

Audit and Governance Committee

22 July 2024

Risk Management Update

For Review and Consultation

Cabinet Member and Portfolio:

Cllr N Ireland, Leader of the Council

Executive Director:

A Dunn, Executive Director, Corporate Development

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Report Status: Public

Brief Summary: The continual development and promotion of risk management is integral to strong performance, business continuity, compliance and delivering strong outcomes for the residents of Dorset. Strong risk management with a clear understanding and governance of strategic and operational risks will ensure that Dorset Council remains well placed to demonstrate that objective and informed decisions are being taken. The senior leadership team (SLT) owns strategic risk management, with an agreed risk management framework and policy 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, as well as provide an overview of the processes and work that has been implemented within the last 6 months to drive enhancements in risk management processes.

Recommendation: The 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 informed decisions based on identified risks to be made.

1. **Report**

1.1 A PowerBI dashboard has been developed by colleagues within the Business Intelligence & Performance team that helps to present risks in a way that is more accessible, with information surrounding risk management across directorates and teams. This dashboard supports the wider governance of risk that is being embedded to capture actions and mitigations from both strategic and operational risks.

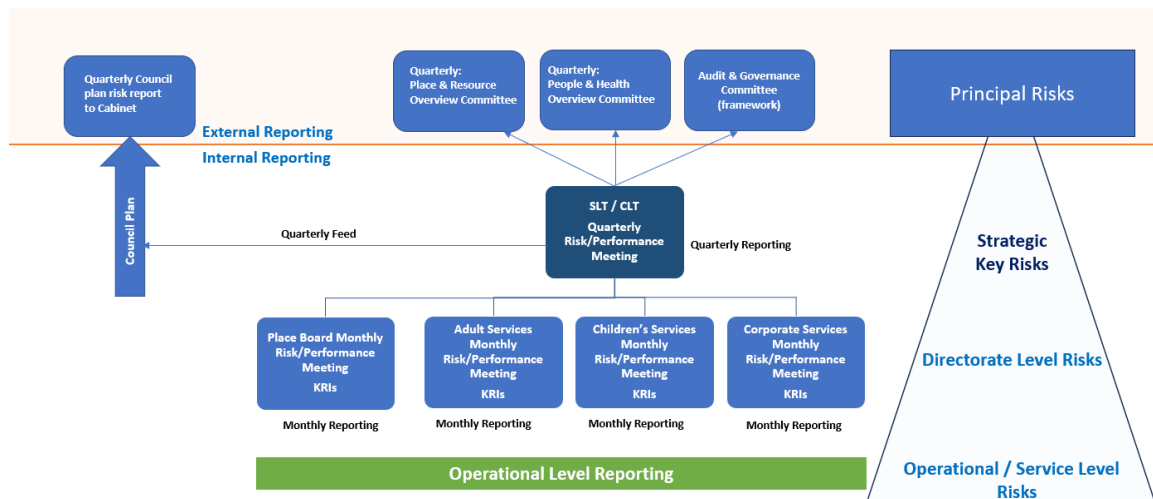
1.2 There are ten strategic risk themes informed by operational service level risks owned by heads of service and service managers. These are as follows:

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 the Risk Register.

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 The Risk Management & Reporting Officer with assistance from colleagues in Business Intelligence & Performance and The Council Plan Process Working Group are developing a refreshed hierarchy for risk as outlined in the diagram below. Work in this area will be finalised as the new Council Plan is developed.



- 1.6 The service risk register has been improved, with a streamlined approach focussing on controls to manage risks and subsequent actions to be taken in their future management.
- 1.7 Feedback on terminology has resulted in risks previously identified as “Extreme” changing to “Very High”. It is considered that “Very High” is less inflammatory and in greater keeping with the context in which Dorset Council operates. “Very High” risks are the most significant for the authority and the same scoring mechanism is used to arrive at a “Very High” risk rating that was previously used to determine a risk rating of “Extreme”.
- 1.8 The Risk Management & Reporting Officer with support of colleagues in Business Intelligence & Performance and sponsored by the Corporate Director for Place Services, have delivered training to all risk owners in the Place Directorate in pilot format to review all their risks. The objective is to comprehensively review all risks to ensure they are articulated correctly, providing clarity on risk events, their associated controls and future mitigation plans. The intention is to deliver a similar exercise to other directorates in due course once the Place Directorate pilot has drawn to a close.
- 1.9 Following feedback from Simon Roach (Co-Opted Member of the Audit and Governance committee) at the Audit & Governance Committee held on the 15 April 2024, a review of the council’s Very High risks by risk owners has been undertaken out of cycle to ensure the information contained is fit for purpose and in keeping with the new focus on risk controls. A concerted effort has also been made to increase the level of

compliance in those risks with a rating of High, with an enhanced focus on how the processes can have stronger governance and supporting processes.

