

Audit and Governance Committee

29 June 2026

Risk Management Update For Review and Consultation

Cabinet Member:

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

Local Councillor(s):

N/A

Senior Leadership Team:

S Ford - Assistant Chief Executive

Report author and job title:

Chris Swain, Risk Management and Reporting Officer

Email:

chris.swain@dorsetcouncil.gov.uk

Statutory Authority:

Although there is no statutory requirement for a risk management update, Dorset Council's constitution and governance best practice set a clear expectation that the Audit and Governance Committee should receive and review regular updates on risk management and make recommendations on the adequacy of risk management arrangements.

Report status: Public (the exemption paragraph is N/A)

1. Executive summary

- 1.1 This report provides an update on Dorset Council's strategic risks selected for deeper assurance by the committee in April 2026. These risks align with the principal risk of reputation and are presented within the context of the stated risk appetite. The report supports the committee in its role of providing assurance on the effectiveness of governance, risk management and internal control arrangements.

Key Headlines

- 1.2 The selected risks reflect a combination of external system pressures, particularly those arising from health system reform, and internal delivery challenges linked to the complexity of organisational transformation, longer-

term economic pressures on workforce and skills, and market volatility affecting service delivery.

- **Health system reform (Risk 200)** remains one of the most significant in exposure (Very High), with ongoing uncertainty creating potential financial, operational and partnership challenges for the council.
- **Transformation risk (Risk 127)** has improved, reflecting strengthened governance, clearer leadership and more mature delivery arrangements, whilst recognising that continued focus is required to secure the full benefits of the programme.
- **Workforce and skills (Risk 244)** and **waste market volatility (Risk 294)** remain within risk appetite with controls assessed as reasonable but continue to reflect longer-term external pressures.

- 1.3 Development of the risk management framework continues, including proposed enhancements to the risk scoring matrix to improve clarity, consistency and alignment with risk appetite, supporting more informed decision-making. The committee is invited to provide feedback on the proposals to inform further development.

2. **Recommendation(s)**

That the committee:

- **Notes** the selected strategic risks, their alignment to the principal risk of reputation, the associated risk appetite, and the enhanced narrative updates provided as part of the thematic focus of this report.
- **Uses** this principal risk context and associated appetite to inform its wider discussion, including consideration of the “Our Future Council Update” agenda item at this meeting.
- **Notes** the Quarter 4 risk data (Appendix A) and identifies any areas where further assurance is required, or where future thematic focus would add value, ahead of the next risk management update in October 2026.
- **Considers** and provides feedback on the proposed revisions to the risk scoring matrix (Appendix B), to support its continued development and calibration.

3. **Reason for the recommendation(s)**

- 3.1 To ensure that the council's risk management approach enables informed, risk-based decision-making while remaining proportionate and aligned with organisational objectives and key deliverables.

4. The report

- 4.1 In line with the Audit and Governance Committee's request for a more thematic approach to risk management reporting, the June update builds on the revised format introduced in April. During the April meeting, a number of notable strategic risks were identified. These align with the council's principal risk relating to reputation, which has therefore been adopted as the thematic focus of this report.
- 4.2 The approach taken in this paper to the selected strategic and principal risks, and risk appetite set out in section 4.6, is intended to support the committee in fulfilling its constitutional responsibility to:

"Provide independent assurance to the council on the adequacy and effectiveness of the governance, risk management framework and internal control environment."

- 4.3 The strategic risks selected by the Audit and Governance Committee in April are drawn from those summarised in Appendix A. Strategic risks are those identified by senior leaders as among the most significant to the organisations ability to deliver its key objectives.
- 4.4 Principal risks form Dorset Council's overarching risk classification system where all organisational risks align to one or more principal risks. This structure enables thematic understanding of the risk by identifying common drivers and interdependencies across the organisation.
- 4.5 Principal risks also underpin the council's risk appetite, which defines the level of risk the organisation is willing to accept in the pursuit of its objectives, recognising that risk must be managed in different ways depending on priorities, resource constraints, and statutory obligations.
- 4.6 A summary table of the committee's selected strategic risks, alongside the associated principal risk and risk rating, is provided within the table below. This is supported by further narrative, in response to the committees request for greater detail at the April committee. The adopted risk appetite for reputation is:

"Open: "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."

ID	Risk Title	Principal Risk	Risk Rating
200	As a result of health service reform, Dorset Council may incur additional unprovisioned responsibilities, leading	Reputation	Very High

ID	Risk Title	Principal Risk	Risk Rating
	to increased resourcing & budgetary pressures, unmet health needs and potential harm to individuals		
127	Because of competing demands for organisational resources, Dorset Council's transformation work may not achieve its objectives, leading to incomplete benefits to service delivery, customer experience and cost savings	Reputation	High
244	Due to a declining youth population and limited higher education opportunities, Dorset may be unable to build a skilled local workforce, leading to an increased skills gap and business relocation	Reputation	Medium
294	Due to contractor failure and volatility in the waste disposal market, Dorset Council may be unable to secure reliable disposal routes, resulting in use of less favourable options and increased costs	Reputation	Medium

Risk ID 200: As a result of health service reform, Dorset Council may incur additional unprovisioned responsibilities, leading to increased resourcing & budgetary pressures, unmet health needs and potential harm to individuals

- 4.7 The health and care system is undergoing a period of significant and interconnected reform at both national and local levels. This includes the restructuring of Integrated Care Boards (ICBs), organisational changes within providers such as Dorset HealthCare, and the continued development of integrated neighbourhood teams as the primary model for delivering more preventative, community-based care. These changes are being implemented alongside wider workforce and financial pressures, with partners managing savings requirements and reductions in capacity across parts of the system.
- 4.8 These pressures are particularly evident in areas such as mental health, where reductions in inpatient provision are increasing reliance on community-based alternatives that are not yet sufficiently developed to meet future demand. More broadly, the ambition to shift towards prevention and earlier

intervention is being progressed within a context of constrained therapeutic capacity and an adult social care system that has not undergone equivalent transformation.

