

DATA LABEL: PUBLIC



GOVERNANCE AND RISK COMMITTEE

STRATEGIC RISKS

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To inform the Governance and Risk Committee of the council's strategic risks.

B. RECOMMENDATION

It is recommended that the Governance and Risk Committee notes the council's strategic risks.

C. SUMMARY OF IMPLICATIONS

I Council Values	Being honest, open and accountable, making best use of our resources.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	The Risk Management Policy requires the council to effectively manage risks.
III Implications for Scheme of Delegations to Officers	None.
IV Impact on performance and performance Indicators	Failure to effectively mitigate risks may have an adverse impact on performance.
V Relevance to Single Outcome Agreement	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI Resources - (Financial, Staffing and Property)	None.
VII Consideration at PDSP	None.
VIII Other consultations	Executive Management Team, Heads of Service.

D. TERMS OF REPORT

The council maintains its corporate risk register on the Pentana system. Risks are scored for original risk, which is the assessed risk without controls in place, and which provides an appreciation of the potential impact if controls are absent or fail, and current risk, which assumes that current controls are in place and are effective. Risks are assessed on the basis of a five by five grid of likelihood and impact, and therefore the lowest possible score is one and the highest is 25.

Strategic risks may be defined as those risks which, if they occur, could have a major impact on the ability of the council to achieve its objectives. This would include serious failures of a regulatory or compliance nature. In the private sector, strategic risks could be defined as those which could materially affect the ability of the organisation to survive.

Appendix one summarises the risks in the corporate risk register with an original risk of 25 - that is to say, if controls fail the risks are considered almost certain to be catastrophic. There are now 13 such risks. Risk WLC045 "Pandemic - failure to maintain critical services" has been added as a strategic risk since the last report in February 2020..

The strategic risks fall in to a small number of categories:

- those which arise from economic uncertainties or financial constraints i.e. WLC023, WLC026, WLC031;
- those relating to health and safety, including statutory compliance, i.e. HCBS011, OPSHQ005, WLC008, WLC037, WLC039, WLC043;
- those relating to business continuity, i.e. WLC005, WLC014; WLC045.
- there is one risk in relation to welfare reform, HCBS002.

Four of these risks are also high risks:

- WLC023 "Failure to deliver financial plan 2018/19 to 2022/23";
- WLC031 "West Lothian Leisure - failure to deliver financial plan 2020/21 to 2022/23 with a resultant financial impact on the council";
- WLC026 "Failure to agree a trade deal with the European Union following EU exit";
- WLC045 "Pandemic - failure to maintain critical services".

Appendix 2 to this report sets out the council's standard risk assessment methodology.

The council's strategic risks are reported on a regular basis to the Governance and Risk Board, which is an officer group which exercises oversight over the council's governance and risk management arrangements, and the Executive Management Team.

E. CONCLUSION

Regular review by the Governance and Risk Committee will assist in ensuring that the council's risks are effectively managed.

F. BACKGROUND REFERENCES

None.

Appendices/Attachments: (1) Strategic Risks (2) Risk Assessment Methodology

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Appendix 1 Strategic Risks







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Report Layout: .. 03 Original Risk Score and Current Risk Score with Description and Ownership





Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon	Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
WLC023 Failure to deliver financial plan 2020/21 to 2022/23	Financial implications of COVID-19 are not met by additional funding provided by the Scottish Government. Adverse future financial settlements resulting in changes to funding or unanticipated cost pressures, linked to COVID-19 or other factors could lead to failure to deliver the agreed West Lothian Council medium term financial plan, resulting in unplanned service reductions, a failure to deliver key services, reputational damage, and industrial action.	25		5	5	25		.Head of Finance and Property Services (D Forrest)
WLC031 West Lothian Leisure - failure to deliver financial plan 2020/21 to 2022/23 with a resultant financial impact on the council	Financial implications of COVID-19 are not met by additional funding provided by the Scottish Government. Adverse future financial settlements resulting in changes to funding or unanticipated cost pressures, linked to COVID-19 or other factors could lead to failure to deliver the agreed West Lothian Leisure medium term financial plan, resulting in unplanned service reductions, a failure to deliver key services, reputational damage, and industrial action.	25		5	5	25		.Head of Finance and Property Services (D Forrest)


Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon
WLC026 Failure of UK Government to agree a trade deal with the European Union following EU exit	Failure of the UK Government to agree a trade deal following exit from the European Union resulting in an economic downturn or recession impacting on the overall grant settlement, and also causing an increased demand for welfare advice, additional Scottish Welfare Fund claims and housing benefit claims, increased processing times, reduced commercial rent income from tenanted non- residential portfolio, and lower council tax collection rates. There may also be disruption to the supply of goods to the council, which could have an adverse impact on council services.	25	
WLC045 Pandemic - failure to maintain critical services	Covid-19 local lockdown implemented leading to some staff being unable to attend work and resulting in disruption to council services.	25	
HCBS011 Death or injury due to house fire	Injury or death due to failure to comply with legislative standards in relation to fire protection/detection, or due to action / inaction by a tenant.	25	


Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
4	4	16		.DCE Graeme Struthers
4	4	16		.DCE Graeme Struthers
5	2	10		.Head of Housing, Customer and Building Services (AM Carr)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon	Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
OPSHQ005 Loss of operating licence for all vehicles over 3.5 Tonnes GVW	Failure to comply with the terms, conditions and undertakings of the Goods Vehicle Licensing of Operators act 1995 resulting in regulatory action including the revocation, suspension or curtailment of operators' licence(s). Regulatory action would prevent the operation of vehicles over 3500kg GVW which would have a serious impact on services reliant on these type of vehicles.	25		5	2	10		.Head of Operational Services (J Jack)
HCBS002 Increase in rent arrears due to failure to manage the impact of welfare reform	Welfare reform results in increase in arrears due to failure to effectively manage the impact of Universal Credit and other welfare reforms.	25		3	3	9		.Head of Housing, Customer and Building Services (AM Carr)
WLC008 Failure to prepare, or effectively deploy, up to date corporate occupational health and safety policies and procedures	If corporate policy is not up to date, or is not effectively deployed, for example due to the lack of: corporate procedures; provision of advice and support from corporate health and safety team; provision of training; this may lead to a breach of the council's statutory obligations. In extreme cases this may result in an injury or a fatality to council staff, customers, or members of the public. This could also lead to criminal prosecution, fines and reputational damage.	25		4	2	8		.Head of Corporate Services (J Whitelaw)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon
WLC005 Disaster or incident - failure to maintain critical services	Major event such as explosion, flood or fire, leading to loss of property and / or I.T. and resulting in an inability to maintain critical services, including designated WLC1 activities.	25	
WLC014 Cyber-attack resulting in data breach	Ineffective internal measures to detect, deter and repulse cyber-attacks, leading to successful penetration of the network. Resulting in data loss, ransom demands, inability to continue to provide essential services, reputational damage.	25	
WLC037 Death or illness due to legionella outbreak in operational buildings	Failure to effectively implement controls to prevent a legionella outbreak, leading to illness or death of staff, customers, or members of the public. This risk relates to operational buildings (non-housing).	25	
WLC039 Death or injury due to fire within operational buildings	Failure of fire prevention / detection / mitigation controls leading to a fire which results in injury or death to council staff, customers, or member of the public. This risk relates to operational buildings (non-housing).	25	

Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
3	2	6		.DCE Graeme Struthers
3	2	6		.Head of Corporate Services (J Whitelaw)
5	1	5		.Head of Finance and Property Services (D Forrest)
5	1	5		.Head of Finance and Property Services (D Forrest)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon
WLC043 Failure to effectively manage asbestos	Failure of controls to prevent exposure to asbestos, leading to exposure of staff, customers, or members of the public, and resulting in illness or death. This risk covers both operational and domestic buildings but not the council's tenanted non-residential property (TNRP) portfolio.	25	

Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
5	1	5		.Head of Finance and Property Services (D Forrest)

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RISK ASSESSMENT METHODOLOGY

RISK MATRIX

PROBABILITY	Almost Certain 5	5 Low	10 Medium	15 High	20 High	25 High
	Very Likely 4	4 Low	8 Medium	12 High	16 High	20 High
	Likely 3	3 Low	6 Low	9 Medium	12 High	15 High
	Possible 2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Unlikely 1	1 Low	2 Low	3 Low	4 Low	5 Medium
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
		IMPACT				

PROBABILITY TABLE

Score	Description	Estimated Percentage Chance
1	Unlikely	0-10
2	Possible	10-50
3	Likely	50-70
4	Very Likely	70-90
5	Almost Certain	90-100

Each risk is scored 1-5 for likelihood.

In assessing probability consider a three year time horizon.

In assessing probability managers should use their knowledge and experience of previous issues, both within the council and elsewhere.

IMPACT TABLE

Impact Risk Assessment - Each column is independent. Use the highest score.

<u>Hazard / Impact of Risk</u>	Personal safety	Property loss or damage	Regulatory / statutory / contractual	Financial loss or increased cost of working	Impact on service delivery	Personal privacy infringement	Community / environmental	Embarrass- ment
Insignificant 1	Minor injury or discomfort to an individual	Negligible property damage	None	<£10k	No noticeable impact	None	Inconvenience to an individual or small group	Contained within service unit
Minor 2	Minor injury or discomfort to several people	Minor damage to one property	Litigation, claim or fine up to £50k	£10k to £100k	Minor disruption to services	Non sensitive personal information for one individual revealed / lost	Impact on an individual or small group	Contained within service
Significant 3	Major injury to an individual	Significant damage to small building or minor damage to several properties from one source	Litigation, claim or fine £50k to £250k.	>£100k to £500k	Noticeable impact on service performance.	Non sensitive personal information for several individuals revealed / lost	Impact on a local community	Local public or press interested
Major 4	Major injury to several people	Major damage to critical building or serious damage to several properties from one source	Litigation, claim or fines £250k to £1m	>£500k to £2m	Serious disruption to service performance	Sensitive personal information for one individual revealed / lost	Impact on several communities	National public or press interest
Catastrophic 5	Death of an individual or several people	Total loss of critical building	Litigation, claim or fines above £1m or custodial sentence imposed	>£2m	Non achievement of key corporate objectives	Sensitive personal information for several individuals revealed / lost	Impact on the whole of West Lothian or permanent damage to site of special scientific interest	Officer(s) and/or members dismissed or forced to resign