deliver the medium-term financial plan leads to service cuts**

Accountable Officer - Corporate Service Management Team  
(Impact 5 Likelihood 3) New Risk

### **Risk 377 - Failure to understand the impact of government policy changes on future service delivery**

Accountable Officer - Corporate Service Management Team  
(Impact 4 Likelihood 4) New Risk

### **Risk 378 - Failure to inspire a future generation of political leaders**

Accountable Officer - Corporate Service Management Team  
(Impact 5 Likelihood 3) New Risk

### **Risk 379 - Conflict between delivering aspirations from the Council plan and ongoing Covid response demands**

Accountable Officer - Corporate Service Management Team  
(Impact 4 Likelihood 4) New Risk

HIGH-LEVEL

## Management Update

### Finance and Commercial

Risk345 - There is a risk that DC will not comply with the Procurement Regulations (UK Law) or Contract Procedure Rules if business areas fail to seek advice from, or have early engagement with, the Commercial & Procurement Team						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Commercial & Procurement	No Change	18 July 2021	<b>High-Level</b>			
			Impact	3	Likelihood	4
Controls - Communication about the role of the commercial and procurement team is in development. Lead and development of the Commercialisation Programme (Being more commercially minded). Procurement Forward Plan. The programme will expand existing training and develop new offers to include on-line modules / resources within the Learning Hub - Commercially Minded.						

Risk346 - There is a risk that DC will not attain best value through procurement activity and effective contract management if business areas fail to seek advice from, or have early engagement with, the Commercial & Procurement Team.						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Commercial & Procurement	No Change	19 July 2021	<b>High-Level</b>			
			Impact	3	Likelihood	4
Controls - Communication about the role of the commercial and procurement team is in development. Lead and development of the Commercialisation Programme (Being more commercially minded). Procurement Forward Plan. The programme will expand existing training and develop new offers to include on-line modules / resources within the Learning Hub - Commercially Minded.						

### HR and OD

Risk359 - There is a risk that Schools will cease buying DCHR services, leading to a reduction in income into service and associated impact on service delivery from the wider service.						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for HR Operations	No Change	27 July 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3
Update - Will impact on our ability to continue to fund services delivered to DC, due to c£400k of income underpinning costs of resources in teams/roles supporting DC services. Continued increase in large MAT's, in line with Govt direction, increases likelihood that schools will convert to larger MAT's, where direct employment of HR resources is more viable/common, resulting in schools ceasing to buy into DCHR Services.						
Controls - Continued focus on service improvement and promotion of DCHR Services, including added value offered as being part of LA and specialists in supporting educational settings with people management matters.						

Risk349 - There is a risk that the HR Manager Self-Service model is inconsistently applied across the council by managers						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for HR Operations	No Change	17 August 2021	<b>High-Level</b>			
			Impact	3	Likelihood	5
Update - Will impact on individual and collective decision making leading to a range of impacts from administrative errors to lengthy and expensive employee relations disputes - Lack of clarity around role of managers in dealing with people management matters and willingness of managers to engage in this way of working, potentially influenced by experience or lack of confidence in dealing with people management matters.						
Controls Monitoring of volume of managers working outside of current self-service model, with escalation of any patterns or areas of concern. Work underway to introduce improvements to systems and process (i.e., DES, Recruit) to simplify common tasks performed by managers.						

Risk358 - There is a risk that the review of terms and conditions may impact on the retention of key skills within the council.						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Corporate Director for Human Resources	No Change	27 July 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3
Update - Without incurring significant additional cost to the council, it will be difficult to introduce a set of terms and conditions for all employees that will not see any reduction in terms in some areas, which may lead to employees deciding to leave the council (i.e., potential reduction in annual leave for Social Workers).						
Controls - Engagement with directorate leads to understand the potential impact of changes to terms and conditions on different elements of the workforce. Early engagement with TUs. Full consideration of different implementation options.						

## ICT Operations

Risk286 - Loss of ICT service or data through a cyber-attack			
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating
Head of ICT Operations	No Change	16 September 2021	<b>Extreme</b>
			Impact   5   Likelihood   5
<p>Update - Countermeasures for this risk can be split into 2 categories, Likelihood reduction and Impact reduction.</p> <p>Likelihood reduction: Reducing the likelihood of an attack requires multiple layers of protection around the infrastructure and staff accounts. This is known as the 'defence in depth' principle.</p> <p>Implemented mitigations: Phishing/Social Engineering – Around 80% of successful attacks are caused by successful phishing attacks. This would usually be staff being tricked into providing their username and password or downloading malicious software to their work computer. Cyber Security awareness training helps staff identify fraudulent emails and phone calls and reduces the likelihood of being tricked into this type of attack. This control is in place and needs maturing.</p> <p>Multifactor Authentication – Multifactor authentication is a technical control that requires staff to provide additional information to log into a system. This helps protect accounts from compromise even if the username and password is known. This reduces the likelihood of complete account compromise in some situations even where the account password is known.</p> <p>Conditional Access – Only allows account access if certain conditions are met. Defines when multifactor is required to log in.</p> <p>Vulnerability Management – identifies vulnerabilities in technology. Reduces likelihood by enabling ICT Operations to proactively resolve vulnerabilities before they are exploited in an attack.</p> <p>Further planned impact reduction mitigations:</p> <ul style="list-style-type: none"> <li>Security Event and Incident Management (SEIM) – Assists with the detection of an attack or a breach. Can reduce the impact of a breach by detecting it earlier. This capability is being installed.</li> <li>Immutable backup – This is a 'backup of last resort' and is specifically intended to provide a countermeasure to a ransomware attack. Immutable backups provide a read only copy of data that would be difficult to compromise during a ransomware attack and would enable the Council to recover data if primary systems had been compromised.</li> </ul> <p>The longer a vulnerability, cyber-attack or breach is left uncontrolled the more damage can be done. Permanent total data loss, Citizen data released on the internet, blackmail. Data gathered can be used by the threat actors to launch social engineering attacks on the residents of Dorset with information stolen from the Council. Application rationalisation (Likelihood) will reduce the total number of vulnerabilities in the infrastructure therefore reducing the attack surface of the council. Target score is 12 with optimal controls in place.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Cyber Awareness Training (Likelihood) – Awareness training is provided using a 3rd party service and includes content on phishing activities. The product also runs an automated phishing simulation emails to all staff and provides reports indicating susceptibility to phishing emails over time.</li> <li>Conditional Access (Likelihood) – Conditional Access technologies are in place to protect staff account identities. Conditional Access has been implemented,</li> <li>Vulnerability Management (Likelihood) – Capabilities have been implemented and are being matured.</li> <li>Security Event and Incident Management (Impact) - Capabilities have been implemented and are being matured.</li> </ul>			

Risk348 - There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure.			
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating
Head of ICT Operations	No Change	19 July 2021	<b>Extreme</b>
			Impact   5   Likelihood   4
<p>Update - Inadequate ICT service continuity capabilities, planning, training, and testing results in delayed ability to recover ICT services supporting critical business functions in the event of a disruption.</p> <p>Controls - People - Current counter measures are based on the experience and previous procedures used in the former DCC. Whilst these procedures were effective, they have not been updated for Dorset Council. The principles will work however some of the specific details will be out of date. Current technology convergence makes baselining and testing impractical.</p>			

## Legal & Democratic Services

Risk212 - Information compliance - Insufficient policies and procedures aimed at helping the organisation to comply with its data protection obligations results in a poor information compliance culture						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Assurance	Improving Risk	10 December 2021	High-Level			
			Impact	3	Likelihood	4
<p>Update - The Shaping Dorset Council programme included a workstream on information governance to ensure that key policies and processes were harmonised, which has transformed into an Information Governance working group since 1 April, chaired by the Senior Information Risk Officer. The Information Compliance team are formulating an action plan, which will be owned by the board. Capacity in the information compliance team has been challenging, with team resources focussed on "firefighting" Freedom of Information; Subject Access Requests and Data Breaches, leaving limited time to move forward strategic information governance improvements. A business case to increase capacity was approved by SLT and recruitment is underway. A fully resourced team will be able to provide greater focus on strategic information compliance issues.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Portfolio of information governance policies</li> <li>GDPR training</li> <li>Information Governance Group</li> <li>Information Governance Action Plan</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>Additional resourcing to be recruited, following approval of business case</li> </ul>						

