DDC CORPORATE RISK TOOLKIT

Corporate Services

December 2023

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Introduction

This Risk Toolkit is intended as a reference document to be used with the Corporate Risk Management Strategy and contains a step-by-step summary for evaluating and recording risks or opportunities for inclusion in the Corporate Risk Register.

At the end of this toolkit is a form to complete. A copy of this form will be provided on the intranet and is also available from Corporate Services on request.

If you have any questions during the completion of your Risk Register entry, please contact Keeley McEvely in Corporate Services.

The completed Risk Register form should be sent to Keeley McEvely in Corporate Services for inclusion in the Risk Register.

In order to assist you in completing your risk register entry, the example of a Corporate Complaints Risk Assessment is used to guide you through the process.

Risk Management Process

This toolkit will set out each of the six stages of the Corporate Risk Management Process and refer you to the relevant pages in the Strategy. Please ensure that you read the relevant sections of the Strategy in completing your assessment of the risk.

The Council's Risk Management Process is a six-stage approach as follows:

STEP 1: ESTABLISH OBJECTIVES

Please read page 14 of the Corporate Risk Management Strategy before completing this section.

The risk owner will need to consider the following points to establish the objectives:

- What are you seeking to achieve?

- When are you seeking to achieve it? And…

- Who is responsible for achieving it?

This list while not exhaustive sets out the key points you need to consider when establishing your objectives.

This includes understanding what the Council wants to achieve and the resources it has available – in both capacity and capability – to deliver. For reference, the Council has set out its corporate objectives in the Corporate Plan.

Clarifying objectives will allow a greater understanding of what will stop the achievement of those objectives and what opportunities need to be grasped to meet the objective. Setting objectives clearly will also reveal links to internal and external stakeholders that will need to be relied upon as well as other external factors that will impact objectives.

Example – Corporate Complaints Process

Q. What are you seeking to achieve?

A. An efficient and effective complaints process that complies with statutory requirements and codes.

Q. When are you seeking to achieve it?

A. This is an on-going matter.

Q. Who is responsible for achieving it?

A. Head of Corporate Services and Democracy

STEP 2: IDENTIFY RISKS

Please read pages 14 - 16 of the Corporate Risk Management Strategy before completing this section.

The risks identified must be described in clear terms that can easily be understood and must specify what the tangible risk is. The description of the risk should help determine how the risk will be managed and treated.

To identify potential risks, the risk owner may need to:

- Undertake a risk assessment exercise.

- Research and consider the risks that have affected others. This can also involve keeping up to date with new local, national, and international policies, legislation, and events.

- Measuring current and historical performance and identifying weaknesses.

- Review relevant reports about Council services including those issued by internal and external auditors.

In identifying risks, consideration needs to be given to both internal and external risks.

- Internal risks are those faced by the Council from within the organisation. They arise from routine day-to-day activities such as managing staff, safeguarding, health and safety, financial challenges, legal risks, operating IT systems, etc.

- External risks are those that arise from outside the Council but may still have an adverse impact on its activities. For example, the failure of a partner organisation, a major cyber-attack, extreme weather conditions or adverse national economic conditions. External risks are harder to manage as the Council has less control over whether they occur.

Risks should be described in a couple of sentences, explaining the risk through Cause, Event and Effect.

In instances where there are multiple risks attached to an objective, they should be described individually.

Example – Corporate Complaints Process

The issue:

The failure to maintain effective Corporate Governance arrangements for complaints due to management or resourcing issues, (e.g., poor record keeping; failure to adequately investigate complaints, insufficient staffing or failure to meet procedural or Ombudsman deadlines) could lead to a risk of increased findings of maladministration or injustice from the Ombudsman resulting in reputational damage, failure to address performance issues and increased costs through awards of compensation by the Council or the Ombudsman.

STEP 3: ANALYSE AND EVALUATE

Please read pages 16 - 21 of the Corporate Risk Management Strategy before completing this section.

The aim of risk analysis is to build an understanding of the nature of risk and its characteristics including, wherever possible, the level of risk. It involves consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls, and their effectiveness.

Risk Analysis considers factors such as:

- the likelihood of events and consequences occurring
- the type and scale of consequences
- time-related factors
- the effectiveness of existing controls
- sensitivity and confidence levels

As part of the risk analysis, an assessment will be undertaken of the (a) likelihood of the risk occurring and (b) the impact of the risk should it occur.

