

Audit and Governance Committee

14 April 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

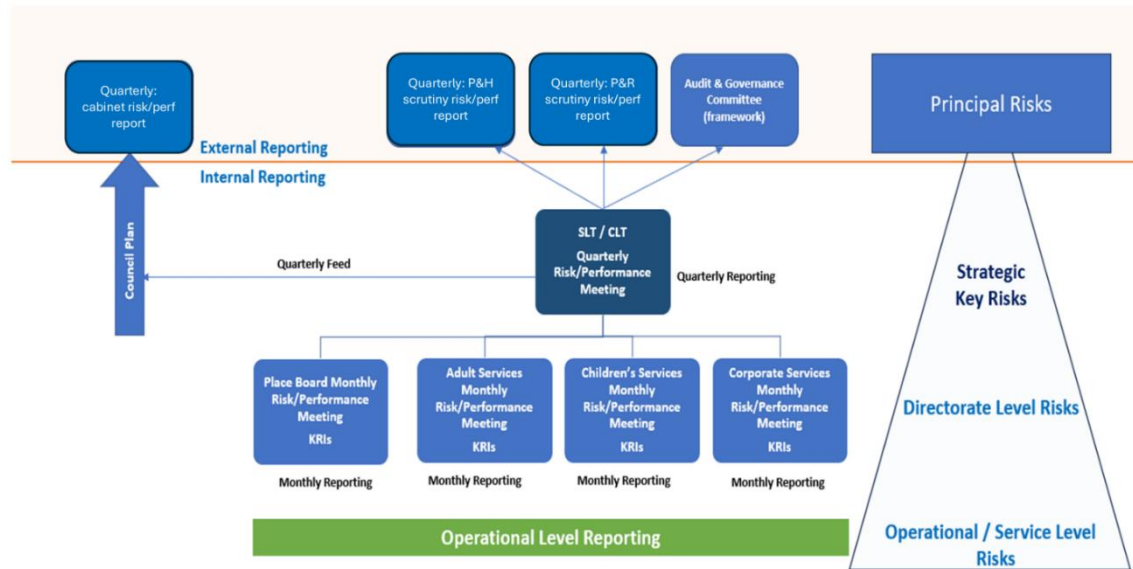
Brief Summary: The continual development and promotion of risk management is integral to strong performance, business continuity, compliance and delivering strong outcomes for the residents of Dorset. Strong risk management with a clear understanding and governance of strategic and operational risks 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 which sets out the council's commitment. The purpose 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 improvements in risk management since Audit and Governance Committee on the 13 January 2025.

Recommendation: The Audit and Governance Committee note the risk management framework and 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 The newly formed Policy, Intelligence and Performance (PIP) service, incorporating the Strategic Performance and Risk team now benefits from a full portfolio of personnel, following commencement of Liz Crocker as Head of Strategy. The team are now orienting Dorset Council's reporting of Performance and Risk to deliver a strong narrative to the organisation's strategic decision makers.
- 1.3 Following agreement of the Council's principal risks in tandem with the Council Plan, the organisation is identifying a focussed set of strategic risks that could be most consequential in effecting the organisations objectives. Once finalised, the strategic risks will enter the quarterly reporting cycle, complimenting the existing suite of data provided to senior leaders. Conversations are underway with directorate leads with guidance towards identification of risks that encompass one or more of the following set of criteria:
 - A) A noticeable impact on achieving strategic priorities as documented in the Council Plan / Key organisational deliverables.
 - B) Rated 20 or more according to the Councils risk matrix based on the existing controls that are in place.
 - C) Have a noticeable impact upon the use of the Councils key resources (finance, people etc).
 - D) May result in significant attention from external stakeholders with the potential to cause significant reputational and or political damage.



- 1.4 Work continues towards the provision of a Risk Appetite Statement for Dorset Council, which will provide a high-level strategic steer as to the amount of risk that the organisation is willing to take in the pursuit of its objectives. Appendix B details the framework to be used in deciding the organisations Risk Appetite linked to the Principal Risks. Further detail around this piece of work will be provided in due course.
- 1.5 The Risk Management & Reporting Officer, with support from the wider PIP Service is embarking upon the creation and implementation of a refreshed risk and associated actions register. The objective is to enhance the level of transparency and accountability, linking risks and the actions that are designed to control them, including targeted implementation dates. This is being delivered as part of wider efforts to provide a Strategic Performance and Risk hub, including redesigned dashboards, tutorials and guidance.
- 1.6 Dorset Council's overall corporate risk register compliance in a rolling 12 months since April 2024 as per published Audit and Governance Committee papers:

Month	April 2024	July 2024	September 2024	January 2025	April 2025
Overall Compliance	90%	92%	100%	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 and risk framework of 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 that are currently identified within the Council’s risk register.

