

Audit and Governance Committee

25 September 2023

Risk Management Update

For Review and Consultation

Portfolio Holder: Cllr S Flower, Leader of the Council

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

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Report Status: Public

Brief 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. The Senior Leadership Team own strategic risk management, with an agreed risk management framework and appetite statement both of which set out the Council's commitment. The focus of this report is to provide an overview of the highest level risks identified within the service risk registers.

Recommendation: That Audit and Governance Committee note the key risks identified in the risk registers, with escalation to Scrutiny Committees where appropriate.

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. Report

- 1.1 A [PowerBI dashboard](#) has been developed by colleagues within the Business and Intelligence team that helps to present improved graphical focus and accessible information surrounding risk management across directorates and teams.
- 1.2 There are ten strategic risk themes informed by operational service level risks owned by Heads of Service and Service Managers.

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

- 1.3 Councillors can view the full schedule of risks by theme from [this link](#).
- 1.4 Both the People and Health Scrutiny Committee and Place and Resources Scrutiny Committee consider the detail of individual risks. The role of Audit and Governance Committee is to satisfy itself over the adequacy of the risk management framework.
- 1.5 As reported at the October 2022 Committee meeting, an action plan has been developed to respond to recommendations from the South West Audit Partnership review of the Council's risk management arrangements. This report recognised that the Council has developed and refined a functional system of risk management between officers and elected members, and that stakeholders cited the support provided positively. However, it was recognised that further work was necessary to embed risk management across services, which presented resourcing challenges.
- 1.6 A recruitment process has recently been concluded for a Risk Management and Reporting Officer, who will be working within the Business Intelligence and Performance team. Once they have commenced duties at the beginning of October 2023 work can commence

on the key actions identified within the SWAP report will commence, after a period of role familiarisation. This includes:

- A review of the Council's risk appetite;
- Reviewing and rolling out further training for risk owners;
- Enabling a process of peer challenge of risk scoring;
- Ensuring a consistent process of review and challenge across all Directorates.

1.7 With the absence of a dedicated risk management resource since June, it is noted that there is a higher proportion of risks that have not been reviewed within the last quarter. The responsibility for update rests with individual risk owners rather than the risk function, but this demonstrates the need for regular prompts and challenge. A key change to note however is that four of the property related risks previously showing as "Extreme" and discussed at previous meetings have now been downgraded to reflect positive improvements in the risk profile.

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. Climate Implications

None specifically, however the risk register itself identifies several climate related risks.

4. Well-being and Health Implications

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

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 A provides an update on those High-level risks which are currently identified within the Council's risk register.

7. Equalities Impact Assessment

None specifically, however the risk register itself identifies several equality related risks.

8. Appendices

Appendix A - Summary of Extreme Risks

9. Background Paper

None

APPENDIX A

Audit and Governance Committee

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Risk Management Exception - Quarterly Update Report

Extreme Risks

14 September 2023

Impact	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
Likelihood						

Assessing Likelihood

In assessing likelihood, the following 1 to 5 scoring system is to be followed:

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

Assessing Impact

In assessing Impact, the following 1 to 5 scoring system is to be followed:

Impact	Catastrophic 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
	Major 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
	Moderate 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
	Slight 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
	Limited Score 1	Day-to-day operational problems; Financial loss less than £100k

- The full Services Risk Register can be viewed from this link [HERE](#)
- And the PowerBI risk dashboard from [HERE](#)

OVERALL RISK SUMMARY – As at 14 September 2023

		Likelihood					14% Overdue Review
		Very unlikely	Unlikely	Possible	Likely	Certain	
Impact	Catastrophic	0	6	8	4	1	
	Major	3	49	22	23	0	
	Moderate	14	48	90	14	0	
	Slight	0	85	18	9	2	
	Limited	1	1	0	1	0	

People Directorate for [Adults and Housing](#)

Impact	Likelihood				
	Very unlikely	Unlikely	Possible	Likely	Certain
Catastrophic	0	0	0	0	0
Major	0	1	4	3	0
Moderate	2	9	9	2	0
Slight	0	8	0	2	0
Limited	0	0	0	0	0

22%

Overdue Review

Adults and Housing Extreme Risks - None

People Directorate for [Children's Services](#)

Impact	Likelihood				
	Very unlikely	Unlikely	Possible	Likely	Certain
Catastrophic	0	1	1	1	0
Major	0	3	4	1	0
Moderate	0	2	3	1	0
Slight	0	4	2	2	0
Limited	0	1	0	0	0

31%

Overdue Review

Children's Services Extreme Risks

[Schools & Learning](#)

- Risk 272 - Failure to stabilise the budget for the High Needs Block

Public Health

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	0	1	0	0
	Major	0	0	0	0	0
	Moderate	0	0	7	1	0
	Slight	0	0	0	1	0
	Limited	0	0	0	0	0

20%
Overdue Review

Public Health Extreme Risks - None

Corporate Services

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	0	1	2	0
	Major	0	18	6	4	0
	Moderate	3	9	38	8	0
	Slight	0	42	10	4	0
	Limited	1	0	0	0	0

10%
Overdue Review

Corporate Services Extreme Risks

ICT Operations

- Risk 286 - Loss of ICT service or data through a cyber-attack
- Risk 348 - There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure

Place Directorate

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	5	5	1	1
	Major	3	27	8	15	0
	Moderate	9	28	33	2	0
	Slight	0	31	6	0	2
	Limited	0	0	0	1	0

12%

Overdue Review

Place Extreme Risks

Assets & Regeneration

- Risks 703 – Failure to identify and manage any Radon exposure across the Dorset Council property estate

Place Based Services – COMMERCIAL WASTE & STRATEGY

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