WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – People & Technology

Audit Committee – 15th September 2021

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Subject: Strategic Risks 2017-22

1.   Purpose

1.1   To provide an update on the strategic risks for 2017-22.

2.   Recommendations

2.1   It is recommended that the Committee note:

- The strategic risks as detailed at Appendix 1; and
- Supplementary EU Assurance Plans as detailed in Appendices 2 and 3.

3.   Background

3.1   The Council's strategic risk arrangements are now well-embedded.   The appended risks were fully reviewed and added to in 2017 with re-assessment undertaken bi-annually before being reported to this committee. This report is submitted as agreed to the Corporate Services and Audit Committees on a bi-annual basis.
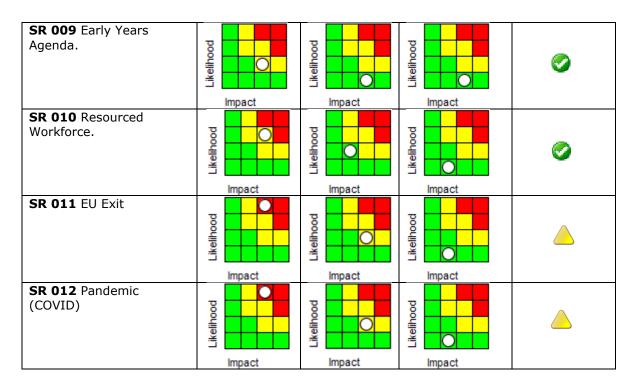
4.   Main Issues

<u>Strategic Risk</u>

4.1   In line with the Council's Risk Management Framework, a re-assessment of the strategic risks has taken place as detailed within Appendix 1. Each risk is managed through internal controls, linked actions and associated milestones with the objective being to reduce or stabilise the level of risk through completion of linked actions over a period of time and / or ensure mitigation factors are adequate should the risks actually materialise.

4.2   Table 1 represents a risk dashboard that includes information on the original, current and target ratings for each strategic risk, as well as an assessment of the current risk status. Each strategic risk is identified and supported by more detailed information available on a "drill-down" basis in Appendix 1. Five Strategic Risks, associated actions and milestones are met, a further three are progressing as expected and likely to reach their assigned targets and SR011 and SR012 present particular challenges as set out at 4.7-4.12 but have progressed since last reported on. As previously reported, SR001 and

SR002 are significantly off target and unlikely to reach the intended risk outcome.

Table 1 Key Strategic Risk Information

Strategic Risk	Original Risk 2017 *2020 for SR012 Pandemic	Current Risk 2021	Target Risk 2022	Risk Status Rationale
SR 001 Financial Funding.				🛑
SR 002 School improvements.				⚠️
SR 003 Council Assets.				✅
SR 004 Information Technology.				✅
SR 005 Partnerships.				✅
SR 006 Citizens and Communities.				✅
SR 007 Health and Safety of Employees and Others				✅
SR 008 Cyber Attack.				⚠️

	Current Risk	Target Risk	Review	Status
SR 009 Early Years Agenda.				✅
SR 010 Resourced Workforce.				✅
SR 011 EU Exit				⚠️
SR 012 Pandemic (COVID)				⚠️

Risk Methodology and Reporting

4.3 Each strategic risk is populated in Pentana in terms of the following template:
- Risk title and code;
- Description;
- Ownership;
- Potential effect;
- Measures of impact;
- Risk factors;
- Internal controls;
- Risk opportunity; and
- Linked actions.

4.4 Each risk has been scored using a "4 x 4" matrix for likelihood and impact in relation to:

- Current risk (with review dates set at pre-determined intervals); and
- Target risk (i.e. 31 March 2022 - the duration of the Strategic Plan).

The risk descriptors used in the "4 x 4" matrix are as follows:

Likelihood

Score	Descriptor
1	Unlikely
2	Likely
3	Very likely
4	Certain

Impact

Score	Descriptor
1	Minor
2	Moderate
3	Significant
4	Critical

4.5 For ownership, each strategic risk is "Managed By" a Chief Officer and "Assigned To" a Senior Officer. Strategic risks are also reported on a bi-annual basis to the Performance & Monitoring Review Group.

Service Risk

4.6 Following the methodology in 4.3 to 4.4 above, each service has service owned operational risk registers in Pentana; these will be updated through the 2021/2022 service planning process.