- 4.9 At a national level, further reform, signalled through the King's Speech and anticipated changes to NHS England and system architecture, adds to the uncertainty around roles, responsibilities and future operating models. The sequencing and cumulative impact of these changes create a dynamic and evolving risk environment, particularly at the interface between health and local government.
- 4.10 In response to the committee's request for enhanced insight, and in line with its constitutional remit, this section focuses on a particularly significant and immediate area of reform: changes to the structure and functioning of ICBs. These developments represent a key component of wider health system transformation and introduce a heightened level of uncertainty regarding capacity, accountability and the distribution of responsibilities across the system.
- 4.11 Dorset Council may inherit additional, unplanned responsibilities due to reduced ICB capacity, funding constraints and unclear accountabilities during the transition period. This includes potential pressures across key areas such as joint funding arrangements, children's care, hospital discharge and end-of-life care.
- 4.12 These factors increase the risk of financial pressure on the council, create barriers to effective partnership working, and may lead to delays in decision-making. There is also the potential for adverse impacts on residents, alongside challenges in delivering a preventative, system-wide approach.
- 4.13 Mitigating actions are focused on strengthened strategic escalation and influence. This includes coordinated engagement by Dorset Council's Executive Leadership Team with regional partners, NHS England and sector bodies to address funding disputes, resolve system blockages and seek greater clarity on roles, responsibilities and funding arrangements. This approach also supports the ongoing management of wider system risks arising from continued health and care reform.

Risk ID 127: Because of competing demands for organisational resources, Dorset Council's transformation work may not achieve its objectives, leading to incomplete benefits to service delivery, customer experience and cost savings

- 4.14 The risk reflects the potential for Dorset Council's transformation programme to not fully realise benefits due to competing demands on organisational resources. While this presents a potential impact on service delivery,

customer experience and the realisation of planned savings, the risk position has evolved as governance, planning and delivery arrangements have matured.

- 4.15 A strengthened control environment is now in place, including a clear leadership mandate for “One Council” transformation aligned to the Medium-Term Financial Plan, a defined investment strategy, and enhanced governance with active oversight by the Senior Leadership Team. The establishment of a single Transformation Management Office and improved alignment of resources across directorates further supports delivery.
- 4.16 As a result of these controls, and following review with risk owners, the likelihood has been reduced and control effectiveness assessed as reasonable, reflecting increased confidence in the council’s ability to deliver its transformation objectives, whilst recognising that continued focus is required to secure the full benefits of the programme.

Risk ID 244: Due to a declining youth population and limited higher education opportunities, Dorset may be unable to build a skilled local workforce, leading to an increased skills gap and business relocation

- 4.17 During the April Committee discussion, the appropriateness of the scoring of this risk was raised, indicating a view it could be scored more highly. To provide further clarity the risk reflects the potential impact of demographic change and limited higher education provision on Dorset’s ability to develop and retain a skilled local workforce. This may contribute to a widening skills gap and, in turn, pose risks to economic growth and business retention within the area.
- 4.18 The council is managing skills and workforce risks through coordinated internal governance, ongoing workforce planning, and clear communication across services, supported by the Dorset Local Skills Improvement Plan and Economic Growth Strategy. These controls are reinforced by strong partnership working with education providers and stakeholders to strengthen local skills provision and align it with economic priorities.
- 4.19 Following review, the current risk rating remains appropriate, reflecting that the council is operating within its defined risk appetite and that existing controls are assessed as reasonable in effectiveness. It is important to note that risk scoring reflects the council’s current management and appetite for risk, rather than an assessment of its commitment to developing further education provision within Dorset. The risk primarily reflects longer term uncertainty and will continue to be monitored by subject matter experts.

Risk ID 294: Due to contractor failure and volatility in the waste disposal market, Dorset Council may be unable to secure reliable disposal routes, resulting in use of less favourable options and increased costs

- 4.20 In response to the committee's request for further clarification, particularly regarding the scale of this risk. Risk ID 294 reflects the potential impact of contractor failure and ongoing volatility within the waste disposal market, which could limit Dorset Council's ability to secure consistent and cost-effective disposal routes.
- 4.21 While long-term contracts are in place to reduce exposure to spot market pricing, a disruption scenario may require the council to use less favourable options, such as diverting waste to alternative facilities, which may present higher costs or reduced ability to optimise environmental outcomes.
- 4.22 Controls include established business continuity arrangements to maintain service delivery, contractual safeguards and active market management, alongside the recent award of a long-term contract for Household Recycling Centre (HRC) waste. As a result of these arrangements, and following review with risk owners, the anticipated impact has been assessed and the risk score updated accordingly.

Continued Development of the Risk Management Framework

- 4.23 Work is progressing collaboratively between colleagues in the Policy, Intelligence and Performance Service and across the wider organisation to develop an enhanced Risk Scoring Matrix. Appendix B sets out a draft of this refreshed approach, designed to strengthen and modernise how risk is assessed.
- 4.24 The proposed matrix provides greater clarity on the underlying drivers of both impact and likelihood, enabling a more structured, consistent and transparent evaluation of risk. This, in turn, supports more informed and focused discussion on the areas of greatest significance, facilitating improved decision-making in relation to the control environment. The development of this framework is a key enabler in supporting Dorset Council's transition to a modern, sustainable unitary authority and in delivering its strategic objectives and key priorities.
- 4.25 The committee's feedback on the proposed, more granular approach, to risk scoring is welcomed and will inform its continued development and calibration, strengthening our ability to assess risks within and beyond the council's defined risk appetite. A more detailed update on the revised risk scoring matrix, alongside the development and implementation of risk appetite, will be provided in the next Risk Management Update scheduled for 12 October 2026.