Risk388 - Information Compliance - Insufficient uptake of data protection training and inadequate awareness of statutory obligations						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Assurance	No Change	10 December 2021	High-Level			
			Impact	3	Likelihood	5
<p>Update - The mandatory data protection eLearning module was revised in early 2021. As of December 21, completion levels remain disappointing (50%), although are showing a steady improvement. Managers can monitor completion rates within their teams via the learning portal. Completion of data protection training is one of the KPIs included within monthly performance monitoring, owned by the HR &amp; OD team.</p>						

Risk393 - Information Compliance - Inadequate "data protection by design and default" culture and processes						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Assurance	New Risk	10 December 2021	High-Level			
			Impact	3	Likelihood	4
<p>Update - Work is necessary to embed a culture of Data Protection Impact Assessments for any transformational change proposals</p>						

## Business Insight & Corporate Communication

Risk317 - Policy works slower than required (Chief Exec's)						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Head of Chief Exec's Office	No Change	11 May 2021	High-Level			
			Impact	3	Likelihood	4
<p>Update - Resource issues. Results in lack of corporate oversight of key council policies, horizon scanning and funding opportunities</p>						

Risk344 - There is a risk that teams/services/directorates breach the Equality Act 2010 by failing to assess the impact of service changes, new policies, and projects on people with protected characteristics						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Senior Leadership Team	No Change	19 July 2021	High-Level			
			Impact	3	Likelihood	4
<p>Update - This is a risk because a) we are going through a period of significant service change and transformation b) understanding of equality legislation is inconsistent across the workforce and c) we are implementing a new process for assessing equality impacts. The risk is of a successful judicial review resulting in financial penalties and reputational damage Information Governance Action Plan</p> <p>Controls - EDI training is mandatory for all employees</p> <p>Mitigation - Additional resourcing to be recruited, following approval of business case</p>						



Risk316 - Value for money work doesn't progress (Chief Exec's)				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Chief Exec's Office	No Change	11 May 2021	<b>High-Level</b>	
			Impact	3   Likelihood   4
Update - Resource issues to deliver the work now. May result in lack of focus on areas where we are not delivering value for money - Currently discussing whether SWAP may be able to provide some resource - Investigate other resourcing options.				

Risk314 - Lack of ability to focus on core campaigns (Comms)				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Chief Executive and Service Manager for Communications and Engagement	New Risk	11 May 2021	<b>High-Level</b>	
			Impact	3   Likelihood   4
Update - Reactive, responses constantly required throughout the pandemic resulting in inability to resource full range of campaigns to support council priorities - Weekly (and sometimes daily) work prioritisation - Work with the team to identify workable solutions e.g., splitting reactive and proactive work to specific individuals.				

Risk315 - Burn out of team members due to volume of work (Comms and Chief Exec's)				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Chief Exec's Office; Service Manager for Business Intelligence and Performance; Service Manager for Communications and Engagement	New Risk	11 May 2021	<b>High-Level</b>	
			Impact	3   Likelihood   4
Update - During pandemic response, both teams have been working above and beyond and there is a danger that this becomes normalised - Supporting colleagues and signposting them to support tools that the council provides, encouraging people to take leave - Be clearer with colleagues in frontline services about what we can and can't do. Work with them to prioritise key activity.				

## Digital & Change

Risk326 - Failure to deliver savings from transformation - The efficiency and savings programme and associated the transformation programme are not delivered including the failure to deliver financial savings.				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Director - Digital & Change	New Risk	17 May 2021	<b>High-Level</b>	
			Impact	4   Likelihood   3
Update - Transformation Programme in place focussed on delivering agreed financial targets. Financial monitoring arrangements strengthened and integrated into budgetary control. Governance arrangements in place to report and monitor the realisation of savings. Review of financial forecasts at MTFP - effective project management to realise savings and ensure appropriate staffing levels within projects.				
Control - Treat – continue with the activity and bring the risk to an acceptable level				

## Corporate Management Team

Risk385 - Failure to deliver the medium-term financial plan leads to service cuts				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Corporate Service Management Team	New Risk	24 November 2021	<b>High-Level</b>	
			Impact	5   Likelihood   3
Update – Management response to be developed				

Risk377 - Failure to understand the impact of government policy changes on future service delivery				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Senior Leadership Team	New Risk	11 November 2021	<b>High-Level</b>	
			Impact	4   Likelihood   4
Update - Identified by CSLT 13 September 2021 - Controls <ul style="list-style-type: none"> <li>Continue to work closely with MPs</li> <li>Continue monitoring all government consultations</li> <li>Develop relationships with Peers living in Dorset</li> <li>Engage with CCN's Policy and Strategy Group</li> </ul>				

Risk378 - Failure to inspire a future generation of political leaders						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Senior Leadership Team	New Risk	11 November 2021	<b>High-Level</b>			
			Impact	5	Likelihood	3
Update - Management response to be developed						

Risk379 - Conflict between delivering aspirations from the Council plan and ongoing Covid response demands						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Senior Leadership Team	New Risk	11 November 2021	<b>High-Level</b>			
			Impact	4	Likelihood	4
Update - Management response to be developed						

# **Risk Management Update Report**

## **Place Directorate**

### **Extreme and High-level Risks**

December 2021

# Place

## Extreme and High-Level Risks as of December 2021

EXTREME

### Waste Commercial and Strategy

**Risk 381 - Cost of contracted services (HRCs operation, transportation) increases when retendered**

Accountable Officer - Head of Commercial Waste and Strategy  
(Impact 5 Likelihood 4) New Risk

### ASSETS & PROPERTY

**Risk 201 - Climate change effects on sea level rise and uncertainty could lead to low lying areas such as Weymouth being uneconomic to defend**

Accountable Officer - Service Manager for Major Projects  
(Impact 4 Likelihood 3) Improving Risk

**Risk 138 - Breach of health and safety at an occupied premise (Directorate Duty Holder**

Accountable Officer - Head of Assets & Property  
(Impact 4 Likelihood 3) No Change

### Economy Infrastructure and Growth – DORSET TRAVEL

**Risk 362 - LOSS OF STRATEGIC PUBLIC ROUTE Loss/severe reduction of key public transport route(s) - e.g., no longer commercially viable, change to bus operator strategic direction - now made worse by COVID**

Accountable Officer - Service Manager for Travel Operations  
(Impact 3 Likelihood 4) New Risk

**Risk 368 - PSVAR Coaches used on school transport (where there are some paying passengers) will be non-compliant by end of 2021**

Accountable Officer - Service Manager for Travel Operations  
(Impact 3 Likelihood 4) No Change

**Risk 364 - OVERHANGING TREES Unviability of school bus routes caused by failure to cut back overhanging trees and vegetation (e.g., those operated by First Wessex and others)**

Accountable Officer - Service Manager for Travel Operations  
(Impact 3 Likelihood 4) New Risk

### Economy Infrastructure and Growth – HIGHWAYS

**Risk 84 - Failure to deliver a safe and suitable alternative to the current arrangements for Wareham Level Crossing**

Accountable Officer - Service Manager for Infrastructure & Assets  
(Impact 4 Likelihood 4) No Change

**Risk 73 - Failure to attract funding for asset maintenance**

Accountable Officer - Service Manager for Infrastructure & Assets  
(Impact 4 Likelihood 3) No Change

**Risk 292 - Winter Service budget pressures**

Accountable Officer - Service Manager for Network Operations  
(Impact 4 Likelihood 3) No Change

**Risk 63 - Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (e.g., budget reductions, climate change)**

Accountable Officer - Service Manager for Network Operations  
(Impact 4 Likelihood 3) No Change

