

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – People & Technology

Audit Committee: 4th September 2024

Subject: Strategic Risks 2022-2027: Bi-annual update

1. Purpose

1.1 To provide the bi-annual update on the strategic risks for 2022-27.

2. Recommendations

2.1 It is recommended that the Committee note:

- The strategic risks as detailed at Appendix 1 and progress reported.

3. Background

3.1 The Council's 2022 – 2027 strategic risks were agreed by the Corporate Services and Audit Committees in November 2022. The appended risks have been reviewed with re-assessment undertaken before being reported to this committee. This report is submitted as agreed to Audit Committee on a bi-annual basis.

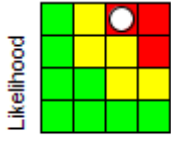
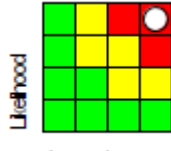
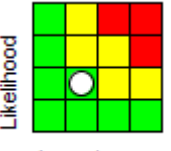

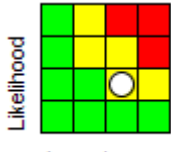
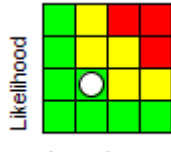
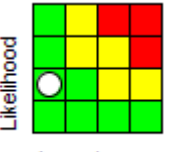

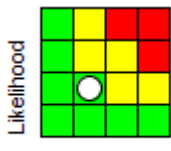
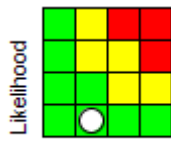
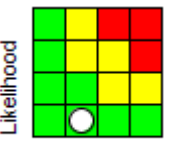

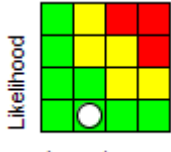
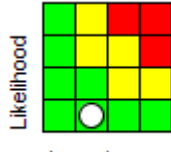
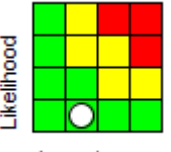

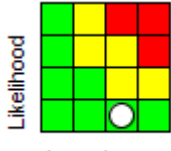
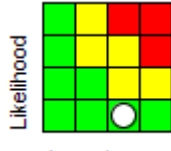
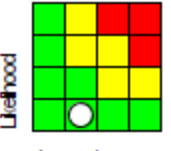

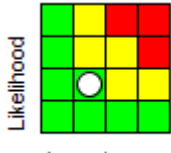
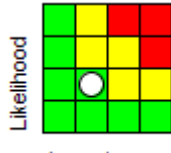
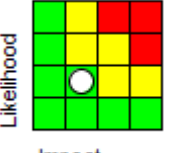

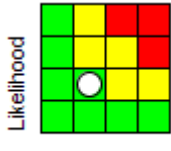
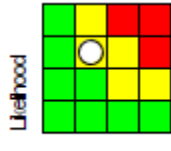
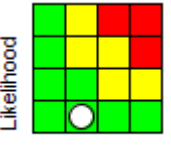

4. Main Issues

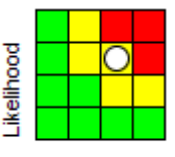
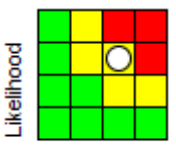
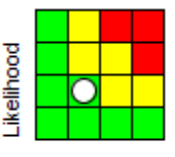

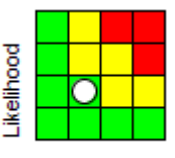
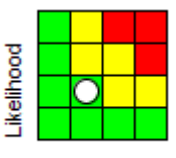
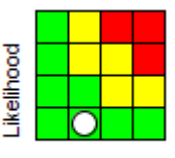

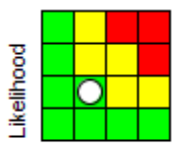
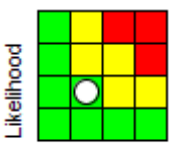
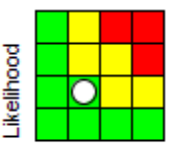

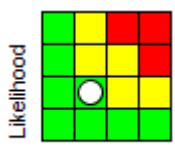
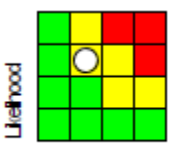
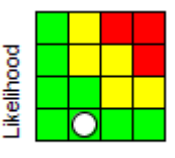

Strategic Risk

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 and/or ensure mitigation factors are adequate should the risks materialise.

4.2 Table 1 represents a risk dashboard that includes information on the original, current and target rating 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. Four strategic risks, associated actions and milestones are met, a further three are progressing as expected and closer to reaching their assigned targets and SR001, SR007, SR008, and SR011 are currently off target, which is explained in further detail below.

Table 1 Key Strategic Risk Information

Strategic Risk	Original Risk October 2022	Current Risk August 2024	Target Risk March 2027	Risk Status Rationale
SR 001 Significant financial funding reductions/limitations from Scottish Government				
SR 002 Challenges in implementing broad-ranging school improvement to raise attainment and achievement				
SR 003 Maintaining Council Assets that are fit for purpose				
SR 004 Keeping abreast of developments in the innovative use of Information Technologies				
SR 005 Engaging positively with Residents, Communities & Partnerships				
SR 006 Challenges in protecting the Health and Safety of Employees and Others				
SR 007 Complexities in ensuring an appropriately resourced and resilient workforce				

SR 008 Threat of Cyber Attack				
SR 009 Challenges in delivering effective services in relation to Roads & Neighbourhoods				
SR 010 Failure to maintain Housing Stock				
SR 011 Inability to reduce carbon footprint in line with targets				

Risk Methodology and Reporting

4.3 As a reminder, each strategic risk is populated in Pentana (the Council’s performance management recording system) 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 2027 - 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 owned operational risk registers in Pentana, reviewed as part of the 2024/25 service planning process.
- 4.7** Significant financial funding reductions/limitations from Scottish Government

SR001 is currently off target and is currently scored as sixteen compared to a target rating of four. Whilst the target rating is desirable, the Council is limited in its influence over the likelihood of it crystallising. COSLA continue to lobby the Scottish Government for fairer funding for Local Government. This includes contributions from the Council Leader and Chief Executive, supported by information provided by the Council’s Chief Officer Resources (S95 Officer) but ultimately, decisions over levels of local government funding are made by the Scottish Government. The likelihood of this risk is not expected to decrease in the medium-term with assumptions over future funding levels incorporated into projected budget gaps as reported in Financial Update reports presented to Council.

