

# Audit and Governance Committee

13 January 2025

## 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 corporate risk register, 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 23 September 2024.

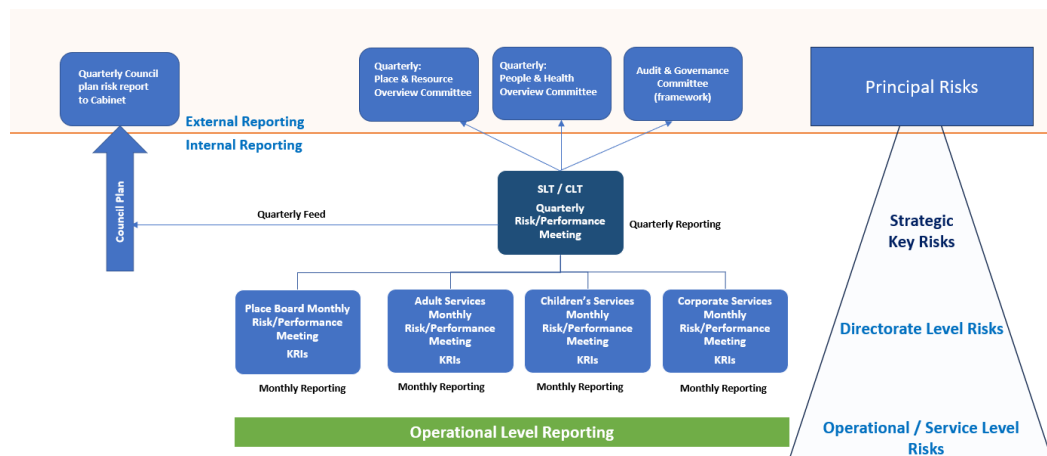
**Recommendation:** The Audit and Governance Committee note the key risks identified in the risk registers, with escalation to scrutiny committees where appropriate.

**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 Dorset Council's "Principal Risks" have been confirmed, following approval of the new Council Plan and can be viewed via the following link:  
<https://www.dorsetcouncil.gov.uk/w/strategic-risk-management>

This set of Principal Risks will form the top tier of classification for all other risks to filter underneath as subsets. The intention is they will enable the organisation to be informed and act on cross enterprise risks, and therefore, enhance the delivery of its objectives.



- 1.3 Following approval of the organisation's Principal Risks, work is underway to provide an associated Risk Appetite Statement for Dorset Council. This will work in tandem with the Principal Risks, providing a high-level strategic steer as to the amount of risk that the organisation is willing to take in the pursuit of its objectives.
- 1.4 Business Intelligence & Performance has recently been restructured to create a new Strategy service, which incorporates Risk under a broader Strategic Performance, Intelligence and Risk team. The new service has been realigned to provide Dorset Council with the strategically focussed capacity to inform, influence and drive change in the organisation. The new service is taking steps to orient its reporting frameworks to improve the delivery of performance, intelligence and risk information to Dorset Council's strategic stakeholders.

- 1.5 The Risk Management & Reporting Officer has completed workshops with both the Children’s Services Extended Leadership Team and Digital Place Service to share best practice. Engagement continues with risk owners in Children’s Services to review and improve the articulation of their entries on the corporate risk register.
- 1.6 A minor change has been made to the Risk Scoring Matrix under likelihood, where “Certain” has been amended to “Almost Certain”. This small change represents that the Risk Register is for the entry of risks, which are defined by their varying degree of uncertainty. This is as opposed to an issue, which is something that is certain and requires immediate attention. Work is underway to update all material with the revised terminology.
- 1.7 Overall Dorset Council corporate risk register compliance in a rolling 12 months since January 2024 as per published Audit and Governance Committee papers:

<b>Month</b>	January 2024	April 2024	July 2024	September 2024	January 2025
<b>Overall Compliance</b>	41%	90%	92%	100%	100%

**2. Financial Implications**

There are no budget implications specifically, however unmanaged risks could pose a threat to the Council’s financial stability. Identified risk controls could also have direct budget implications, each of which must be considered according to a cost/benefit analysis prior to implementation.

**3. Natural Environment, Climate & Ecology Implications**

The corporate risk register identifies several climate related risks, but there are no specific environmental risks to consider related to this report.

**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 in relation to a decision. Appendix A provides an update on those Very High risks that are currently identified within the Council's risk register and would have a very high level of impact attached to them.

7. **Equalities Impact Assessment**

There are 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**

## **13 January 2025**



Risk Management Exception - Quarterly Update Report

**Very High Risks**

As of 09 December 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	Almost 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>Almost 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 – 09 December 2024

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>373</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	38	12	10	0		
	Moderate	10	62	83	5	1		
	Slight	4	80	31	9	4		
	Limited	4	3	4	0	0		

### Adults and Housing

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>36</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	1	0		
	Moderate	3	8	10	1	0		
	Slight	0	7	6	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	1	4	1	0		
	Moderate	0	2	4	2	0		
	Slight	0	5	2	3	0		
	Limited	1	0	0	0	0		

### Children's Services - Very High:

1. Instability in the High Needs Block budget may create an 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>110</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	12	5	3	0		
	Moderate	0	13	19	0	1		
	Slight	1	39	9	3	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>44</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	8	2	0	0		
	Moderate	2	7	12	2	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>150</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	32	37	0	0		
	Slight	3	21	10	2	3		
	Limited	1	2	4	0	0		

**Place - Very High: None**

## Public Health

		Likelihood					Overall Compliance <b>100%</b>	Total Risks <b>6</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	0	0		
	Moderate	0	0	1	0	0		
	Slight	0	0	3	1	1		
	Limited	0	0	0	0	0		

**Public Health – Very High: None**