The eight areas of risk to be considered (the risk categories also known as the risk taxonomy) are as follows:

- Environmental
- Financial
- Health & Safety
- Legal & Regulatory (including information management and security)
- Partner Relationship
- Reputational
- Service Delivery
- Community Impact

The probability of the risk occurring is considered as one of five levels:

- Rare (least likely)
- Unlikely
- Possible
- Likely
- Very Likely (most likely)

The impact of the risk should it occur is considered as one of five levels:

- Minimal (lowest impact)
- Minor
- Moderate
- Major
- Critical (highest impact)

The tables to be used in conducting this assessment can be found on pages 18 – 20 of the Corporate Risk Management Strategy.

Example – Corporate Complaints Process

Using the tables on pages 18 – 20 of the Strategy each of the eight categories will need to be scored against the impact of the risk and the probability of the risk occurring.

Each risk is scored between 1 and 5.

The result of the assessment will be a score between 1 (lowest risk) and 25 (highest risk) for each of the eight areas, with the highest individual score from the eight areas of risk being the score assigned to the overall risk. This will give the 'Inherent Risk Score' – the current level of risk faced by the Council. A higher numerical score indicates a higher level of risk.

PROBABILITY x IMPACT = INHERENT RISK SCORE

Risk Category	Impact	Multiply	Probability	Total
Environmental	1	x	1	1
Financial	2	x	2	4
Health & Safety	1	x	1	1
Legal & Regulatory	3	x	2	6
Partner Relationship	1	x	1	1
Reputational	3	x	3	9
Service Delivery	3	x	2	6
Community Impact	3	x	2	6

The highest number is what will be known as the Inherent Risk Score. In the case of this example, which would be the reputational category with a score of 9.

STEP 4: MITIGATE AND MANAGE

Please read pages 22 - 25 of the Corporate Risk Management Strategy before completing this section.

Having identified the level of 'Inherent Risk' involved, the risk owner must next consider what mitigation measures are available to reduce the risk to a level that the Council is willing to accept in pursuit of its goals. This does not necessarily mean that the risk in each area will be managed and mitigated down to zero risk. The level of tolerable risk will depend on the Council's level of risk appetite.

Identifying and ranking risks is important, but the key element thereafter is to determine the strategy for managing them and determining the amount of risk that the Council is willing to take.

Having identified the required actions needed to Tolerate, Treat, Transfer or Terminate the risk, a new scoring will need to be completed. The outcome of this will be the Residual Risk Score.

Example – Corporate Complaints Process

In this example, the level of acceptable risk is considered to be 'Averse' as the risks relates to legal and regulatory and therefore wherever possible steps have been taken to Treat the risk (see Page 23 of the Strategy).

The Inherent Risk Score of 9 meant that the highest risk falls into the Tolerate/Accept or Treat category. There were three other scores also in that range of 5 – 9.

5 – 9 Legal Reputational Service Delivery Community Impact	A risk at this level may be acceptable. Efforts should still be made to reduce the risk, provided this is not disproportionate. If not acceptable depending on the Council's level of risk appetite. Existing controls should be monitored or adjusted.	Tolerate/Accept or Treat (Control)

Excluding those risks that had a score of 1, there was an additional risk that scored a 4.

2 – 4 Financial	An acceptable risk in most situations. If opportunities arise to mitigate the risk further, they should be considered. However, further action or additional controls may not be required. Risk at this level should be monitored and reassessed at appropriate intervals.	Tolerate/Accept or Treat (Control)

The actions considered for the risks associated with the Corporate Complaints Process are as follows:

- Recognise that despite best efforts some complaints will progress through the DDC complaints process and be appealed to the Ombudsman. In such cases, the complainant must be provided with the Ombudsman's details at the relevant stages of the process. (TOLERATE/TREAT)

- Ensure that where complaints result in findings against the Council that the knowledge is disseminated to the right officers and lessons are learnt. (TREAT)

- Training on the corporate complaint's procedures to ensure managers effectively deal with Stage 1 complaints and, where possible, resolve the matter effectively. (TREAT)

- Publicising good practice within the Council. This includes providing examples of relevant Ombudsman decisions relating to the Council or other local authorities to raise awareness of good and bad practices. (TREAT)

- Cross-training members of Corporate Services to ensure resilience to support the corporate complaints process framework and particularly ensuring that Stage 2 complaints are dealt with effectively. (TREAT)

- Introduction of a new in-house IT solution for the corporate complaints system to assist in managing complaints, ensuring the deadlines are met and enable performance monitoring. (TREAT)

The reassessment and scoring of the risk following these actions is as follows:

PROBABILITY x IMPACT = RESIDUAL RISK SCORE

Risk Category	Impact	Multiply	Probability	Total
Environmental	1	x	1	1
Financial	2	x	2	4
Health & Safety	1	x	1	1
Legal & Regulatory	3	x	2	6
Partner Relationship	1	x	1	1
Reputational	3	x	2	6
Service Delivery	3	x	2	6
Community Impact	3	x	2	6

This is based on the proposed actions reducing the probability of reputational damage. The impact itself remains unchanged in this example.