### Economy Infrastructure and Growth – PLANNING

**Risk 141 - Changes to national planning policy led to delays to prep of the Local Plan Review**

Accountable Officer - Head of Planning  
(Impact 4 Likelihood 3) No Change

**Risk 194 - Lack of five-year housing land supply, or failure to meet Housing Delivery Test, means that policies are considered out of date and there is risk of having to allow more applications and of losing planning appeals**

Accountable Officer - Service Manager for Spatial Planning  
(Impact 3 Likelihood 4) No Change

HIGH-LEVEL

GROWTH & ECONOMIC REGENERATION**Risk 228 - Changing funding landscape and ability to secure investment funding for Dorset**

Accountable Officer - Service Manager for Growth & Economic Regeneration  
(Impact 3 Likelihood 4) No Change

**Risk 231 - Securing sufficient and appropriate skills and resources through restructuring of service to deliver DC economic growth strategy**

Accountable Officer - Service Manager for Growth & Economic Regeneration  
(Impact 4 Likelihood 3) No Change

Management Team**Risk 375 - Gap exists between amount of available resource and ability to deliver statutory demand**

Accountable Officer - Place Management Team  
(Impact 4 Likelihood 3) New Risk

**Risk 373 - An inability to recruit into key / critical posts**

Accountable Officer - Place Management Team  
(Impact 3 Likelihood 4) New Risk

Commercial Waste & Strategy**Risk 293 - Failure to secure capital to develop and maintain waste infrastructure**

Accountable Officer - Head of Commercial Waste and Strategy  
(Impact 4 Likelihood 3) No Change

**Risk 382 - Change of regulations leads to higher cost of waste treatment**

Accountable Officer - Head of Commercial Waste and Strategy  
(Impact 4 Likelihood 4) New Risk

**Risk 208 - Gaining sites and planning to provide infrastructure leads to failure to deliver service**

Accountable Officer - Head of Commercial Waste and Strategy  
(Impact 4 Likelihood 4) No Change

**Risk 209 - Change of government policy through the new DEFRA national waste strategy could impact what, and how, waste is collected and increasing costs**

Accountable Officer - Head of Commercial Waste and Strategy  
(Impact 4 Likelihood 3) No Change

**Risk 211 - Failure to maintain high recycling and therefore waste diverted to more expensive disposal - Accountable Officer -**

Head of Commercial Waste and Strategy (Impact 4 Likelihood 3) No Change

Place Based Services – COMMUNITY & PUBLIC PROTECTION**Risk 190 - Significant Health and Safety incident / accident investigation and subsequent prosecution taking significant officer time away from normal duties resulting in lack of resource and risk to public health along with significant legal costs for the council**

Accountable Officer - Service Manager for Food, H&S and Port Health  
(Impact 4 Likelihood 3) No Change

Place Based Services – WASTE & OPERATIONS**Risk 62 - Traffic Commissioner Revoking, Curtailing, Suspending or Restricting DCC's Operators Licence (Goods and/or Passenger Carrying Operators Licence)**

Accountable Officer - Head of Waste & Operations  
(Impact 4 Likelihood 3) No Change

**Risk 83 - PUWER Regulations - non-compliance of PUWER Regulations (H&S Provision and Use of Work Equipment Regulations 1998)**

Accountable Officer - Head of Waste & Operations  
(Impact 4 Likelihood 4) No Change

## Management Update

### ASSETS & PROPERTY

#### Engineering & Special Projects

Risk201 - Climate change effects on sea level rise and uncertainty could lead to low lying areas such as Weymouth being uneconomic to defend						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Engineering & Special Projects	Improving Risk	9 December 2021	High-Level			
			Impact	4	Likelihood	3
Update - Latest inter-governmental guidance is used when designing coast defences, design life of 50 years. Shoreline Management plan review – agree to use managed realignment of coastline in areas. May have to design coastal defences for 100 years life and accept increased costs of doing so. May have to relocate coastal communities. Work with, not against, nature. Further bids to Defra and others to increase funding above EA thresholds for erosion management and flood defence works. 100-year plan being developed for Weymouth in conjunction with Environmental agency.						
Controls - Use latest inter-governmental guidance when designing coast defences, design life of 50 years. Shoreline Management plan review						

Risk138 - Breach of health and safety at an occupied premise (Directorate Duty Holder)						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Head of Assets & Property	No Change	9 December 2021	High-Level			
			Impact	4	Likelihood	3
Update - Many sites now have a nominated Premises Responsible Person. However, restructuring of services and a adoption of Corporate Landlord model has reduced local understanding of the Directorate Duty Holder Strategy. The strategy is ratified and DDH nominees have been identified. Grenfell Tower fire has implicated the need for a review of fire safety and specific review of individual property risks.						
Comply with DCLG/DFES requests for information/complete our own fire risk reviews additionally and implement actions arising.						

#### Economy Infrastructure and Growth – DORSET TRAVEL

Risk362 - ADULT SAFEGUARDING Major safeguarding incident arises on adult transport due to lack of supervision						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Travel Operations	New Risk	10 December 2021	High-Level			
			Impact	3	Likelihood	4
Update - Providing revenue support to a public route beyond our current position would have significant financial implications – not just for one route, but for others in the network. This would need careful consideration and support from Cabinet. National Bus Strategy project has raised the profile and commitment to public transport in Dorset, so should lower the risk of sudden loss of routes. Slow recovery from COVID. a lack of confidence in public transport and reduction in government funding support is making it difficult for operators to maintain service levels at pre COVID frequencies.						
No available transport for children, so they can't get to school (if using this route); General public can't get to employment or key services; Financial cost if we must support continuation of the route; Reputational damage to the Council if we fail to react. Long lasting impact of COVID has meant passenger numbers are not recovering very quickly, which in turn may result in lower frequency or complete loss of some routes.						
Controls - Lobbying government for more funding support for bus companies - through ATCO and through Portfolio Holder Provision of interim financial support (COVID emergency funds or de minimis payments).						
Mitigation - Seek out sources of additional developer funding that may support the route. Tender route through Dynamic Purchasing System (DPS). Explore options to increase operator re-imburement rate for ENCTS. Work closely with operator and other key stakeholders to assess possible options.						

Risk368 - PSVAR Coaches used on school transport (where there are some paying passengers) will be non-compliant by end of 2021						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Travel Operations	New Risk	10 December 2021	High-Level			
			Impact	3	Likelihood	4
Update - There has been an agreement to delay enforcement until the end of 2021. In addition, there is a further option to allow 50% of services to be non-compliant for another 2 years after that. Letter from DfT on 6th July indicated that the deadline for compliance will be March 2022. Still waiting to hear if there will be any change in the government's approach to this issue as it presents a major challenge to most Las.						

Some school transport operators will no longer be able to operate school services; DC may be forced to change policy around charging for surplus seats - which would affect both DC and operator finances; Other associated challenges and issues could arise from any changes to policy. Mitigation Actions - Ensure that all transport operators affected by this have suitable contingency plans in place by end of 2021. Create options report to help with decision making.

**Controls**

- Lobbying government through ATCO
- Interim plan required between March and July this year
- Seek decision from Councillors on this
- Liaison with other LAs in South West

**Mitigation**

- Ensure that all transport operators affected by this have suitable contingency plans in place by end of 2021
- Create options report to help with decision making

**Risk364 - OVERHANGING TREES** Unviability of school bus routes caused by failure to cut back overhanging trees and vegetation (e.g., those operated by First Wessex and others)

Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Travel Operations	New Risk	10 December 2021	<b>High-Level</b>			
			Impact	3	Likelihood	4

Update - First have reconfigured the vehicles allocated to their routes so that there are fewer double decker's. Downgraded from 12 to 6 on 21st Aug 2017. Emergency tree work around Netherbury, Loders and Rampisham has resulted in more use of double decker. Other bus companies are also experiencing problems on routes - Yellow Bus and Damory. The Arb team have a backlog of 300 incidents to deal with. Recent storms have made matters worse.