Risk Reporting

- 4.26 Quarter 4 has maintained 100% in Risk Register compliance, with all strategic risks reviewed and updated in accordance with the Enterprise Risk Management Framework.

The committee is invited to note this position and to identify any areas where it may wish to request further assurance, or propose topics for future focus, in advance of the thematic review scheduled for 12 October 2026.

- 4.27 The next Risk Management Update will present Quarter 1 risk data at the committee meeting on 12 October 2026.

5. Alternative options considered

- 5.1 None

6. Legal considerations

- 6.1 Health service reform and its interaction with local government underscore the importance of clearly defining and respecting the statutory responsibilities of both the health service and local government. It is essential to ensure that duties which legally remain with the wider health service are not inadvertently assumed by Dorset Council. A failure to maintain this clarity could expose the council to risks of non-compliance with its own statutory obligations.

7. Financial implications

- 7.1 The evolving health service reform landscape creates a risk of additional financial pressures for Dorset Council, particularly where unclear accountabilities may result in increased demand for council-funded services.
- 7.2 Unmanaged risks could threaten the council's financial stability. The implementation of risk mitigation may also have budgetary implications, which should be progressed through the appropriate budget planning and governance routes in accordance with the Scheme of Delegation and the council's constitution.
- 7.3 The Director of Resources (S151 Officer) regularly reviews the financial impact of risks, including any potential call on general fund balances. In May 2026, the assessment concluded that balances were sufficient to cover the potential impact and likelihood of risks within the portfolio. Earmarked reserves are also set aside for specific risks, and these too are reviewed regularly, to ensure the Council is in a sustainable financial position.

8. Natural environment, climate & ecology implications

- 8.1 There are no specific implications for the natural environment, climate, or ecology arising from this report; however, the Corporate Risk Register does identify several risks within this category.

9. Well-being and health implications

- 9.1 There are no specific health or well-being implications arising from this report; however, the Corporate Risk Register does identify several risks within this category.

10. Other implications

- 10.1 None

11. Risk implications

- 11.1 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 report outlines Dorset Council's Risk Management Framework, along with its strategic risks. As the report is for information only, it does not require a risk decision rating. The appendix provides an update on the current strategic risks.

12. Equalities

- 12.1 There are no specific equality implications arising from this report; however, the Corporate Risk Register does identify several risks within this category.

13. Appendices

- 13.1 Appendix A – Strategic Risks (Quarter 4 2025-2026)
- 13.2 Appendix B – Dorset Council's Proposed Risk Scoring Matrix (Draft)

14. Background papers

- 14.1 [Audit and Governance Committee Risk Management Update 27 April 2026](#)
- 14.2 [Risk Management Framework - Dorset Council](#)

15. Report sign-off

- 15.1 This report has been through the internal report clearance process and has been signed off by the Director for Assurance and Governance (Monitoring

Officer), the Director for Resources (Section 151 Officer) and the appropriate Portfolio Holder(s)

Audit and Governance Committee

29 June 2026



Strategic Risks

Quarter 4 2025-2026

Strategic Risks According to Impact and Likelihood Scores:

The table illustrates the spread of all Strategic Risks (identified by their ID's).

All Strategic Risks are reported to SLT and relevant Scrutiny Committees. Strategic Risks that are aligned with Council Plan priorities are reported via the Council Plan performance monitoring dashboards.

Impact	Catastrophic			194	91	
	Major		39	82, 106, 127, 158, 164, 167, 245, 313, 314	22, 92	200
	Moderate	196	169, 195, 231, 265, 285	29, 89, 90, 140, 153, 161, 197, 233, 235, 242, 244	145, 146	
	Slight	81	151	199, 294		
	Limited	182	179			
		Very Unlikely	Unlikely	Possible	Likely	Almost Certain
		Likelihood				

Adult Social Care

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
140	Due to high levels of adult safeguarding referrals, Dorset Council may fail to keep adults safe who have care and support needs, leading to potential harm or abuse	Communities for all	Legal, Operations, Reputation	Medium	The Council has implemented strengthened safeguarding controls through enhanced performance and quality monitoring, clear escalation routes, and maintaining staffing levels to manage demand. These are supported by service redesign initiatives, established learning processes from incidents, and a revised operating model to improve efficiency, capacity management, and outcomes for vulnerable people.
145	The impact on the Adult Social Care Service user budget of funding for people who previously funded their own care in residential/nursing care settings and now require funding by the local authority.	Communities for all	Finance, Operations	High	The Council is strengthening its approach to supporting self-funders through improved information provision, enhanced market shaping with care providers, and commissioning of a broader range of care options. This is supported by an ongoing programme of work and audit-informed improvements, recognising that delivering sustained

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					change in this area will require a longer-term approach.
146	Due to the demand on hospital bed stock, patients with higher complexity needs may be delayed hospital admission, leading to increased demand for Council run services	Communities for all	Operations, Reputation	High	The Council is working in partnership with health system partners, including the ICB, to actively manage system pressures through established escalation routes and joint programmes such as the Future Care programme, which is delivering improvements in outcomes and length of stay. These controls are supported by ongoing engagement and challenge at a system level to address funding, capacity, and demand pressures across health and social care.
167	Due to the abolition of NHS England, commissioning arrangements for local health services may be disrupted, leading to service delivery and financial sustainability consequences for social care	Communities for all	Commercial, Finance, Operations	High	The Council maintains oversight of system-wide risks through regular engagement with NHS Dorset and emerging ICB Cluster governance arrangements, supporting ongoing assurance as responsibilities transition. These controls are complemented by continued

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					collaboration and escalation on key commissioning and funding pressures to mitigate impacts on service delivery and transformation programmes.