- 4.8** Threat of Cyber Attack

It is anticipated that SR008 will continue to be ranked highly due to the nature of the risk. The ever-changing digital landscape coupled with the current global socioeconomic and geopolitical climate has significantly increased the risk of cyber-attacks and attacks specifically targeted against UK public sector are now common-place.

The emphasis remains the need for proactive measures to protect the confidentiality, integrity and availability of our data, critical infrastructure, and overall business operations.

Key risks and continual threats remain the same:

- Ransomware attacks – surged in recent years, potential for significant financial loss and operational disruption.
- Advanced Persistent Threats (APT's) – sophisticated stealthy attacks conducted by well-resourced groups, targets include critical infrastructure, government bodies and large corporations.
- User awareness – Phishing attempts on the rise with more sophisticated techniques being deployed including voice and text phishing. Targeted threats tailored to specific areas of the Council are being observed/monitored.
- Third Party Risks – The Council often relies on third party vendors and suppliers, increasing the risk of cyber-attacks through the supply chain.

Mitigations:

- Continual improvement of vulnerability/patch management systems and processes.
- Continual promotion of Cyber awareness through simulated phishing campaigns supported by online security training and awareness platform.
- The use of machine learning tools to baseline “normal” systems and highlight any deviation which could indicate potential compromise.
- Improving Email security with enhanced Phishing/Spam identification.
- Improved and more secure remote access solution now implemented.
- Implementing stricter access controls with zero trust technology and policies.
- Continual assessment of the Cyber Security posture.
- Risk Assessments such as Incident Response Readiness review, Security Gap Analysis, DPIA and regular audits.
- Creation of dedicated Cyber Security team (by re-aligning existing resources) and providing industry standard training.
- Improvements to perimeter and internal firewall estates with enhanced threat prevention capabilities.
- Robust Business Continuity and Disaster Recovery plans.

Progress continues to improve the security posture in line with the national Public Sector Action plan (PSAP) and Public Sector Network (PSN) compliance. Continued vigilance of the National Cyber Security Centre (NCSC) Cyber Security guidance.

The cyber security landscape continues to evolve rapidly requiring ICT to adopt proactive measures to protect assets and maintain business continuity. By understanding the current threat landscape, complying with relevant regulations and guidelines, managing third party risks, and establishing robust incident response and business continuity plans the Council is reducing exposure to cyber security risks and building a resilient cyber security posture.

Recent focus has centred on strengthening email security with enhanced user training capabilities and improving remote access with a more secure robust solution. Progress has been made to improve M365 security posture, enhancing firewall defence in addition to a review of disaster recovery planning and incident management procedures.

4.9 Complexities in ensuring an appropriately resourced and resilient workforce

The risk rating remains at 6. The difficult financial position means that an impact on the workforce is expected however the severity of this remains unclear. Services are reviewing structures and service delivery models considering the council's financial challenges.

The Workforce Planning Strategy is in place for 2022-2027. Additionally, the People First Strategy covers the same period and consolidates several areas: well-being, employee engagement, workforce planning, learning and development and digital. A robust package of wellbeing resources is currently available, the council is recognised as a leading employer in terms of adapting flexible working practices, attendance levels are closely monitored, with personal stress and minor ailment absences currently prevalent.

Digital Skills approach has been refreshed with a matrix cascade planned across the organisation to support 365 Share point rollout utilising digital leads and champions. To further support this the Digital Transformation Board has been restructured to focus more on innovation and with a view to achieving more pragmatic outcomes such as understanding service skills gaps, better use of data and dashboards and more using of digital tools to improve processes.

4.10 Inability to reduce carbon footprint in line with targets

The risk of non-delivery of carbon emissions targets remains moderate. Progress is being made through the delivery of the Climate Change Action Plan; however, pace of delivery has been, and will continue to be, impeded due to lack of internal resource and additional funding to deliver.

5. People Implications

- 5.1** There are no people implications associated with this report, other than in relation to the mitigation of risk.

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 any 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** EIA 548 notes the positive impacts of an approach to risk that integrates considerations on equalities, human rights health and social and economic impacts that is aligned with the content of the new Strategic Plan.

9. Consultation

- 9.1** The strategic risks have been discussed with the Chief Officers and senior management. The reports to committee are available to the Trades Union and consultation undertaken as required.

10. Strategic Assessment

10.1 At its meeting on 26 October 2022, the Council agreed that its five main strategic priorities for 2022 - 2027 are as follows:

- Our Communities - Resilient and Thriving
- Our Environment - A Greener Future
- Our Economy - Strong and Flourishing
- Our Council - Inclusive & Adaptable

10.2 The strategic risks have been identified to complement and underpin all strategic priorities.

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Date: 6 August 2024

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Appendices: Appendix 1: Detailed Strategic Risk List

Background Papers: West Dunbartonshire Council Strategic Plan 2022-2027
Risk Management Framework
EIA screening