First Wessex may withdraw from the contract if they deem the costs of additional vehicles is too high - service delivery, financial and reputational risk; Retendering these routes may result in a sharp increase in costs of school transport; School children may be put at risk from vehicles impacting with branches if they insist on using double decker's on unsuitable routes - safety and reputational risk; Children may be late to school if there is damage and other problems arising from tree damage - delivery and reputational risk; Legal challenge from other operators if DC are seen to be subsidising First Wessex to mitigate the impact on their operation.

**Controls**

- Dorset Travel have procured a specialist tree cutting vehicle
- We need maps from operators detailing most critical locations for tree cutting

**Mitigation**

- Facilitate communication and cooperation between First and DC's Highways and Arboriculturally teams
- Establish clear understanding amongst all parties of the problem tree locations and the scale of work and timeframes involved
- Get a detailed and practical back up plan from First Wessex on how they will deliver their routes using alternative vehicles at the start of the school term.
- Instigate emergency tree cutting where necessary
- Provide additional financial support for extra vehicles on routes affected

**Economy Infrastructure and Growth – HIGHWAYS**

**Risk84 - Failure to deliver a safe and suitable alternative to the current arrangements for Wareham Level Crossing**

Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Infrastructure & Assets	No Change	15 November 2021	<b>High-Level</b>			
			Impact	4	Likelihood	4

Update - Dorset Council assumed responsibility from Dorset County Council (DCC) to manage the pedestrian level crossing in Wareham. The lease agreement between Network Rail and Dorset Council for the level crossing runs until 2038; this crossing will close in 2038 as per the terms of the lease. If no suitable alternative is delivered before 2038 Dorset Council would be found to be breaching Equalities legislation. In 2008/9 The Office for Road and Rail (ORR) raised safety concerns with the pedestrian level crossing in Wareham. The ORR stated that mitigating measures had to be put in place or they would force the closure of the crossing. As a result, DCC paid for the provision of security guards at the crossing to improve compliance and safety at the crossing. In more recent years, following an additional review by the ORR the crossing has been managed with electronic gates closed by security guards when a train is approaching. The crossing is currently managed between 6am and 1am (19hours) seven days a week. The provision of security staff is provided by third party contractors STM Security Ltd. The crossing is locked closed between 1am and 6am each day. Network Rail and the Council have tried twice before to resolve this by proposing ramped bridges adjacent to the existing footbridge but failed to obtain planning permission from the then Purbeck District Council owing to local objections. The crossing continues to be a financial commitment with ongoing reputational concerns as there is no suitable alternative means for all to cross the rail lines if the crossing is closed – there is a stepped footbridge adjacent to the crossing. A parallel footway/cycleway along the A351 is being explored in the area to address an existing network deficiency.

There remains commitment from Dorset Council and Network Rail to finding a resolution. Commitment from central government appeared more likely following a visit by the Minister for Rail to the site and meeting with key stakeholders on 23 January 2020. The Minister for Rail

stated that he was committed to finding a solution and that safety and accessibility were of paramount importance which would likely mean that a degree of compromise is required when considering suitable alternatives.

Network Rail have agreed to explore and exhaust all possible technological options for providing an automated level crossing, however, it is more likely that an alternative step free route over the rail lines will be the most viable solution. Nov 2021 - No definitive permanent plans are proposed, or funding secured for a suitable alternative. Michael Tomlinson MP is lobbying Network Rail and Transport Minister for a solution and funding. Procurement of level crossing security contract in August 2021 to make revenue savings for council to continue to deliver service.

- This has been an ongoing issue for 25 years. Network Rail have tried twice before to resolve this but failed due to planning issues.
- Currently costing the authority £120,000 per year for security guards (with costs rising).
- Introduce ramps, with crossing fenced off, and removal of security guards.
- Continued lobbying and negotiations with Network Rail.
- Implement main recommendation of ramped solution.
- Open public meeting held in the evening chaired by MP. Ramp proposal met with overwhelmingly hostile local reaction.
- Working to modify Network Rail asset, the existing bridge, has triggered more demanding NR assurance requirements.
- Introduction of ramps (main recommendation) failed to get planning permission.
- Access for All funding bid by South West Railways and Network Rail for DfT funding to install lifts failed.
- The crossing continues to be a high risk for safety, continuing financial commitment and reputational damage. Risk being realised with recent crossing incidents, lack of attendants and crossing closure.

**Cause:**

- Failure to get planning agreement.
- Failure to get agreement on funding.
- Lack of Member/Cabinet support.
- Opposition from Town Trust, etc.

**Consequence:**

- Closure of crossing by Office of Road & Rail.
- Legal action against DC.
- Death.
- Serious injury.
- Reputational damage.
- Financial impact - either due to incidents or ongoing maintenance/management.
- Negative publicity.
- Customer dissatisfaction.
- Public liability claims.

**Controls**

- Security guards in place (at cost to DC).
- Active programme in place to deliver alternative arrangements;

**Risk73 - Failure to attract funding for asset maintenance**

Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Infrastructure & Assets	No Change	15 November 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3

Update - The new HAMP/AMP review will help us to understand whole life cost better. Inspection regimes for cycleway schemes are needed where we are legally responsible for their upkeep. We are not going to be allowed to charge commuted sums for SUDs adoption.

**Further actions:**

- Development of the HAMP.
- Working with WSP and other authorities to share best practice and create a document for bidding purposes.
- Changes to processes so future maintenance funding is considered when bidding for funds
- Cycleway assets - digitised in a way that allows defects to be assigned in confirm.
- Avoid over specifying schemes.
- Develop inspection regime for cycleways.
- Design schemes in the most suitable/low maintenance way.
- More robust contractual agreements where we are funding assets/equipment used by 3rd parties (i.e., so they cannot be moved out of the county, etc).
- Nov 2021 - £6.3M secured for maintenance activities from corporate capital programme for 2021/22. Bid submitted to CSAM for £6.3M for 2022/23, awaiting outcome.

**Cause:**

- Shortfalls exist in funding for future maintenance of current assets, with no commuted sums for newly constructed assets.
- Designing features which impact on future maintenance.



- Central Government focus on walking and cycling leading to construction of new infrastructure is increasing the need for DC to allocate maintenance funds to these assets.

Consequences:

- Increased future maintenance liability.
- Inability to maintain new assets
- Adverse publicity and damage to service reputation.
- Negative impact on budgets.
- Increase pressure on staff.
- Commuted sums.
- Maintenance funds to be directed to footways / cycleways.
- This is an unknown quantity that comes from the revenue budget. The burden is placed on the capital budget to cover anything over and above the revenue budget.

Risk292 - Winter Service budget pressures				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Service Manager for Network Operations	No Change	11 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   3
<p>Update - The legal position relating to the Highway Authority's responsibility in respect of the winter service is set out in an amendment to Section 41(1) Highways Act 1980 (c.66) (duty of highway authority to maintain the highway). (1A) details that a highway authority is under a duty to ensure, so far as is reasonably practicable, the safe passage along a highway is not endangered by ice or snow. The current budget provision to the Highway Service is suitable to cover the cost of normal salting operations and up to 24 hours of snow clearance. There is no budget allocation to the service to cover the cost of snow clearance beyond this point.</p> <p>Clarity has been requested from the Corporate Director for Economic Growth and Infrastructure that the required budget provision will be provided or that any operational costs will be met corporately should they be realised. It has been confirmed that this provision would be made from the Sever Weather Fund held outside of the service.</p> <p>The current budget provision to the Highway Service is suitable to cover the cost of normal salting operations and up to 24 hours of snow clearance. There is no budget allocation to cover the cost of snow clearance beyond this point. Seasonal variations has led to up to 5 days of snow clearance over the winter period in recent years.</p>				