Assurance and Governance

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
22	Due to a failure to effectively migrate and manage digital information, Dorset Council may be unable to access or trust its data, leading to disruptions in business operations and decision making	Key organisational deliverable	Data and information management, Operations, Reputation, Security, Technology	High	A programme of work to support the decommissioning of shared drives and migration to SharePoint is underway, although delivery remains challenging due to tight timeframes and capacity constraints, with a continued reliance on service-led implementation supported by central co-ordinating resource and guidance.
29	Emergency Planning - Due to changes in the internal and/or external operating environment, business continuity arrangements may become outdated or ineffective, resulting in failure of one or more critical services during a disruption	Key organisational deliverable	Data and information management, Legal, Operations, Reputation, Security, Technology	Medium	Business continuity arrangements have been strengthened through the centralisation of plans, ongoing service-level review and testing (including recognised exercise programmes), and a refreshed Business Continuity Framework and Business Impact Analysis approved by SLT. Further organisation-wide exercising and continuous review are planned to

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					ensure arrangements remain effective.
39	Information Compliance - Due to lack of compliance with mandatory NHS Data Security and Protection Toolkit requirements, DC may lose access to health data, impacting it's ability to deliver integrated care and strategic partnership objectives	Key organisational deliverable	Data and information management, Security, Technology	Medium	Access to health data is supported through compliance with the NHS Data Security and Protection Toolkit, underpinned by wider PSN controls and strengthened by an active improvement plan to increase training compliance. Governance has been enhanced through a targeted training framework and strengthened compliance regime, overseen by dedicated groups and subject to ongoing review ahead of the next annual submission.

Chief Executive's Office

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
89	Due to local government funding arrangements, Dorset Council may have to reduce its workforce in lieu of transformation, leading to insufficient resource to deliver services	Key organisational deliverable	Finance, Operations, People	Medium	Recruitment controls have been strengthened through SLT-approved measures to prioritise essential roles, manage vacancies, and ensure recruitment aligns with statutory requirements and service delivery risks. These controls are supported by enhanced monitoring through recruitment dashboards, ongoing strategic workforce planning initiatives and continued engagement with Trade Unions to manage impact.
90	As a result of the impact of change due to transformation, Dorset Council may be unable to retain necessary staff and maintain employee wellbeing, leading to a skills gap and reduced organisational resilience	Key organisational deliverable	Operations, People	Medium	The Council has strengthened its workforce management approach through the implementation of a People and Culture Strategy, supported by a dedicated People and Change workstream to enhance staff engagement and communication. These controls are reinforced by improved wellbeing support, regular monitoring of

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					workforce data, and stable turnover levels, indicating that current measures are having a positive effect.
106	Due to the effects of climate change and extreme weather events, Dorset Council may be unable to adapt its services and infrastructure leading to reduced resilience in service delivery to residents and in our communities	Respond to the climate and nature crisis	Finance, Legal, Property, Reputation	High	The Council is strengthening its approach to climate resilience through dedicated resource, cross-organisational partnerships, and the development of a Dorset-wide adaptation strategy informed by evidence, stakeholder engagement, and community input. This is supported by ongoing investment planning and the integration of resilience and adaptation into strategic and service-level planning, underpinned by emerging governance and collaboration forums.

Children's Services

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
169	Difficulty recruiting or retaining qualified staff, may lead to service gaps, weakened safeguarding, and failure to meet children's needs early, increasing the likelihood of poor outcomes for children and families	Communities for all, Key organisational deliverable	Finance, Legal, Operations, People, Reputation	Medium	The Council is strengthening workforce capacity through a comprehensive recruitment and retention strategy, including targeted promotion, development of workforce pipelines, and initiatives to convert agency staff to permanent roles. This is supported by a strong learning and development offer, manageable caseloads, and the service's outstanding Ofsted rating, helping to attract and retain skilled social workers.
179	Due to low engagement in education, employment or training, care leavers may develop social and/or economic isolation, leading to poorer life outcomes and increased demand for local services	Communities for all	Finance, Operations, Reputation	Low	The Council is supporting care leavers into employment and training through targeted programmes, including apprenticeships, pre-employment support, and dedicated advisory services. These are complemented by partnerships and initiatives such as the Connect to Work

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					Programme, ensuring a structured and continuously reviewed pathway to education, employment, and training opportunities.
182	As a result of a lack in financial or strategic commitment, the Early Help Partnership may fail, resulting in the increased demand for statutory services including child protection and the number of children in care	Communities for all	Finance, Operations, Reputation	Low	The Council and its partners are maintaining strong oversight of early help through the Strategic Alliance Board, supported by the Children, Young People and Families Plan and Best Start in Life strategy. These arrangements ensure coordinated partnership working and sustained focus on improving outcomes, with existing controls considered effective and the risk currently low.
194	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.	Key organisational deliverable	Finance, Legal, Reputation	High	The Council is strengthening SEND provision through a comprehensive partnership approach focused on early intervention, increased local specialist capacity, and improved inclusion within mainstream schools. This is supported by strategic planning, investment in

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					local provision, and robust demand forecasting to promote sustainability and reduce reliance on high-cost external placements, although pressures remain in a challenging national context.
195	Due to demand for service provision, Education, Health and Care Plans may not be delivered within statutory timescales, leading to a failure to deliver children's educational needs and an increase in SEND tribunals	Communities for all	Legal, Operations, Reputation	Medium	Controls are in place to improve the timeliness and quality of EHCP delivery through enhanced performance management, strengthened governance via the SEND & Inclusion Partnership Board, and additional resourcing aligned to wider service reforms. These are supported by a new case management system and the introduction of a dedicated assessment team to improve consistency, oversight, and compliance with statutory timescales.
196	Due to the transition of some schools to Academy Trusts, Dorset Council may face challenges in influencing KS2	Communities for all	Operations, Reputation	Low	Educational outcomes are supported through strong partnership working between the

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
	attainment, potentially resulting in a limited ability to improve results beyond the national average				Council, DfE and school leaders, alongside targeted school improvement activity, including the “Rise” programme, performance monitoring, and Ofsted oversight. This is complemented by focused training, peer collaboration, and dedicated support to schools to share best practice and drive continuous improvement.
197	Due to the removal of the ability for Early Years (EY) settings to charge 'top ups' for early education funded places, there may be insufficient early education places available	Communities for all	Operations, Reputation	Medium	The Council is managing early years sufficiency through ongoing engagement with providers, regional partners and government, supported by updated local agreements and active monitoring of financial pressures. This is complemented by targeted support to settings and continued lobbying for sustainable funding, recognising that external factors continue to impact market capacity.

