

# Audit and Governance Committee

23 September 2024

## Risk Management Update

### For Review and Consultation

**Cabinet Member and Portfolio:**

Cllr N Ireland, Leader of the Council, Climate, Performance and Safeguarding

**Executive Director:**

A Dunn, Executive Director, Corporate Development

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**Report Status:** Public

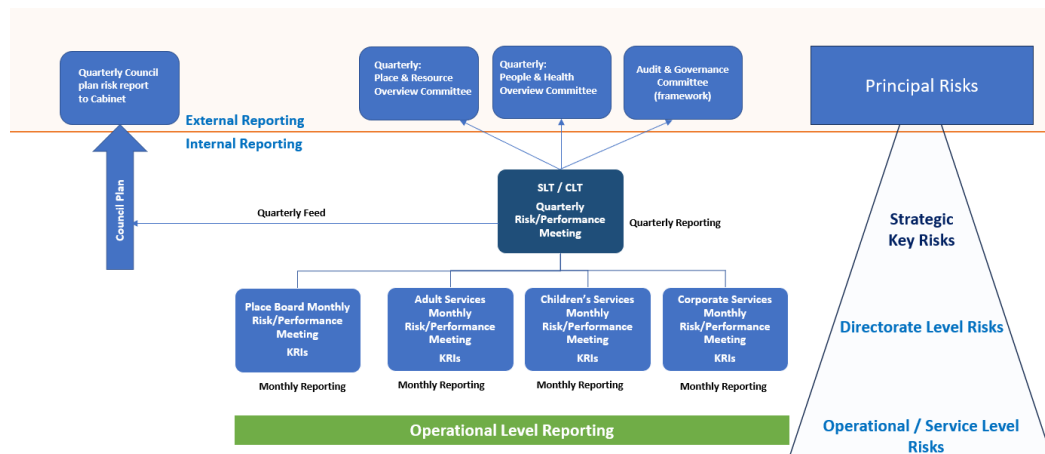
**Brief Summary:** The continual development and promotion of risk management is integral to strong performance, business continuity, compliance and delivering strong outcomes for the residents of Dorset. Strong risk management with a clear understanding and governance of strategic and operational risks 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 to drive enhancements in risk management since Audit and Governance Committee on the 22 July 2024.

**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 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.
- 1.2 Work continues towards the provision of principal risks and a risk appetite statement for the organisation, linked to the efforts of the Council Plan Working Group and the development of a new Council Plan. This will strengthen the links between strategic performance management and risk and further information in this area will be presented once available. The aspiration is the principal risks will become those at the top of the hierarchy, with other risks at strategic, directorate and operational level becoming subsets. As outlined in 1.5 of the Audit and Governance Committee report on the 22 July 2024, the following diagram indicates where the principal risks (external reporting) will sit in the overall hierarchy in comparison to, strategic, directorate and operational level risks (internal reporting):



- 1.3 Significant work has gone into reworking the narrative for risks, with guidance and support ensuring that both the articulation of risk and the associated methodologies meets a more consistent and accepted approach. Additionally, alongside work being undertaken in performance, the number and relevance of risks has also been revisited to ensure that risks are up to date and that there is a clearer demarcation between operational / directorate, and strategic risks (high & worsening and very high) based on the existing framework.

- 1.4 Following the success of the risk training pilot in the Place Directorate a “wash up” meeting was conducted to understand the strengths and weaknesses of the exercise to facilitate improvement for the next iteration. The Children’s Directorate is next in line to complete this exercise, which is scheduled for October, with the aspiration of yielding similar benefits. Further risk meetings have also been scheduled with colleagues in the Place Directorate to provide further support to those that missed the original risk training or require additional clarification.
- 1.5 The Risk management & Reporting Officer with assistance from colleagues in ICT has implemented a workflow to provide automatic risk register update reminders to risk owners 14 and 7 days prior to as well as the day a risk becomes overdue. To date this has provided increased risk register compliance and enhanced the quality of risk information.
- 1.6 Overall Dorset Council Risk Register compliance since January 2024 as per published Audit and Governance Committee papers:

<b>Month</b>	January	April	July	September
<b>Overall Compliance</b>	41%	90%	92%	100%

**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 very 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**

## **23 September 2024**



Risk Management Exception - Quarterly Update Report

**Very High Risks**

As of 30 August 2024

<b>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</b>				

<b>Assessing Likelihood</b>		
In assessing likelihood, the following 1 to 5 scoring system is to be followed:		
<b>Likelihood</b>	<b>Certain</b> Score 5	Reasonable to expect that the event <b>WILL</b> happen, reoccur, possibly or frequently.
	<b>Likely</b> Score 4	Event is <b>MORE THAN LIKELY</b> to occur. Will probably happen or reoccur but is not a persisting issue.
	<b>Possible</b> Score 3	<b>LITTLE LIKELIHOOD</b> of event occurring. It might happen or reoccur occasionally.
	<b>Unlikely</b> Score 2	Event <b>NOT EXPECTED</b> . Do not expect it to happen or reoccur, but it is possible that it might do so.
	<b>Very Unlikely</b> Score 1	<b>EXCEPTIONAL EVENT</b> . This will probably never happen or reoccur.

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

## Overall Risk Summary – 30 August 2024

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>382</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	1	2	4	3	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	3	40	14	11	0		
	Moderate	10	59	88	16	1		
	Slight	4	79	26	7	3		
	Limited	3	4	4	0	0		

## Adults and Housing

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>35</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	0	0	0	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	0	0	0	2	0		
	Moderate	3	7	10	2	0		
	Slight	0	7	4	0	0		
	Limited	0	0	0	0	0		

**Adults and Housing - Very High: None**



## Children's Services

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>27</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	1	0	1	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	0	2	5	1	0		
	Moderate	0	2	3	2	0		
	Slight	0	5	2	2	0		
	Limited	0	1	0	0	0		

### Children's 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 <b>100%</b>	Total Risks <b>118</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	0	0	2	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	0	14	7	2	0		
	Moderate	0	10	29	5	0		
	Slight	1	37	6	2	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.

## Legal and Democratic

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>43</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	1	0	0	0	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	1	7	1	1	0		
	Moderate	2	7	11	3	0		
	Slight	0	8	1	0	0		
	Limited	0	0	0	0	0		

**Legal and Democratic - Very High: None**

## Place

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>152</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
Impact	Catastrophic	0	1	4	0	0	Very High / High Compliance <b>100%</b>	Overdue <b>0</b> <b>(0.00%)</b>
	Major	2	17	1	5	0		
	Moderate	5	33	33	4	1		
	Slight	3	22	10	2	2		
	Limited	1	2	4	0	0		

**Place - Very High: None**

## Public Health

	Impact	Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>7</b>
		Very unlikely	Unlikely	Possible	Likely	Certain		
	Catastrophic	0	0	0	0	0		
	Major	0	0	0	0	0		
	Moderate	0	0	2	0	0	Very High / High Compliance <b>100%</b>	Overdue <b>0 (0.00%)</b>
	Slight	0	0	3	1	1		
	Limited	0	0	0	0	0		

**Public Health – Very High:** None