The Residual Risk Score is the level of risk remaining after actions to mitigate it have been taken.

STEP 5: RECORD AND REPORT

Please read pages 25 - 26 of the Corporate Risk Management Strategy before completing this section.

Once you have completed the form at the end of this toolkit, you will need to undertake the following steps:

Reporting to Corporate Services

A copy of the completed form which will form the basis for the Risk Register entry should be sent to Corporate Services (corporateservices@dover.gov.uk)

Reporting the Risk - Projects

The risk management arrangements for projects will need to be considered on a case-by-case basis when each project is developed. This will be dependent upon the nature of the project, its scale, objectives and most importantly the risk it represents to the Council. It is likely that for many projects the risks will change frequently and require the Council to respond accordingly through regular reporting to the appropriate management level.

The reporting arrangements for projects will be recommended by the relevant Head of Service and Strategic Director and agreed by the Corporate Management Team. This should not be any less frequent than quarterly.

Reporting to Corporate Management Team

The Corporate Risk Register will be reviewed and reported quarterly to the Corporate Management Team.

Where there is a residual risk of 15 or greater (usually considered an unacceptable level of risk) the risk should be reported monthly to Corporate Management Team or at intervals as determined by the Corporate Management Team.

Dover District Council has always promoted a culture of accessibility to its Corporate Management Team. If a risk owner feels that they need to escalate the reporting of their risk, they should speak to their Head of Service and/or Strategic Director about adding the matter to the Corporate Management Team agenda.

Reporting to Councillors

Those risks with a Residual Risk Score of 10 or greater will be reported in summary form in the quarterly Strategic Dashboard considered by Cabinet and the Overview and Scrutiny Committee.

The Governance Committee will consider the complete Corporate Risk Register on an annual basis and will receive quarterly updates on changes (risks added to the register, risks removed from the register, changed risks) to the Corporate Risk Register in that quarter.

STEP 6: MONITOR AND UPDATE

Please read pages 26 - 27 of the Corporate Risk Management Strategy before completing this section.

The competition of the Risk Register entry is not the end of the process.

You will receive an email from Corporate Services on a quarterly basis asking you to review your Risk Register entry and amend, as necessary. However, if changes are required to the Risk Register entry you should not wait for the quarterly reminder and should contact Corporate Services with an update to the risk as soon as practicable to do so.

If the residual risk score is 15 or greater of an amended risk register entry, then the risk should be reported to the next meeting of the Corporate Management Team regardless of where it falls within the quarterly reporting cycle. Please speak with your Head of Service or Strategic Director about adding the matter to the Corporate Management Team agenda.

Risk Title:	**Corporate Complaints Example**							
Risk Owner:	Head of Corporate Services and Democracy				**Date Risk Created:**		27/10/23	
Describe the Risk:	The failure to maintain effective Corporate Governance arrangements for complaints due to management or resourcing issues, (e.g., poor record keeping; failure to resolve issues, insufficient staffing or failure to meet procedural deadlines) could lead to a risk of increased findings of maladministration from the Ombudsman resulting in reputational damage, failure to address performance issues and increased costs through awards of compensation by the Council or the Ombudsman.							
Risk Score	**INHERENT RISK SCORE**			**9**	**RESIDUAL RISK SCORE**			**6**
	Risk Category	**Impact**	**Probability**	**Total**	**Risk Category**	**Impact**	**Probability**	**Total**
	Environmental	1	1	1	Environmental	1	1	1
	Financial	2	2	4	Financial	2	2	4
	Health & Safety	1	1	1	Health & Safety	1	1	1
	Legal & Regulatory	3	2	6	Legal & Regulatory	3	2	6
	Partner Relationship	1	1	1	Partner Relationship	1	1	1
	Reputational	3	3	9	Reputational	3	2	6
	Service Delivery	3	2	6	Service Delivery	3	2	6
	Community Impact	3	2	6	Community Impact	3	2	6
What are we doing to control (mitigate) the risk?	- Training on the corporate complaint's procedures to ensure managers effectively deal with Stage 1 complaints. - Publicising good practice within the Council and relevant Ombudsman decisions relating to other local authorities. - Cross-training members of Corporate Services to ensure resilience to support the corporate complaints process framework and particularly ensuring that Stage 2 complaints are dealt with effectively. - Introduction of new corporate complaints system to assist in managing complaints.							
Additional Comments or Updates								
Reviewed by:					**Date:**			