Economy and Environment

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
231	Due to extreme weather events driven by climate change, Dorset Council may not have the resources to adapt its land drainage and wastewater assets, leading to increased, flooding, environmental and Public Health hazards	Respond to the climate and nature crisis	Finance, Legal, Operations, Project / Programme, Reputation	Medium	The Council manages flood and drainage risks through in-house oversight of land drainage and wastewater assets, supported by dedicated strategies, plans, and a capital investment programme. This is strengthened by partnership working through groups such as the Radipole Lake Water Level Management Plan, ensuring coordinated management with key stakeholders.
233	Due to a failure to adhere to existing protocols, Dorset Council may be unable to provide assurance around building safety, leading to harm to public health and potential penalties	Key organisational deliverable	Finance, Legal, Property, Reputation	Medium	The Council is managing building safety risks through a structured programme of inspections, robust permit-to-work arrangements, and clear protocols for high-risk activities. These controls are supported by improved data management, ongoing identification of high-risk areas, and independent audit assurance confirming

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					effective progress against safety improvement plans.
235	Due to functional discontinuity in resource, systems and process, Dorset Council may not be able to demonstrate sustained best practice across the leased Estate Management Service, leading to financial and legal penalties	Key organisational deliverable	Finance, Legal, Property, Reputation	Medium	The Council is strengthening management of its property portfolio through a comprehensive improvement programme, supported by regular inspections, robust safety processes, and clearer controls for high-risk activities. These measures are reinforced by enhanced data systems, service restructuring, and independent audit assurance confirming progress against improvement plans.
242	As a result of the ambition within the Council Plan, Dorset Council may have inadequate resources to deliver economic growth priorities, leading to missed investment and reduced productivity	Grow our economy	Commercial, Finance, Reputation	Medium	The Council is managing financial and resource pressures through robust budget controls, workforce planning measures, and ongoing service reviews, aligned to the Economic Growth Strategy and Council Plan priorities. These controls are supported by targeted funding, continuous monitoring, and

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					transformation activity to ensure sustainable delivery of key services.
244	Due to a declining youth population and limited higher education opportunities, Dorset may be unable to build a skilled local workforce, leading to an increased skills gap and business relocation	Communities for all, Grow our economy,	Finance, Project / Programme, Reputation	Medium	The Council is managing skills and workforce risks through coordinated internal governance, ongoing workforce planning, and clear communication across services, supported by the Dorset Local Skills Improvement Plan and Economic Growth Strategy. These controls are reinforced by strong partnership working with education providers and stakeholders to strengthen local skills provision and align it with economic priorities.
245	As a result of sea level rise and extreme weather events driven by climate change, Dorset Council may not have the resources to adapt its coastal defences, leading to low lying areas of the county being uneconomical to defend	Respond to the climate and nature crisis	Finance, Legal, Operations, Project / Programme, Property, Reputation	High	The Council is managing coastal flood and erosion risks through the development of major protection schemes, supported by long-term strategic planning, adherence to national guidance, and inclusion in the capital programme. These controls are complemented by

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					active pursuit of external funding, stakeholder engagement, and initiatives to build community resilience, although delivery remains dependent on securing sufficient match funding and future national investment.
265	Due to increased EV uptake and scale of LTP programmes, Dorset Council may not deliver sufficient charging and transport infrastructure, leading to reduced growth, public health, environmental deterioration, and limits on housing targets	Grow our economy, Provide high quality affordable housing, Respond to the climate and nature crisis	Finance, Reputation	Medium	The Council is managing the delivery of electric vehicle infrastructure through a clear Local Transport Plan, supported by secured external funding and dedicated project management. These arrangements provide a structured approach to county wide implementation.
285	Due to pressures on land management and usage, Dorset Council may not meet Council Plan nature positive targets, leading to a decline in biodiversity	Communities for all, Respond to the climate and nature crisis	Finance, Legal, Reputation	Medium	The Council is managing biodiversity and climate resilience through targeted land management practices, including the rollout of cut-and-collect mowing and habitat seeding, alongside policies that promote nature-positive

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					development. These controls are supported by strategic frameworks such as the Local Nature Recovery Strategy and protected area designations.
294	Due to contractor failure and volatility in the waste disposal market, Dorset Council may be unable to secure reliable disposal routes, resulting in use of less favourable options and increased costs	Respond to the climate and nature crisis, Key organisational deliverable	Commercial, Finance, Operations, Reputation	Medium	The Council is managing waste and recycling risks through established contractual arrangements, supported by business continuity planning, ongoing supplier engagement, and investment in additional transfer infrastructure to improve resilience. These controls are complemented by market engagement and operational measures to maintain service continuity and optimise recycling performance.
313	High nutrient loads in protected wetland catchments may face delayed mitigation due to complexities around securing cross-agency mitigation solutions,	Grow our economy, Provide high quality affordable housing,	Finance, Legal, Operations, Reputation	High	The Council is managing nutrient neutrality risks through coordinated cross-organisational working, supported by joint strategies, government funding, and established mechanisms to secure

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
	resulting in planning consent delays for housing and economic development	Respond to the climate and nature crisis			and deliver nutrient credits. Further development of a long-term approach is dependent on forthcoming national strategic mitigation decisions.
314	Due to timescales for submitting the Local Plan, Dorset Council may not have sufficient evidence to deliver a legally compliant and sound plan, delaying the Council's ability to adopt a holistic, comprehensive plan, which achieves sustainable development	Communities for all, Grow our economy, Provide high quality affordable housing, Respond to the climate and nature crisis	Finance, Legal, Operations, Project / Programme, Reputation	High	The Council is managing Local Plan delivery through robust governance, including ongoing legal advice, active engagement with national planning bodies, and collaboration with neighbouring authorities on cross-boundary issues. Progress is supported by targeted use of external expertise and additional resources to maintain delivery against statutory milestones, alongside continuous review of emerging national policy.

