

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer – People & Technology****Audit Committee: 2 March 2022**

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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 have been fully reviewed and added to since 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**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 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. Four Strategic Risks, associated actions and milestones are met, a further three are progressing as expected and closer to reaching their assigned targets. SR011 presents particular challenges as set out in 4.9-4.11. As previously reported, SR001 and SR002 are significantly off target and unlikely to reach

the intended risk outcome. SR008 is also off target which is explained in further detail below.

**Table 1** Key Strategic Risk Information

Strategic Risk	Original Risk 2017 <small>*2020 for SR012 Pandemic</small>	Current Risk 2022	Target Risk 2022	Risk Status Rationale
<b>SR 001</b> Financial Funding.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 002</b> School improvements.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 003</b> Council Assets.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 004</b> Information Technology.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 005</b> Partnerships.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 006</b> Citizens and Communities.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 007</b> Health and Safety of Employees and Others	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	
<b>SR 008</b> Cyber Attack.	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	

<b>SR 009</b> Early Years Agenda.				
<b>SR 010</b> Resourced Workforce.				
<b>SR 011</b> EU Exit				
<b>SR 012</b> 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

<u>Score</u>	<u>Descriptor</u>
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 fully reviewed through the 2022/23 service planning process alongside development of the Council’s next five year strategic plan.

- 4.7** Failure to implement broad-ranging school improvement to raise attainment and achievement SR002

SR002 is unlikely to reach its intended outcome due to the pandemic period. The pandemic has affected national and local outcomes in education attainment and equity due to periods of school/ ELC closure; absence due to Covid and shielding. The Education Service has a recovery strategy for attainment which needs a full academic year (August 2021 to June 2022) to have an impact on attainment although it should be noted that employee and pupil absences due to Covid continue to be experienced.

- 4.8** Threat of Cyber-attack SR008

SR008 is also unlikely to reach its intended outcome. The cyber threat has evolved and grown during the pandemic and will continue to do so post-pandemic. There was an increase in both the scale and severity of cyber-attacks targeting public and private sector over the last two years. In March 2021, a targeted attack on Microsoft Exchange servers saw 30,000 organisations in the US compromised whilst in April, the Solarwinds attack had a global impact. More recently the Log4j java vulnerability is amongst the most serious security vulnerabilities to hit the IT industry in decades and has had an impact on all areas of the Internet, including mobile device services within WDC. New ways of working, including increased remote access users, robotic process automations, digital transformations and adoption of Cloud based technologies all have an impact on the risk profile of the organisation and ICT continue to work with service areas to reduce and mitigate emerging risks. This has resulted in WDC undertaking further investment in vulnerability assessment tools and working with suppliers to improve remote access capabilities and mitigate emerging threats. Lack of user awareness within organisations remains one of the biggest Cyber Security threats, with global

ransomware attacks increasing worldwide by 62 percent during 19/20. To combat this we have undertaken a number of information and training events to Elected Members, the Joint Consultative Forum and senior management within WDC. Work has also taken place to improve our security posture in line with the national Public Sector Action plan (PSAP). Monitoring of the National Cyber Security Centre (NCSC) Cyber Security guidance continues to take place in light of any changes regarding the geopolitical instability in Ukraine and the surrounding areas'

#### 4.9 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 (noting further changes below). There is a continuing risk across the whole of the UK regarding the distribution of goods due to a shortage of HGV drivers. It continues to remain difficult to 'unpick' direct EU exit impacts from those resultant from the Covid pandemic, noting these have been recently exacerbated by the emergence of the Omicron variant. Challenges for West Dunbartonshire Council, and further afield have included shortages in supply for school meal items in addition to previously highlighted supply chain concerns including for construction materials..

All global manufacturers of IT equipment are experiencing significant impacts across material availability, manufacturing capacity, transportation & logistics. This is having a particular impact on the availability of mobile computing devices such as laptops and Chromebooks. The main component supply issues are specifically around the lack of LCD screens and circuit boards. In addition, demand for these devices is at record levels as organisations move towards remote working and learning. Currently, demand is still outstripping supply across the whole industry and expected to last into 2023.

With reference to previously documented challenges to the haulage industry, it is important to note changes to the UK Border Model effective from 1<sup>st</sup> January 2022 which may impact supply chains for all goods imported from the EU. These changes are summarised as follows:

- From 1st January 2022: Importers will have to pre-notify of any animals, food and feed being imported at least four hours in advance of the product reaching the UK.
- From 1st July 2022: Certification, documenting and physical checks will be introduced for all regulated animal & plant products; meat & meat products and high-risk foods not of animal origin.
- From 1st September 2022: Certification, documenting and physical checks will be introduced for all dairy products.

- From 1st November 2022: Certification, documenting and physical checks will be introduced for all remaining products of animal origin.

It is likely that delays in deliveries of products including clothing and food will result, particularly as changes to import requirements continue to be implemented. The Department of Transport continue to engage with the haulage industry to mitigate these impacts. Several WDC projects are seeing a potential link between construction price inflation, rarity of materials and EU exit. The Covid-19 pandemic continues to be a concurrent 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 teams whose projects may be impacted, and other partners. Although the direct impact to West Dunbartonshire cannot be measured at this time it is recognised that impacts will be experienced across the UK as a whole.

**4.10** This was initially assessed as high risk. The severity of this risk was reduced in the previous assessment given there has been little local impact since the UK left the EU and the rating of 6 is retained for this reporting period. However it remains important to acknowledge ongoing uncertainty, and changes to the UK Border Model from 1st January 2022 which present potential additional impacts on supply chains while affected industry sectors adapt. There are still 11 actions associated with SR011, with multiple owners, and the associated EU Exit plans are appended as usual.

**4.11** 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 and have done so in advance of this committee.

**4.12** Pandemic (COVID-19) SR012

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 spend across all service areas. In 21/22 this is currently in the region on £11.1m.

**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 amber to green 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 amber to green 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 remains at 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 remains at green since last reported.

## 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 undertaken 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.

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**Appendices:** Appendix 1: Detailed Strategic Risk List  
Appendix 2: WDC HSCP EU Exit Action Plan  
Appendix 3: WDC EU Exit Action Plan  
Appendix 4: Elected Members' Bulletin February 2022

**Background Papers:** Report to Council on 25 October 2017 - West  
Dunbartonshire Council Strategic Plan 2017-22  
Risk Management Framework  
EIA screening