- 1.10 During the last 6 months improvements have been made to the level of compliance in risk register updates, which currently stands at 92.29% at the time of writing, in comparison to only 41% when presented to this committee on the 15 January 2024. Additionally, there has been significant work across the council on consistency of language, review and where needed rationalisation of risks, and a much stronger demarcation and focus on strategic and operational risks. SLT also have quarterly oversight of Very High and High and worsening risks as part of their wider performance reporting cycle.

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. Natural Environment, Climate & Ecology 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: N/A

Residual Risk: N/A

This is a report detailing the risks faced by Dorset Council and therefore does not have a rating to consider relating to a decision. Appendix A

provides an update on those Very High risks which are currently identified within the Council's risk register, which would have a high level of risk impact attached to them including business continuity, reputational and financial.

7. **Equalities Impact Assessment**

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

8. **Appendices**

Appendix A - Summary of Very High Risks

9. **Background Papers**

None.

10. **Report Sign Off**

This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)

APPENDIX A

Audit and Governance Committee

22 July 2024



Risk Management Exception - Quarterly Update Report

Very High Risks

As at 27 June 2024

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

Assessing Impact		
In assessing impact, the following 1 to 5 scoring system is to be followed:		
Impact	Catastrophic Score 5	<p>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.</p>
	Major Score 4	<p>Suspicious death in Council's care. Major disruption to Council's critical services for more than 48 hours. 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.</p>
	Moderate Score 3	<p>Serious injury to employees or those in the Council's care. Disruption to one critical Council service for more than 48 hours. Will lead to resignation of Head of Service / Project Manager. Adverse Coverage in local press. Financial loss £1m-£5m.</p>
	Slight Score 2	<p>Minor injury to employees or those in the Council's care. Manageable disruption to services. Disciplinary action against employee. Financial loss £100k-£1m.</p>
	Limited Score 1	<p>Day-to-day operational problems. Financial loss less than £100k.</p>

Overall Risk Summary – 27 June 2024

		Likelihood					Overall Compliance 92.29%	Total Risks 415
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	1	5	6	3	0	Very High / High Compliance 79.66%	Overdue 32 (7.71%)
	Major	4	47	16	19	0		
	Moderate	14	60	99	14	1		
	Slight	4	83	24	8	1		
	Limited	2	2	1	1	0		

Adults and Housing

		Likelihood					Overall Compliance 90.70%	Total Risks 43
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	0	0	0	0	Very High / High Compliance 100%	Overdue 4 (9.30%)
	Major	0	0	0	2	0		
	Moderate	2	9	13	2	0		
	Slight	1	9	2	3	0		
	Limited	0	0	0	0	0		

Adults and Housing - Very High: None

Childrens Services

	Likelihood					Overall Compliance 100%	Total Risks 26	
	Very unlikely	Unlikely	Possible	Likely	Certain			
Impact	Catastrophic	0	1	0	1	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	3	5	1	0		
	Moderate	0	2	3	1	0		
	Slight	0	4	2	2	0		
	Limited	0	1	0	0	0		

Childrens Services - Very High:

1. Instability in the High Needs Block budget may create a increased deficit in the Dedicated Schools Grant (DSG) resulting in a deficit in Dorset Councils financial position.

Corporate Development

	Likelihood					Overall Compliance 96.90%	Total Risks 129	
	Very unlikely	Unlikely	Possible	Likely	Certain			
Impact	Catastrophic	1	0	0	2	0	Very High / High Compliance 100%	Overdue 4 (3.10%)
	Major	1	16	7	2	0		
	Moderate	0	12	30	2	0		
	Slight	1	43	8	1	0		
	Limited	2	1	0	0	0		

Corporate Development - Very High:

1. A successful cyber-attack to IT systems causes loss of service or data.
2. There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure.

Place

		Likelihood					Overall Compliance 86.67%	Total Risks 180
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	4	6	0	0	Very High / High Compliance 55.56%	Overdue 24 (13.33%)
	Major	3	24	2	13	0		
	Moderate	10	32	41	5	1		
	Slight	2	25	8	1	1		
	Limited	0	0	1	1	0		

Place - Very High: None

Public Health

		Likelihood					Overall Compliance 100%	Total Risks 6
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	0	0	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	0	0	0	0		
	Moderate	0	0	1	1	0		
	Slight	0	0	3	1	0		
	Limited	0	0	0	0	0		

Public Health – Very High: None