Housing, Communities and Prevention

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
151	As a result of capacity in the voluntary and community sector, Dorset council may not be able to provide sufficient care and support to residents, leading to a failure to deliver communities for all	Communities for all	Commercial, Operations, Reputation	Low	Dorset Council has strengthened voluntary sector capacity through the implementation of the Prevention contracts, supported by ongoing monitoring, proactive recruitment by partner organisations, and alignment with the Thriving Communities and Age Friendly Communities programmes. These controls ensure demand is regularly assessed, resources are targeted effectively, and capacity risks are kept under review.
153	Impact of rises in National Living Wage 26/27	Key organisational deliverable, Communities for all	Commercial, Operations, Reputation	Medium	Controls are being strengthened through ongoing market engagement and joint working with the Dorset Care Association to manage capacity risks and market expectations. Identified risks are monitored and escalated to the Commercial Board where necessary, supported by

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					continuous analysis of market capacity and service provision.
158	The supply of homes and temporary accommodation is insufficient to meet demand	Provide high quality and affordable housing	Commercial, Operations, Project / programme, Property, Reputation	High	The Council is managing housing demand and temporary accommodation pressures through a coordinated approach that combines enhanced homelessness prevention, early intervention, and ongoing monitoring with initiatives to increase housing supply, improve use of existing stock, and secure external funding. These controls have reduced reliance on temporary accommodation and are supported by a clear housing strategy and continuous review of market conditions, although external factors mean the risk cannot be fully eliminated.
161	Poor quality private rented sector housing may lead to increased social, health and economic pressure on	Provide high quality and affordable housing	Project / programme, Property, Reputation	Medium	Housing standards are maintained through a combination of proactive and reactive controls, including enforcement action, licensing and certification of rented properties,

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
	households and therefore higher demand for Council services				targeted improvement programmes, and ongoing engagement with landlords. These are supported by updated policies, partnership working, and financial assistance schemes to improve property conditions and energy efficiency, alongside continuous monitoring and response to legislative changes.
164	Due to corporate, market and partnership conditions, the home-in on housing programme may not achieve the housing strategy objectives, leading residents being unable to access affordable, suitable, secure homes	Provide high quality and affordable housing	Finance, Operations, Reputation	High	The Council is managing delivery of its housing strategy through established member and officer governance boards, aligned to Council Plan priorities and supported by active partner engagement. Progress is maintained through programme oversight, market monitoring, and the development of new housing supply models, with ongoing review of resource capacity and market conditions.

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
199	Major incident involving synthetic opiates leads to disruption of normal business for the Public Health team	Communities for all	Operations, Reputation	Medium	Controls have been strengthened through coordinated multi-agency engagement, including escalation via the Dorset Local Resilience Forum and alignment with regional networks to clarify roles and share intelligence. Prepared communications, enhanced intelligence systems, and tested business continuity arrangements support local preparedness, with ongoing review informed by national exercises and partnership working.
200	As a result of health service reform, Dorset Council may incur additional un-provisioned responsibilities, leading to increased resourcing and budgetary pressures	Communities for all, Key organisational deliverable	Commercial, Finance, Operations, Reputation	Very High	Mitigating actions focus on strengthened strategic escalation and system leadership, including coordinated engagement with regional partners, NHS England and sector bodies to manage funding disputes and operational pressures during a period of significant health service reform. While leadership arrangements within the ICB remain in transition,

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					continued joint working and active dialogue with partners aim to improve clarity on roles, stabilise funding arrangements, and support more effective and sustainable system-wide working.

Modernisation and Customer Delivery

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
91	As a result of a successful cyber-security breach, Dorset Council may experience sustained loss or compromise of its ICT infrastructure, leading to disruption and compromise to service delivery, systems and data	Key organisational deliverable	Data and information management, Finance, Legal, Operations, Security	Very High	The Council continues to strengthen its cyber security posture through enhanced vulnerability management, implementation of additional capabilities, and continuous monitoring of key controls, improving its ability to identify and respond to threats. Further work is underway to review resourcing and explore additional capacity to enhance monitoring coverage and maximise the effectiveness of existing security tools. In addition to regular reporting on progress to Audit and Governance Committee.

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
92	Because of a disruption such as a power failure, Dorset Council's ICT recovery may be delayed, leading to operational disruption	Key organisational deliverable	Date and information management, Finance, Legal, Operations, Reputation, Security, Technology	High	Resilience arrangements are in place for critical Council services, including duplication across multiple data centres to support continuity in the event of disruption. These arrangements are underpinned by regular service continuity testing and planned exercises, providing assurance that controls are effective and supporting ongoing improvement in organisational resilience.

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
127	Because of competing demands for organisational resources, Dorset Council's transformation work may not achieve its objectives, leading to incomplete benefits to service delivery, customer experience and cost savings	Key organisational deliverable	Finance, Operations, People, Project / programme, Reputation	High	The Council has strengthened governance and oversight of its transformation programme through refreshed leadership arrangements, integrated financial planning, and enhanced monitoring of delivery and benefits realisation. These controls are supported by a refocused transformation portfolio aligned to strategic priorities, improved programme management and stakeholder engagement, and ongoing review of resourcing to ensure delivery capacity.