Risk63 - Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (e.g., budget reductions; climate change)				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Service Manager for Network Operations	No Change	11 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   3
<p>Update - Service levels have reduced due to reductions in highways revenue funding which severely impacted on drainage maintenance and pothole repairs. We have assessed ourselves as Band 3 status for 2020/21, therefore secured the full allocation from the Department for Transport's Incentive Fund (£2.2million). But under investment in revenue maintenance funding has contributed to a reduction in scores for some questions, to Band 2, specifically relating to drainage and pothole repairs. To have dropped into Band 2 overall, would have resulted in a loss of £1.5million. The Highways EAP have made recommendations to Cabinet to reinstate essential maintenance funding. Further submissions for central government funding will be made as and when the opportunities arise. Further actions: Highway maintenance revenue budget report; Annual business cases for capital investment in highway maintenance; Develop a risk-based approach to cyclic drainage maintenance; Further bids for extra funds from central government, and other sources, where appropriate.</p> <p>Deliver Action Plan to achieve full available funding from DfT incentivised funding</p> <p>Cause: Adverse weather conditions; Under investment in highways infrastructure from central government and DC funding - now and in the future (future maintenance liabilities); Incentivised element of maintenance black funding from DfT has been increased by another year, uncertainty of funding mechanism from April 2022 onward; Lack of political support for local funding allocation; Lack of capacity to respond to necessary repair work at times of crisis/peak work periods; Reduction in funding without changes in ways of working; Increase in weight, size &amp; volume of traffic; Lack of development of systems/evidence tools; Lack of staff motivation impacts adversely on the work undertaken; Lack of staff capacity to manage insurance claim administration within desired timescales; Unable to adapt to climate change;</p> <p>Consequence: Negative impact on the council's reputation; Inability to rely on Section 58 defence; Potential increase in claims costs; Road network not fit for purpose; Negative economic impact on the area; Negative impact on self-insurance arrangements; Negative impact on staffing capacity to respond to complaints/FOI requests, etc (failure demand); Customer dissatisfaction; Higher cost of reactive maintenance, rather than long term repairs; Challenges under S56 of Highways Act (noticed served to maintain a area of highway); Increasing needs based budget; Potential increase to safety risk;</p> <p>Controls - Highways Climate Change Risk Register; Structural maintenance programme; Amended inspection processes; Risk based inspection regime; Use of innovative repair techniques; Compiled asset management strategy Highways Asset Management Plans Volume One &amp; Volume Two; Highway Maintenance Policy; Achieved 'Band 3' status in DfT incentive fund giving us 100% of a available funding from 2017 until 2021; Executive Advisory Panel set-up to seek additional capital and revenue funding with drainage and proactive maintenance.</p>				

## Economy Infrastructure and Growth – PLANNING

Risk141 - Changes to national planning policy led to delays to prep of the Local Plan Review						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Head of Planning	No Change		High-Level			
			Impact	4	Likelihood	3
Update -						

Risk194 - Lack of five-year housing land supply, or failure to meet Housing Delivery Test, means that policies are considered out of date and there is risk of having to allow more applications and of losing planning appeals						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Spatial Planning	No Change	25 March 2021	High-Level			
			Impact	3	Likelihood	4
Update - Ensure that new local plan allocates a good supply of sites against the targets, that there is a variety of sites and that they have a good chance of delivery. Ensure local plan is progressed at intended speed. Ensure that the issue is clearly explained to planning committee members and that we allow applications where appropriate, where we do not have the five-year supply.						
Controls - Adopted local plans across area, though not all up to date; Five-year land supply carefully monitored across all plan areas. Proactive approach working with developers to try to bring sites forward (though needs significant resource); External funding e.g., for Gillingham site; Giving appropriate weight to housing land supply in decisions on applications, allowing more where it is appropriate; Ensuring that we make sufficient development land allocations in new local plan, and that they are deliverable and viable sites.						

## GROWTH & ECONOMIC REGENERATION

Risk228 - Changing funding landscape and a ability to secure investment funding for Dorset						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Growth & Economic Regeneration	No Change		High-Level			
			Impact	3	Likelihood	4
Update - Further actions - Collation and evaluation of evidence and preparation of schemes and business cases						
Control - Establish economic growth strategy and priorities for Dorset, aligned with Dorset LEP and BCP						

Risk231 - Securing sufficient and appropriate skills and resources through restructuring of service to deliver DC economic growth strategy						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Growth & Economic Regeneration	No Change		High-Level			
			Impact	4	Likelihood	3
Update - Further actions - Informed restructuring process						
Control - Informed restructuring process						

## Management Team

Risk375 - Gap exists between amount of available resource and a ability to deliver statutory demand						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Place Management Team	New Risk	17 August 2021	High-Level			
			Impact	4	Likelihood	3
Update - Risk identified during July 2021 risk workshop with the Place Management Team. Management update and mitigation action plan to be delivered by Risk Owner. Place provides several statutory services. Increasing demand and/or pressures on financial resources mean that there is a risk of a gap in the level of resource available and the statutory service delivery requirements. This risk is mitigated within the service budget by prioritising statutory service functions over discretionary ones.						

Risk373 - An inability to recruit into key/ critical posts						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Place Management Team	New Risk	10 December 2021	High-Level			
			Impact	3	Likelihood	4
Update - New risk identified at Place Management Team risk workshop in July 2021. Pressure points are: <ul style="list-style-type: none"> <li>Highways - Driver shortages – Capacity within our supply chain is significantly reduced. However, by Christmas 21 it is expected that 8-10 additional drivers will have completed training. In addition, sickness levels remain low in comparison to historic figures.</li> <li>Waste – Driver shortages – High levels of disruption in Q2 which are especially reflected within missed collections performance indicators.</li> </ul>						

## Place Based Services – COMMERCIAL WASTE & STRATEGY

Risk293 - Failure to secure capital to develop and maintain waste infrastructure				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Commercial Waste and Strategy	No Change	18 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   3
Update - Waste services property forms an integral part of the Place Service depot review. Representation on the group will highlight the ongoing and future pressure on the service and importance of increasing capacity across sites.				

Risk381 - Cost of contracted services (HRCs operation, transportation) increases when retendered				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Commercial Waste and Strategy	New Risk	18 November 2021	<b>Extreme</b>	
			Impact	5   Likelihood   4
Update - Current contract will expire in 2024. Prices have increased (labour, fuel) and high uncertainty of recycled prices are likely to increase prices when the service is retendered.				

Risk382 - Change of regulations leads to higher cost of waste treatment				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Commercial Waste and Strategy	New Risk	18 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   4
Update - Changes to regulations regarding Persistent Organic Pollutants (in domestic furniture and electronic equipment) and hazardous wood waste requires additional separation of materials and higher disposal costs.				

Risk208 - Gaining sites and planning to provide infrastructure leads to failure to deliver service.				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Commercial Waste and Strategy	No Change	18 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   4
Update - Update - Two major projects are currently ongoing. A central waste management centre in Blandford, where planning permission has been submitted. A site search in the East of the county has been completed for a new HRC and the long list of sites is being reviewed to generate a short list of sites.				
A waste infrastructure review has been completed to provide a baseline of requirements. This fed into the recent property review of depots across Dorset, however more work is required in this area across the Council.				
Controls				
<ul style="list-style-type: none"> <li>Worked with waste planning authority to identify and safeguard sites to meet our needs through the Waste Local Plan.</li> <li>Working with neighbouring authorities for continued use of facilities. Contingency plans identified in all waste contracts.</li> </ul>				

Risk209 - Change of government policy through the new DEFRA national waste strategy could impact what, and how, waste is collected and increasing costs				
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating	
Head of Commercial Waste and Strategy	No Change	18 August 2021	<b>High-Level</b>	
			Impact	4   Likelihood   3
Update - Extended Producer Responsibility for Packaging (EPR) in the UK consultation, A Deposit Return Scheme (DRS) for drinks containers in England, Wales and Northern Ireland consultation and The Consistency of materials collected for recycling for households and businesses in England consultation.				
There will be further consultations around minimum collection standards released later this year which will be enforced nationally.				
The key areas of concern for these consultations are:				
<ul style="list-style-type: none"> <li>How Dorset will receive the income from the producers through the EPR reform- what do they deem to be an efficient and effective service. It's not currently clear whether we will get full net cost recovery for packaging waste. Furthermore, it's likely Government be looking to remove the level of funding DC receives from EPR in the next spending review- so this isn't new money to the Council and creates lots of uncertainty around budgeting.</li> <li>Free garden waste collections- we strongly oppose this position as it will be a significant cost to Dorset council that we don't believe will be fully covered under new burdens, and it will also increase our environmental impact.</li> </ul>				
Control - Active engagement through consultation responses. Involvement with national bodies.				