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

Appendix B – Risk Appetite Matrix

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

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Risk Management Exception - Quarterly Update Report

Very High Risks

As of 19 March 2025

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	Almost Certain
		Likelihood				

Assessing Likelihood		
In assessing likelihood, the following 1 to 5 scoring system is to be followed:		
Likelihood	Almost 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 – 19 March 2025

		Likelihood					Overall Compliance 100%	Total Risks 361
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	1	2	3	3	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	3	39	12	10	0		
	Moderate	11	56	78	5	1		
	Slight	4	80	30	10	4		
	Limited	3	3	3	0	0		

Adults and Housing

		Likelihood					Overall Compliance 100%	Total Risks 35
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	0	0	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	0	0	1	0		
	Moderate	3	6	10	1	0		
	Slight	0	8	6	0	0		
	Limited	0	0	0	0	0		

Adults and Housing - Very High: None

Children's Services

		Likelihood					Overall Compliance 100%	Total Risks 28
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	1	0	1	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	1	4	1	0		
	Moderate	0	2	5	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 100%	Total Risks 103
		Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Impact	Catastrophic	0	0	0	2	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
	Major	0	12	5	3	0		
	Moderate	1	10	17	0	1		
	Slight	1	38	7	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

Impact	Likelihood					Overall Compliance 100%	Total Risks 44
	Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Catastrophic	1	0	0	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
Major	1	9	1	0	0		
Moderate	2	7	13	2	0		
Slight	0	6	1	1	0		
Limited	0	0	0	0	0		

Legal and Democratic - Very High: None

Place

Impact	Likelihood					Overall Compliance 100%	Total Risks 145
	Very unlikely	Unlikely	Possible	Likely	Almost Certain		
Catastrophic	0	1	3	0	0	Very High / High Compliance 100%	Overdue 0 (0.00%)
Major	2	17	2	5	0		
Moderate	5	31	32	0	0		
Slight	3	23	11	2	3		
Limited	0	2	3	0	0		

Place - Very High: None

Public Health

		Likelihood					Overall Compliance 100%	Total Risks 6
		Very unlikely	Unlikely	Possible	Likely	Almost 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	0	0		
	Slight	0	0	3	1	1		
	Limited	0	0	0	0	0		

Public Health – Very High: None

APPENDIX B

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Risk Management Exception - Quarterly Update Report

Risk Appetite Framework

Risk Appetite Level Definitions					
	Averse (1)	Minimal (2)	Cautious (3)	Open (4)	Eager (5)
Commercial	Dorset Council has a strong preference for engaging in tested and established commercial agreements with close management controls and oversight.	Dorset Council accepts low-scale commercial / procurement activity via devolved authority, with medium and high-level activity validated by senior management.	Dorset Council tends to stick to the status quo. Commercial innovations are avoided unless necessary, with decisions generally held by senior management.	Dorset Council has a willingness to pursue innovation, which has previously showed benefit. Its non-critical decisions may be devolved to local managers.	Dorset Council has a desire to innovate and break the mould. Commercial initiatives are pursued in improving services with high levels of devolved authority to increase business agility.
Data Information and Management	Dorset Council 's data and information are secured through strict access controls and extensive monitoring.	Dorset Council ensures minimal distribution of data and information to reduce risks and damages because of disclosure.	Dorset Council's data is distributed cautiously, and only when required to maintain operational effectiveness.	Dorset Council accepts that openness and information sharing is needed for effective operations in a controlled environment.	Dorset Council's data and information is subject to minimal controls. Its data is open and easily accessible in the pursuit of operational effectiveness.
Finance	Dorset Council safeguards its financial resources as a priority and avoids any activities that could lead to financial loss or impact.	Dorset Council considers financial impacts and risk are only acceptable when related to the essential delivery of services.	Dorset Council's financial decisions accept some uncertainty related to loss or impact, only if they yield upside opportunities in service delivery.	Dorset Council is willing to invest and take on higher financial risks to support the business where they have been appropriately managed with controls.	Dorset Council seeks to invest for the best possible benefit in opportunities, acknowledging that there may be significant financial loss or impact.