4.7 EU Exit SR011

As previously reported, the EU-UK Trade and Cooperation Agreement now defines this area. Local risks were identified as disruption of services, workforce, and congestion at sea and airports, concerns around the supply of medicines were anticipated. Britain and Brussels reached an agreement in late 2020 that avoided tariffs or quotas on goods. However, traders are still confronted with new paperwork and unpredictable delays. There is a continuing risk across the whole of the UK regarding the distribution of goods due to a shortage of HGV drivers. However, this is not strictly the result of EU Exit as COVID has played a part in the shortfall. The result being delays in deliveries of products including clothing and food. Officials at the Department of Transport are in discussion with the haulage industry to tackle the crisis. One suggestion is to offer a fast-track licensing process to encourage people to come forward to help ahead of the winter months. Several WDC projects are seeing a potential link between construction price inflation, rarity of materials and EU exit. Covid-19 is also a potential factor and there is anecdotal evidence from contractors that there is a bigger pull in the EU as a single market, for the materials that are there. This is having serious implications for affordability and it is current. These price increases are being closely tracked by WDC and other partners. Although, the direct impact to West Dunbartonshire cannot be measured at this time it is recognised that there will be an inclusive impact due to it being a UK wide issue.

4.8 This was initially assessed as high risk. This severity of this risk could be reviewed given there has been no local impact since the UK left the EU. There are still 11 actions associated with SR011, with multiple owners, and the associated EU Exit plans are appended as usual.

4.9   The Council's Resilience Groups continue to work with the Civil Contingencies Service (CCS) as the main driver to support and monitor impact. Key officers and the Civil Contingencies Officer actively review the EU Exit Assurance Action Plans.

4.10   <u>Pandemic (COVID-19) SR012</u>

The impact of COVID has resulted in the development of a significant number of procedures, assessments and mitigations to support the various UK and Scottish Government initiatives and ultimately reduce the risk of transmission in the workforce and local community.

4.11   As a result, the Council has experienced significant COVID related budget spend across all service areas. This is currently in the region of £14m.

4.12   In respect of the strategic risk and consequent operational risks, four key areas have been identified and are listed below. The response and recovery landscape remains fluid.

- **Workforce:**
  The Council is faced with significant workforce demands in relation to absence, reduction, recruitment and wellbeing. Risk rating amended from red to amber since last reported.
- **Service Delivery:**
  The Council is faced with significant delivery demands in relation to moving services online, disruption, reduction and quality. Risk rating amended from red to amber since last reported.
- **Protection:**
  The Council is faced with significant demands for protection in relation to additional and constant changing legislation and guidelines, PPE requirements, supply chain, cost of PPE and ensuring workforce safety. Risk rating amended from red to green since last reported.
- **Public Uncertainty:**
  The Council is faced with significant demands around public uncertainty and leads to additional burdens upon services, seeking information, advice and support. Risk rating amended from red to green since last reported.

The situation in relation to Strategic Risk SR012 Pandemic is improving and, in advance of the next report, the above sub-risks will be further reviewed.

5.   People Implications

5.1   There are no people implications associated with this report, other than in relation to the mitigation of risks

6.   Financial and Procurement Implications

6.1   There are no financial and/or procurement implications directly associated with this report however there are in relation to the expenditure linked to mitigation.

7.   Risk Analysis

7.1   Failure to ensure robust risk management is likely to result in the Council being criticised by External Auditors for not having an integrated approach to embedding risk management within the authority with the result that a "no scrutiny required" status would not be achieved.

7.2   Progressing with a robust risk management approach will demonstrate that the Council is taking ownership of risk management and ensuring effective measures are in place. The ability to demonstrate risk ownership should benefit the Council in terms of:

- Understanding risk and its potential impact on the Council's priorities and objectives;
- Reducing insurance premiums going forward by recognising that a mature approach to risk management will contribute to a reduction in the number and value of claims across a range of insurance classifications;
- Contributing towards incident prevention based upon post-incident investigation;
- Meeting statutory/regulatory requirements; and
- Ensuring better partnership working with external and internal partners.

8.   Equalities Impact Assessment (EIA)

8.1   An equalities screening was undertaken that identified no impact on a particular protected group.

9.   Consultation

9.1   The strategic risks have been discussed with the Chief Officers and senior management representatives on the Operational Resilience Group. The reports to committee are available to the Trades Union and consultation undertake as required.

10.   Strategic Assessment

10.1 At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 - 2022 are as follows:

- A Strong local economy and improved employment opportunities;
- Supported individuals, families and carers living independently and with dignity;
- Meaningful community engagement with active empowered and informed citizens who feel safe and engaged;

- Open, accountable and accessible local government; and
- Efficient and effective frontline services that improve the everyday lives of resident

10.2 The strategic risks have been identified to complement the main strategic priorities.

Name: Victoria Rogers
Designation: Chief Officer People & Technology
Date: 11th August 2021

Person to Contact:	John Duffy, Section Head Risk and Health & Safety Telephone 01389 737897 Email John.Duffy2@west-dunbarton.gov.uk Anna Murray, Risk & Health and Safety Graduate Email Anna.Murray@west-dunbarton.gov.uk
Appendices:	Appendix 1: Detailed Strategic Risk List Appendix 2: WDC HSCP EU Exit Action Plan Appendix 3: WDC EU Exit Action Plan
Background Papers:	Report to Council on 25 October 2017 - West Dunbartonshire Council Strategic Plan 2017-22 Risk Management Framework EIA screening