Risk211 - Failure to maintain high recycling and therefore waste diverted to more expensive disposal						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Head of Commercial Waste and Strategy	No Change	18 August 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3
<p>Update - Ensure continued investment in communication and educational resources. Waste growth has increased at the kerbside as a direct result of Covid-19. More residents have been working from home and as such Dorset, together with all other local authorities, has seen an increase in waste arisings at the kerbside. There is a risk that the current increase in waste growth due to the pandemic and resulting shift to home working will continue as this change in working habit becomes normalised. This continued growth has potential to adversely affect our recycling rate and lead to increased costs in disposal. The recycling team are continuing their various projects to reduce waste and maintain high recycling performance (see controls and mitigation sections).</p> <p>Controls - Extensive communication and education plan to include communal improvement project, container messaging, side waste reduction trial, enhanced home compost bin subsidies, real nappys starter packs, free caddy liner trials and 'right stuff, right bin' messaging. Replacement vehicle programme to ensure waste is collected and public continue to support service.</p> <p>Mitigation - Continue to promote educational campaigns focussing on waste reduction and reuse, such as home composting, reducing food waste, using real nappies etc. Also, we will continue to promote the 'right stuff, right bin' campaign to maintain and increase material capture rates for recycling and composting. Use the new in cab BARTEC system to help further drive efficiencies from the existing R4D service. Continue with the development of a central strategic waste transfer station and a new HRC in the East of the county to support our reuse, recycling, and composting activities.</p>						

### Place Based Services – COMMUNITY & PUBLIC PROTECTION

Risk190 - Significant Health and Safety incident / a accident investigation and subsequent prosecution taking significant officer time away from normal duties resulting in lack of resource and risk to public health along with significant legal costs for the council.						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Service Manager for Food, H&S and Port Health	No Change	9 August 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3
<p>Update - As required staff who are managing a significant case will have other statutory duties passed to team members who will prioritise work to concentrate on high-risk premises. Further Action - Ensure that staffing numbers and capacity is sufficient to carry out significant investigation work without impacting on other statutory work. Working with Trading Standards on proceeds of crime action. Ensure sufficient resource for legal support as appropriate.</p> <p>Controls - Work prioritisation</p>						

### Place Based Services – WASTE & OPERATIONS

Risk62 - Traffic Commissioner Revoking, Curtailing, Suspending or Restricting DCC's Operators Licence (Goods and/or Passenger Carrying Operators Licence)						
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating			
Head of Waste & Operations	No Change	13 July 2021	<b>High-Level</b>			
			Impact	4	Likelihood	3
<p>Update - Whilst the Council's Risk Compliance Score remains Green, a targeted inspection from the Traffic Commissioners has highlighted several improvements required. This has prompted an audit of our fleet operations (undertaken by the Freight Transport Association) and a resulting action plan which has been submitted to the Traffic Commissioner. A failure to demonstrate improvement risks the O Licence being revoked, curtailed, suspend or restricted, which would impact significantly on our ability to deliver critical services as well as severe reputational damage. The Executive Director for Place is receiving monthly compliance reports.</p> <p>Further actions - Action plan has been submitted and accepted by the Office of the Traffic Commissioner for the Goods licence. The Office of the traffic Commissioner has granted a period of 3 months grace on the PSV licence for a named transport manager to be added to the licence.</p> <p>Controls</p> <ul style="list-style-type: none"> <li>Planned inspection &amp; maintenance regime</li> <li>Quality Assurance system for all statutory MOT tests</li> <li>Drivers issued with DCC Drivers Code of Practice</li> <li>Daily Defect Reporting System: Drivers issued with Drivers Hours Books and Tachograph cards</li> <li>Training, guidance, tools to ensure compliance for drivers operating under EU Drivers Hours Regulations</li> <li>Provide education &amp; driver training where applicable</li> <li>Evidence of non-compliance reported to Senior Managers</li> <li>Monitoring driver hours and rest periods; Fleet Compliance Officers audits</li> </ul>						

Risk83 - PUWER Regulations - non-compliance of PUWER Regulations (H&S Provision and Use of Work Equipment Regulations 1998)			
Accountable Officer	Direction of Travel	Last Reviewed	Risk Rating
Head of Waste Operations	No Change	13 July 2021	<b>High-Level</b>
			Impact   4   Likelihood   4
<p>Update - There is a clear visual view to identify if individual plant items comply with the control measures. Each depot has a tagging colour scheme poster available to all operators. The system is simple and effective. Fleet will continue to monitor and audit the process to ensure compliance is consistent and maintained, with support from H&amp;S. Countryside service is to start the first round of PUWER checks in February using the new process.</p> <p>Highways have completed the first round of 6 monthly checks in October and no items are outstanding.</p> <p>Highway's compliance is excellent and is totally compliant. Countryside are struggling currently, but Fleet are aware of additional resources to catch up with the situation. Admin resources have been trained to implement the documents that are currently sat on desks. Fleet wave is showing 299 records from the Countryside service awaiting completed PUWER inspection sheets.</p> <p>Emails sent out explaining the current risk to the authority. Countryside and grounds are increasing the number of staff to carry out PUWER checks. Fleet Service to instruct on the practical checks and supply training on the Fleet Wave system to the nominated staff.</p> <p>The risk has changed to red due to the current situation. Audit of the system has resulted in 381 items of Countryside plant waiting for a PUWER sheet and the Fleet wave system to be updated. 80 items for Highways also in the same situation. The system was 95% compliant, but due to the current situation this has greatly reduced to 55% compliant. Update - the outstanding PUWER inspections have been completed from the previous scheduled programme. The next programmed 6-monthly PUWER inspections are currently in operation and will report on outstanding items not actioned next month.</p> <p>Cause: Failure to follow inspection schedule; Users using items out of schedule inspection date; No precise inventory of items available. Consequence: Reputational damage; Financial penalties; Increased visits from H&amp;S Executive; Serious injury; Legal actions taken against DCC Negative publicity; Negative impact on staff morale.</p> <p>Controls:</p> <ul style="list-style-type: none"> <li>• Use Fleet wave system to record information</li> <li>• PUWER checks carried out by trained members of staff close to the location of the items</li> <li>• Network of external maintenance providers supporting Fleet Services</li> <li>• Any plant not fitted with current in-date PUWER label will be removed by the H&amp;S team</li> <li>• 5-year schedule for recorded items of plant, with notifications sent to manager/site agent and the person identified to carry out the inspection</li> <li>• Precise inventory of items available - always updating, with managers to ensure staff supply the required information</li> <li>• Automated email informing manager of scheduled PUWER inspection now operating</li> <li>• Storeman in highways has been assessed to carry out PUWER inspections, with access given to Fleet wave and training to enable them to update PUWER data at source</li> <li>• Completed PUWER sheets scanned into Fleet wave attached to relevant job card, removing requirement to hold a paper copy</li> <li>• New plant items are being added to the system by all service reflecting that the system is working as expected</li> </ul>			

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## Risk Ranking Matrix identifies the level of risk

<b>Severity (Impact)</b>	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Slight	2	4	6	8	10
	Limited	1	2	3	4	5
		Very Unlikely	Unlikely	Possible	Likely	Certain
<b>Likelihood (Probability)</b>						