Resources

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
81	As a result of slower economic growth, Dorset Council may see a stagnation in revenue streams, creating budget pressures that impact the Council's ability to fund services	Grow our economy	Finance, Reputation	Low	The Council supports economic growth through a dedicated economic development function and a significant capital investment programme focused on regeneration and redevelopment. These initiatives are aligned to the Council's strategic priority to grow our economy, with defined targets and delivery plans in place.
82	Due to a breach in the oversight and control framework, contract and expenditure approvals may breach constitutional requirements, resulting in overspends and financial mismanagement	Key organisational deliverable	Commercial, Finance, Legal, Reputation, Security	High	A strengthened control environment has been implemented through revised governance, including an updated Scheme of Delegation, enhanced procurement oversight, and improved system controls linking expenditure to approved contracts. These measures are supported by increased transparency, clearer guidance, strengthened monitoring and reporting, and additional resourcing to ensure compliance and promote

ID	Risk	Strategic Priority	Principal Risk(s)	Risk Rating	Controls Summary
					consistent, accountable decision-making.

APPENDIX B

Audit and Governance Committee

29 June 2026



Dorset Council's Proposed Risk Scoring Matrix

Current Approach and Evolving Challenges:

Dorset Council's existing Risk Scoring Matrix has been in place with minor refinements since the council became a unitary authority in 2019. During this period, the organisation has undergone significant transformation, including changes in governance, the introduction of a formal risk appetite statement, and the establishment of an overarching Risk Management Framework.

The current approach categorises risks based on impact and likelihood, combining these through a 5x5 matrix to produce an overall score and rating of Very High, High, Medium, or Low. This has provided a consistent and accessible method for prioritising risk and has supported the organisation to date.

However, as Dorset Council has matured, so too have its risk management needs. Changes in our operating environment, organisational priorities and available tools present an opportunity to build on this foundation and tackle the following challenges apparent in the current model:

- Threshold and scoring parameters that have not fully evolved alongside organisational change
- Limited alignment with the council's defined risk appetite
- Primary emphasis on overall risk ratings, rather than the broader context of risk management decision-making
- Limited granularity to consistently support structured, insight-led discussions
- Scope for improved consistency in scoring application

These challenges highlight the opportunity to enhance and modernise the scoring matrix in line with the council's ambitions and values.

Proposed Approach and Organisational Benefits:

The proposed approach represents a natural evolution of Dorset Council's risk management capability, supporting its ambition to operate as a modern, sustainable, unitary authority and to deliver the council plan and wider strategic objectives.

Informed by best practice from the Institute of Risk Management and building on the current model, the enhanced approach will:

- Introduce more detailed and clearly defined scoring metrics, improving shared understanding and consistency across services

- Strengthen the alignment with risk appetite, ensuring that risk prioritisation is more closely linked to strategic decision making
- Increase granularity and insight, enabling more meaningful and structured risk management conversations at all levels
- Incorporate automated scoring mechanisms, improving accuracy, reducing subjectivity, and supporting more efficient processing

This evolution shifts the emphasis from a largely score-driven process to a more holistic, insight-led approach to risk management. This will support better informed decision-making, improved prioritisation of resources, and a more resilient organisation.

The following pages provide further detail on the proposed Risk Scoring Matrix.

Assessing Impact:

Impact is assessed on a scale of 1 to 5. Each score is supported by defined descriptors that outline the nature and severity of the consequences should the risk materialise. Users are required to evaluate and select the appropriate impact level across all dimensions. The overall impact score is determined by the highest rating identified across these dimensions. This approach ensures that significant impacts in any one area are not diluted by less severe impacts in others.

Automation of the impact scoring framework will enhance this process by clearly identifying the contributing elements of the overall score. This supports a more informed and targeted response, enabling the organisation to focus mitigating actions on the areas of greatest concern.

The proposed overarching definitions for each impact level are as follows:

(5) Critical – Severe and widespread consequences that significantly disrupt the organisation's ability to operate, meet legal obligations, or deliver essential services.

(4) Significant – Major disruption or harm that affects important services or finances, requires senior management action, but does not completely stop the organisation from operating.

(3) Moderate – A noticeable problem that causes delays or added costs but can be managed within normal operations without major disruption.

(2) Minor – A small issue causing slight inconvenience or low-level disruption, easily managed within normal team activities.

(1) Minimal – A negligible issue with no meaningful effect on services, people, or performance, resolved easily within normal daily activities.

The following page illustrates a draft of the proposed Impact Scoring Matrix.

Assessing Risk Impact - Dorset Council						
Impact	The overall impact score will be the highest score across all dimensions					
	Compliance	Financial	Operations & Delivery	Reputational	Stakeholders & Community	
	Critical Score 5	Severe legal or regulatory breach; Enforcement action, loss of authority, service cessation, or unlawful safeguarding/SEND conduct	>8% adverse budget variance, or wipeout of the General Fund balance	Complete failure of a critical service, with knock-on impacts overwhelming contingency arrangements or operational capacity	Sustained national multi-platform media coverage of sensitive or polarising issues, causing severe loss of public trust	Widespread harm to vulnerable groups, or loss of access to essential services for over 50% of those affected
	Significant Score 4	Material non-compliance; Regulatory censure, statutory direction, enforced remediation, or sustained failure to meet statutory service levels	>4% to ≤8% adverse budget variance	Significant disruption to critical service(s), with delays or reduced capacity requiring intervention and resource diversion	Coordinated social media or disinformation activity on contentious public-interest issues, escalating into mainstream media	Significant harm to multiple stakeholder groups, or loss of access to essential services for 25–50% of those affected
	Moderate Score 3	Documented non-compliance or control weaknesses; Potential regulatory action if unaddressed, or short-term statutory non-compliance	>2% to ≤4% adverse budget variance	Partial disruption to critical service(s), short-term interruptions, or temporary performance dips	Media or social media coverage gaining momentum around perceived service failure, requiring coordinated communications management	Service delays, or reduced service quality affecting 10–25% of users, or adverse impact on key stakeholder relationships
	Minor Score 2	Minor policy or procedural deviation below statutory thresholds, low external scrutiny, and easily resolved locally	>1% to ≤2% adverse budget variance	Minor delays or reduced performance in non-critical services, but resolved locally within the service area	Single negative media or social media item with minimal public interest	Minor, localised inconvenience or dissatisfaction among stakeholders
	Minimal Score 1	Compliance fully met with negligible residual risk, supported by effective controls	≤1% adverse budget variance	Negligible operational impact with nominal service disruption, and no effect on statutory duties or delivery	Isolated low-level complaints with no media attention, resolved through routine communication	No meaningful impact on stakeholders or community