Legal	Dorset Council avoids areas that could be potentially challenged legally, even if the chances of winning any case are high.	Dorset Council operates on a basis that ensures it would be successful in any legal challenge.	Dorset Council takes decisions where it must be reasonably certain that it would be able to win any legal challenge.	Dorset Council takes tough decisions and accepts that any legal challenge is likely to be difficult, but the potential benefits outweigh the downsides.	Dorset Council accepts the possibility of losing any legal case is high, but the potential benefits that could be realised in the event of success are exceptional.
Operations	Dorset Council adopts a “tried and tested” approach to operational delivery, with close management control.	Dorset Council pursues innovations only in the instance that it is deemed essential for operational delivery and validated by senior management.	Dorset Council tends to stick to the status quo. Operational innovations are carefully selected where necessary, and decisions are generally held by senior management.	Dorset Council pursues innovation that has evidence of previous benefits. There is a willingness to innovate and responsibility for non-critical decisions may be devolved to local managers.	Dorset Council seeks innovative approaches to operational delivery by constantly challenging current practices. This is supported by high levels of devolved authority.
People	Dorset Council maintains close management control, with little devolved authority. There is limited flexibility in working practices and development of staff is limited to “essential” services only.	Dorset Council’s Senior Leadership hold decision-making authority. The organisation adopts strict recruitment and retention strategies to minimise disruption and development is limited to being role specific.	Dorset Council’s decision-making is generally controlled by senior management. There is acceptance of safe and standard people / working policies.	Dorset Council adopts devolution of certain work-related decision-making responsibilities. The organisation is willing to invest in its people to create a variety of skills in its workforce.	Dorset Council adopts high levels of devolved authority. The organisation constantly challenges working practices to pursue innovation and invests significantly in staff development to create a broad skillset.

Project/ Programme	Dorset Council prioritises projects / programmes with almost certain outcomes that are supported by close management control and oversight. There is a preference for maintaining and protecting rather than creating or innovating.	Dorset Council prioritises only the most essential innovations. Decision making is held by senior management with projects / programmes needing to demonstrate clear links to the organisation's strategic priorities.	Dorset Council tends to stick to the status quo and innovations are generally avoided unless necessary. Decision making is typically made by senior management with projects and programmes aligned to strategic priorities.	Dorset Council pursues innovation when projects / programmes display demonstrable benefits. Decision making may be devolved to local managers, with plans aligned to functional standards.	Dorset Council constantly pursues innovation to achieve the best working practices and "break the mould". There are high levels of devolved authority with plans largely aligned to organisational governance.
Property	Dorset Council complies with strict policies for purchase, rental, disposal, construction, and refurbishment of property, that ensures it is producing good value for money.	Dorset Council is recommended to follow strict policies for purchase, rental, disposal, construction, and refurbishment of property that ensures it is producing good value for money.	Dorset Council can adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment of property that ensures it is producing good value for money.	Dorset Council can adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment of property that ensures it meets organisational needs.	Dorset Council applies dynamic solutions for the purchase, rental, disposal, construction and refurbishment of property that ensures it meets organisational needs.
Reputation	Dorset Council has no appetite for any decisions with a high chance of repercussion to the organisation's reputation.	Dorset Council's appetite for risk taking is limited to those events where there is no chance of any significant repercussion to the organisation's reputation.	Dorset Council's appetite for risk taking is limited to those events where there is little chance of any significant repercussion to the organisation's reputation.	Dorset Council has appetite to take decisions with the potential to expose the organisation to additional scrutiny, but only where appropriate steps are taken to control the risk.	Dorset Council has an appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny, only where potential benefits outweigh the risks.

Security	Dorset Council has no tolerance for security risks causing loss or damage to its property, assets, information or people with stringent control measures in place.	Dorset Council aims to minimise loss or damage to property, assets, information or people with significant control measures in place.	Dorset Council accepts limited security risks to support business need, with industry standard controls in place to protect its property, assets, information or people.	Dorset Council accepts some security risks to support business need with tailored controls in place to protect its property, assets, information or people.	Dorset Council accepts security risks to support business need with the minimum level of controls in place to support agile use of its property, assets, information or people.
Technology	Dorset Council generally avoids developments in systems and technology.	Dorset Council considers development in systems and technology that is deemed vital to protect current operations.	Dorset Council implements the use of established / mature systems and technology to enhance the organisations performance.	Dorset Council welcomes new systems and technologies in the pursuit of improved service delivery and organisational performance.	Dorset Council views new systems and technology as essential for organisational development and service delivery.