## Risk Ranking Matrix identifies the level of risk

<b>Severity (Impact)</b>	<b>Catastrophic</b> Score 5	Multiple deaths of employees or those in the Council's care; Inability to function effectively, Council-wide; Will lead to resignation of Chief Executive and/or Leader; Corporate Manslaughter charges; Service delivery must be taken over by Central Government; Front page news story in National Press; Financial loss over £10m
	<b>Major</b> Score 4	Suspicious death in Council's care; Major disruption to Council's critical services for more than 48hrs; Noticeable impact achieving strategic objectives; Will lead to resignation of Senior Officers and/or Cabinet Member; Adverse coverage in National press/Front page news locally; Financial loss £5m-£10m
	<b>Moderate</b> Score 3	Serious Injury to employees or those in the Council's care; Disruption to one critical Council Service for more than 48hrs; Will lead to resignation of Head of Service/Project Manager; Adverse coverage in local press; Financial loss £1m-£5m
	<b>Slight</b> Score 2	Minor Injury to employees or those in the Council's care; Manageable disruption to services; Disciplinary action against employee; Financial loss £100k-£1m
	<b>Limited</b> Score 1	Day-to-day operational problems; Financial loss less than £100k

<b>Likelihood (Probability)</b>	<b>Certain</b> Score 5	Reasonable to expect that the event <b>WILL</b> happen, recur, possibly or frequently
	<b>Likely</b> Score 4	Event is <b>MORE THAN LIKELY</b> to occur. Will Probably happen, recur, but is not a persisting issue.
	<b>Possible</b> Score 3	<b>LITTLE LIKELIHOOD</b> of event occurring. It might happen or recur occasionally.
	<b>Unlikely</b> Score 2	Event <b>NOT EXPECTED</b> . Do not expect it to happen or recur, but it is possible that it might do so.
	<b>Very Unlikely</b> Score 1	<b>EXCEPTIONAL</b> event. This will probably never happen or recur.

<b>Level of Risk</b>	<b>EXTREME</b> (20-25)	<p>Risks at this level sit above our tolerance and form the biggest risks.</p> <p>Risks at this level sit above the tolerance of the Council and are of such magnitude that they form the Council's biggest risks.</p> <p>The Council is not willing to take risks at this level and action should be taken immediately to manage the risk.</p>
	<b>HIGH-LEVEL</b> (12-16)	<p>The Council is not willing to take risks at this level and action should be taken immediately.</p> <p>These risks are within the upper limit of risk appetite. While these risks can be tolerated, controls should be identified to bring the risk down to a more manageable level where possible.</p>
	<b>MEDIUM</b> (5-10)	<p>While these risks can be tolerated, controls should be identified to bring the risk down to a more manageable level.</p> <p>These risks sit on the borders of the Council's risk appetite and so while they don't pose an immediate threat, they are still risking that should remain under review. If the impact or likelihood increases, then risk owners should seek to manage the increase</p>
	<b>LOW</b> (1-5)	<p>These risks sit on the borders of the Council's risk appetite and so while they don't pose an immediate threat, they are still risking that should remain under review.</p> <p>These are low level risks that could impede or hinder a achievement of objectives. Due to the relatively low level, it is unlikely that additional controls will be identified to respond to the risk.</p> <p>Minor level risks with little consequence but not to be overlooked completely.</p>



## **Audit & Governance Committee 17 January 2022 Appointment of External Auditors**

### **For Recommendation to Council**

**Portfolio Holder:** Cllr G Suttle, Finance, Commercial & Capital Strategy

**Local Councillor(s):** All

**Executive Director:** A Dunn, Executive Director, Corporate Development

Report Author: Richard Ironside  
Title: Senior Accountant (Capital/Tech/Tax)  
Tel: 01305 221237  
Email: richard.ironside@dorsetcouncil.gov.uk

**Report Status:** Public

#### **Recommendation:**

That Audit & Governance Committee recommend that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023 (option 3, section 11.1 c) below). The relevant Full Council meeting is scheduled for 15 February 2022.

#### **Reason for Recommendation:**

The Council has a statutory responsibility to appoint an External Auditor to audit its accounts. By March 2022 all local government bodies will need to make a decision about their external audit arrangements for the period commencing from the financial year 2023/24. See section 10.5 for details.

#### **1. Executive Summary**

The purpose of this report is to summarise arrangements for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24 until 2027/28. The requirement for these arrangements also applies to the Dorset Pension Fund.

## **2. Financial Implications**

There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market. These are risks facing the system as a whole rather than either of the procurement options open to the Council.

Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible and weighted for the majority of the sector rather than the result of an individual procurement exercise, while ensuring the best available quality of audit is maintained, by entering into a large-scale, collective procurement arrangement.

If the national scheme is not used, additional resource will be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

## **3. Well-being and Health Implications**

None specifically in this paper.

## **4. Climate implications**

None specifically in this paper.

## **5. Other Implications**

Legal implications

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Section 8 governs the procedure for appointment including that the council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant council is a local council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the council under those arrangements.

Section 12 makes provision for the failure to appoint a local auditor. The council must immediately inform the Secretary of State, who may direct the council to

appoint the auditor named in the direction or appoint a local auditor on behalf of the council.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

## **6. Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Medium

Residual Risk: Low

The principal risks are that the Council:

- a) fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- b) is unable to appoint an auditor if we choose to do our own procurement, given the national shortage of audit capacity, and all the capacity may already be allocated to the PSAA tender; or
- c) does not achieve value for money in the appointment process.

These risks are considered best mitigated by opting into the sector-led approach through PSAA.

## **7. Equalities Impact Assessment**

N/A for this report.

## **8. Appendices**

Appendix 1 - Details and overview of the external auditor appointment process.

## **9. Background Papers**

In September 2021, the PSAA formally invited all principal local government bodies to opt into the sector led scheme for the second appointing period, which will provide external audit arrangements for the financial year commencing 2023/24. A copy of the prospectus can be found on the PSAA website at the link below:

<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/page/2/>

## **10. Background and summary**

10.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and the arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.

10.2 As part of the arrangements, the Secretary of State specified the Public Sector Audit Appointments (PSAA) as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. The PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national sector led scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts entered into with the audit firms.

10.3 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The predecessor councils for Dorset Council all opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. Deloitte LLP were appointed for each predecessor council, and these arrangements continued into the appointment for Dorset Council as from 1 April 2019 under Local Government Reorganisation (LGR) for the remainder of the period until 2022/23. Nationally, of 493 eligible local bodies, 484 opted into the PSAA scheme.

10.4 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

10.5 The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:

- a) collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller, local procurements;
- b) if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent

members to oversee a local auditor procurement and ongoing management of an audit contract;

- c) it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- d) supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
- e) The council does not incur costs for using PSAA procurement. The cost to the council will be through audit fees charged by the successful bidder for the audit work undertaken.

10.6 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at Full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

## **11. Procurement of External Audit for the period 2023/24 to 2027/28**

11.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council is required to appoint an auditor to audit its accounts for each financial year. The council has three options;

- a) Option 1: To appoint its own auditor, which requires it to follow the procedure set out in the Act;
- b) Option 2: To act jointly with other authorities to procure an auditor following the procedures in the Act;
- c) Option 3: To opt in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

11.2 In order to opt in to the national scheme, a council must make a decision at a meeting of the Full Council.

11.3 Please see Appendix 1 for details and an overview of the external auditor appointment process.

## **12 The invitation**

12.1 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Details relating to PSAA's invitation are provided as a link to the PSAA web site in section 9 above for background papers.

## **13 The way forward**

13.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole), except where the authority is a corporation sole.

13.2 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).

13.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

13.4 The recommendation is for Dorset Council to proceed under option 3 as above, for the reasons given in this report.

### **Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

## **Appendix 1 - Details and overview of the external auditor appointment process**

### **1. The Appointed Auditor**

1.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

1.2 The auditor must act independently of the Council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

1.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) and employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

1.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA), during the course of the next audit contract.

1.5 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

### **2. Appointment by the Council itself or jointly appointing**

2.1 The Council may elect to appoint its own external auditor under the Act, which would require the Council to;

a) Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.

b) Manage the contract for its duration, overseen by the Auditor Panel.