Assessing Likelihood:

Likelihood is also assessed on a scale of 1 to 5. Each score is supported by defined descriptors that outline the contributing factors to the possibility that a risk may materialise. Users are required to evaluate and select the appropriate likelihood levels across all dimensions. The overall likelihood score will be the mean average across all dimensions rounded to the nearest integer. This approach acknowledges that several components may contribute to the overall likelihood that a risk may materialise.

Automation of the likelihood scoring framework will enhance this process by clearly identifying the contributing elements of the overall score. This supports a more informed and targeted response, enabling the organisation to focus mitigating actions on the areas of greatest concern.

The overarching definitions for each likelihood level are as follows:

- (5) Expected** – Highly likely to occur and may happen regularly based on experience.
- (4) Probable** – More likely to happen than not, based on experience or current conditions.
- (3) Possible** – Could happen, but there is no strong pattern or expectation.
- (2) Unlikely** – Not expected to occur, but still possible under certain conditions.
- (1) Rare** – Highly improbable and would only happen in exceptional circumstances.

The following page illustrates a draft of the proposed Likelihood Scoring Matrix.

Assessing Risk Likelihood - Dorset Council						
Likelihood	The overall likelihood score will be the mean average across all dimensions rounded to the nearest integer					
		Delivery Capability and Resilience	External Pressures	Frequency of Occurrence	Nature of Operations	Process Maturity and Governance
	Expected Score 5	Insufficient skills or expertise to manage the risk, and / or no effective contingency plans in place	Highly volatile external conditions; Regulatory change, stakeholder opposition, funding loss, and / or international disruption	Risk materialised within the last year, or recurring, indicating a clear pattern	Highly complex cross-functional operations, significant external dependencies, and / or frequent changes in demand	Manual, fragmented processes, multiple hand-offs, unclear ownership, and / or weak or overlapping governance
	Probable Score 4	Risk knowledge is concentrated in a small team, and / or low resilience in the event of employee absence	Signals of tighter regulatory oversight or policy change, emerging organised opposition, and / or significant reductions in national funding	Risk materialised in the past 1–2 years, or probable under current conditions	Complex, multi-stakeholder operations, moderate external dependencies, and / or variable demand or regulatory interpretation	Mostly manual processes, inconsistent ownership, and / or partial understanding of decision-making processes with reactive governance
	Possible Score 3	Some employee awareness of controls, processes not fully embedded, and / or resilience vulnerable to employee turnover	Intermittent regulatory developments and / or sporadic stakeholder challenge, moderate but inconsistent external pressure	Risk last materialised 2–3 years ago, or could occur under current conditions	Moderately complex operations, occasional external dependencies, and / or some operational variability	Hybrid manual and automated processes, some ownership clarity, and / or inconsistent governance application
	Unlikely Score 2	Broad employee understanding, embedded training, clear accountability, and / or strong resilience to employee turnover	Stable regulatory conditions, and / or minimal external challenge	Risk last materialised 3–5 years ago, or is unlikely due to strong mitigating controls	Routine operations, limited external dependencies, and / or largely predictable outputs	Well-defined, automated processes with clear ownership, and / or proactive governance
	Rare Score 1	Broad employee competence, fully embedded processes, and / or effective employee succession planning	Strong multi-level alignment, supportive regulators, cooperative stakeholders, and / or a stable, low-volatility environment	No occurrence in over 5 years, or strong controls making occurrence highly improbable except in exceptional circumstances	Highly standardised operations, minimal external dependency and / or consistent, well-controlled outputs	Fully automated, streamlined processes and / or robust governance with clear organisation-wide understanding

Risk Scoring Heatmap

Existing Approach:

Dorset Council's current Risk Scoring Heatmap plots the multiplied risk impact and likelihood score on a 5x5 matrix. Risks are then categorised based on their overall score as set out below:

Risk Rating	Definition
Very High	Score of 20-25; may meet the threshold for escalation as a Strategic Risk
High	Score of 12-16
Medium	Score of 5-10
Low	Score 1-4

Proposed Approach:

Dorset Council's proposed Risk Scoring Heatmap will continue to plot the combined impact and likelihood against the 5x5 matrix. However, the revised approach introduces additional value by aligning with the council's risk appetite framework and standardising the terminology used in risk discussions.

This will be achieved by applying an overlaid Red, Amber, Green (RAG) rating according to:

Risk Rating	Definition
Capacity	The maximum level of risk the organisation can bear. An immediate risk management response must be taken
Tolerance	The level of risk is tolerable subject to further monitoring and/or a targeted response
Appetite	The level of risk Dorset Council is willing to take in the pursuit of its objectives. Risks within appetite require routine monitoring, but no additional action

The calibration of the heat map, specifically the allocation of matrix segments to appetite, tolerance and capacity, will be developed in collaboration with council leadership. This will strengthen the consistency and clarity of risk reporting, and support more informed and structured discussions regarding risk exposure and required management actions.