2.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

### **3. The national auditor appointment scheme**

3.1 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

3.2 In summary the national opt-in scheme provides the following:

- a) the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- b) appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- c) managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- d) ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- e) minimising the scheme management costs and returning any surpluses to scheme members;
- f) consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- g) consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and



h) ongoing contract and performance management of the contracts once these have been let.

#### **4. Pressures in the current local audit market and delays in issuing opinions**

4.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

4.2 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government:

- a) Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- b) the Competition and Markets Authority review of the audit market;
- c) Sir Donald Brydon's review of the quality and effectiveness of audit;
- d) and Sir Tony Redmond's review of local authority financial reporting and external audit.

The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

4.3 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid

for. As a result, many more fee variation claims have been needed than in prior years.

4.4 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.

4.5 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

## **5 The next audit procurement**

5.1 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- a) seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- b) continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- c) continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 PSAA returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

5.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

5.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)<sup>1</sup>, the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

5.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

## **6 Assessment of options and officer recommendation**

6.1 If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.

6.2 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

6.3 These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council is unable to influence the scope of the audit and the regulatory regime inhibits the council's ability to affect quality.

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<sup>1</sup> MHCLG's Spring statement proposes that overarching responsibility for Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

6.4 The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

6.5 The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.

6.6 The recommended approach is therefore to opt in to the national auditor appointment scheme.



## AUDIT AND GOVERNANCE (HEARING) SUB-COMMITTEE

### MINUTES OF MEETING HELD ON WEDNESDAY 1 DECEMBER 2021

**Present:** Cllrs Matthew Hall, Jon Orrell and Richard Biggs

**Apologies:** There were no apologies for absence

**Also present:** Mr Powell (Independent Person)

**Officers present (for all or part of the meeting):**

Grace Evans (Head of Legal Services and Deputy Monitoring Officer), Mr R Greene (Investigating Officer) and Susan Dallison (Democratic Services Team Leader)

**51. Election of Chairman**

It was proposed by Cllr R Biggs, seconded by Cllr J Orrell

Decision

That Cllr M Hall be elected Chairman.

**52. Declarations of Interest**

There were no declarations of interest.

**53. Hearing Sub-Committee Terms of Reference and Dorset Council Member Complaint Process**

Members of the Sub-committee noted the Terms of Reference and the Complaint Process.

**54. Urgent Items**

There were no urgent items of business.

**55. Exempt Business**

The Chairman asked the parties present if they objected to the hearing being held in open session. As there were no objections the meeting was held in public.

56. **Code of Conduct Complaint 1**

The Investigating Officer, Roger Greene informed the Sub-committee that he had asked both parties to meet with him and to provide any documents or evidence relevant to the complaint, however both parties had declined. The Investigating Officer presented his report, the main issue addressed in the report was whether or not Cllr G Lewis was acting on behalf of Portland Town Council when the incident, involving the delivery of letters to Mr Frampton took place. The Portland Town Clerk was very clear on the matter and had confirmed that Cllr G Lewis was not acting on behalf of Portland Town Council when delivering the letter to Mr Frampton (the complainant). The Portland Town Council Code of Conduct contained a clear provision that the code did not apply to a councillor if the councillor was not acting on behalf of the Town Council. The Investigation Report therefore concluded that there was no breach of the Code of Conduct.

Mr Powell, the Independent Person stated that in the light of the evidence presented to the Sub-committee he agreed with the findings of the Investigating Officer that there was no breach of the Code of Conduct.

Members of the Sub-committee asked about the letter that had been delivered to Mr Frampton, in response the Investigating Officer stated that the Town Council Clerk had confirmed that there had been no official correspondence from the Town Council to deliver to Mr Frampton. Mr Frampton had not provided the Investigating Office with a copy of the letter.

The Deputy Monitoring Officer advised the members of the Sub-committee that they needed to make a decision on the facts before them, even though the councillor and the complainant were not present. The Sub-committee needed to consider, whether based on the evidence, was the councillor acting in her capacity as a town councillor at the time that the incident took place and she referred members to the LGA Code and the guidance that might help with where the law would see the difference between acting as a councillor and acting in a personal capacity.

At that point the Sub-committee moved into private session to make a decision.

On having returned to the Council Chamber the Chairman of the Sub-committee, Cllr M Hall read out the following decision:

**Decision**

Having heard from the investigating officer and having read all of the papers, and having taken account of the view of the Independent Person, the committee has made a decision to agree with the recommendation of the Investigating Officer and find that there has been no breach of the Code. The committee agreed there was insufficient evidence to show that the councillor complained of was carrying out council business or representing the council at the time of the alleged behaviour. As a result, the committee agreed the

members' code of conduct did not apply at the time of the alleged behaviour and so there is no breach.

The committee expressed concern that neither the complainant nor the councillor fully engaged with the investigation of the complaint and neither attended the hearing.

In accordance with our complaints process there is no right of appeal.

### **Appendix - Decision Notice**

**Duration of meeting:** 10.00 - 11.00 am

**Chairman**

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## Audit and Governance Committee Forward Plan 2021

Date of Meeting	Item	Purpose / Key lines of Enquiry	Lead Councillor and Officer
<b>17 January 2022</b>			
	Quarterly Risk Management Update	Update Report	Portfolio Holder – Cllr Spencer Flower Officer contact – Marc Eyre
	Internal Audit Progress Report	Progress report	Portfolio Holder – Cllr Spencer Flower Officer contact- Sally White - SWAP
	Dorset Council Statement of Accounts		Portfolio Holder – Cllr Gary Suttle External Auditor – Deloitte Officer contact – Aidan Dunn
	Procurement of External Auditors from 1 <sup>st</sup> April 2023 (5 years)		Portfolio Holder – Cllr Spencer Flower Officer contact – Richard Ironside

<b>Date of Meeting</b>	<b>Item</b>	<b>Purpose / Key lines of Enquiry</b>	<b>Lead Councillor and Officer</b>
<b>21 February 2022</b>			
	Future of the Revenues & Benefits Service		Officer contact – Jim McManus
	LGA Finance Peer Review – Monitor Performance Action Plan		Officer contact – Jim McManus
<b>Date of Meeting</b>	<b>Item</b>	<b>Purpose / Key lines of Enquiry</b>	<b>Lead Councillor and Officer</b>
<b>11 April 2022</b>			
	Quarterly Risk Management Update	Update Report	Portfolio Holder – Cllr Spencer Flower Officer contact – Marc Eyre
	Internal Audit Annual Report & Internal Audit Planning Report	Annual Report	Portfolio Holder – Cllr Spencer Flower Officer contact- Rupert Bamberger – SWAP Sally White - SWAP
	Annual Governance Statement	Annual Report	Portfolio Holder – Cllr Spencer Flower Officer contact – Marc Eyre
<b>Date of Meeting</b>	<b>Item</b>	<b>Purpose / Key lines of Enquiry</b>	<b>Lead Councillor and Officer</b>

<b>Date of Meeting</b>	<b>Item</b>	<b>Purpose / Key lines of Enquiry</b>	<b>Lead Councillor and Officer</b>
<b>September 2022</b>			
	Review of Agency & Consultancy Spend	Annual Report	Portfolio Holder – Cllr Spencer Flower Officer contact – Marc Eyre

**Other items raised by Audit and Governance Committee requiring further consideration**

<b>Issue</b>	<b>Notes</b>	<b>Date raised</b>
Workforce stress / mental health issues	The committee have raised this as a potential area of work but note that it is linked to current transformation work	At committee on 7 November 2019
How Dorset Council holds and shares information	<p>It is understood that some work is being undertaken in this area.</p> <p>A councillor workshop on the Dorset Council transformation programmes is being held on 10 January 2020. The suggestion is that councillors attend this session and following this, the committee give further consideration to whether any further work is required in this area</p>	At committee on 7 November 2019
Schedule of debt	Jim Mcmanus agreed to produce a schedule of debt and the areas in the Capital Budget funded by borrowing.	At pre-meeting on 8 February 2021

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