

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 open, honest and accountable.
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, Governance and Risk Board.

D. TERMS OF REPORT

The council maintains its corporate risk register on the Ideagen system (formerly Pentana). 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 12 risks, one more than previously reported in March.

The following risks are now considered to be strategic risks:

- WLC019 “Failure to deliver the financial plan 2023/24 to 2025/26”;
- WLC023 “West Lothian Leisure - failure to deliver financial plan 2023/24 to 2025/26 with a resultant financial impact on the council”.

The following risks are no longer considered to be strategic risks:

- WLC029 West Lothian Leisure - failure to prepare and agree a medium term financial plan”.

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

- those which arise from economic uncertainties, financial constraints or pressures i.e. HCBS004, WLC019, WLC023, HCBS002;
- those relating to health and safety, including statutory compliance, i.e. HCBS011, WLC008, WLC037, WLC039, WLC043;
- those relating to business continuity, i.e. OPSHQ005, WLC014, WLC005.

Appendix 2 sets out the council’s standard risk assessment methodology.

The council’s strategic risks are reported quarterly to the Governance and Risk Board, which is an officer group which exercises oversight over the council’s governance and risk management arrangements, and every two months to the Executive Management Team.

E. CONCLUSION

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

F. BACKGROUND REFERENCES

None.

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







Contact Person: Kenneth Ribbons, Audit Risk and Counter Fraud Manager - Kenneth.ribbons@westlothian.gov.uk Tel No. 01506 281573









Patrick Welsh
Interim Head of Finance and Property Services
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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 CMT member

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon	Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
HCBS004 Overspend of allocated Housing Need budgets	Increased demand for homeless services. This may also result in an overspend of allocated budgets.	25		5	5	25		.Head of Housing, Customer and Building Services (Julie Whitelaw)
WLC019 Failure to deliver the financial plan 2023/24 to 2025/26	Unanticipated external events such as higher than expected inflation, lower economic growth, adverse financial settlements, or social or demographic changes, or internal factors such as deficient project management, leading to an inability to deliver the medium term financial plan. Resulting in unplanned budget savings measures, an adverse impact on service delivery, and reputational damage.	25		5	4	20		.Head of Finance and Property Services (P Welsh)
WLC023 West Lothian Leisure - failure to deliver financial plan 2023/24 to 2025/26 with a resultant financial impact on the council	Failure by WLL to deliver a medium term financial plan and a balanced annual budget each year could lead to unplanned WLL service reductions, failure to deliver key services, and additional demands on WLC resources. There could also be a reputational risk to the council. The ongoing impact of a number of combined risks in the wider economy, including continuing high inflation, has increased financial risk and uncertainty for future years.	25		5	4	20		.Head of Finance and Property Services (P Welsh)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon	Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
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		5	2	10		.Head of Housing, Customer and Building Services (Julie Whitelaw)
OPSHQ005 Loss of operator 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)
WLC014 Cyber-attack	Failure of internal measures to detect, deter and repulse cyber-attacks, leading to successful penetration of the network. Resulting in any of data loss unauthorised public disclosure of information, and the inability to continue to provide essential services.	25		5	2	10		.Head of Corporate Services (Lesley Henderson)
HCBS002 Increase in rent arrears as a result of external factors	UK Government led Welfare reforms may result in an increase in arrears unless the council can effectively mitigate the impact on those on low incomes. Other external factors such as cost of living price increases and energy poverty can also impact on the ability to pay for our tenants.	25		3	3	9		.Head of Housing, Customer and Building Services (Julie Whitelaw)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon	Current Impact	Current Likelihood	Current Risk Score	Current Traffic Light Icon	CMT Member
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 (Lesley Henderson)
WLC005 Disaster or incident - failure to maintain critical services	Major event such as explosion, flood or fire, leading to loss of property and / or IT and resulting in an inability to maintain critical services, including designated WLC1 activities. There is a separate risk WLC014 relating to cyber attack and WLC045 relating to pandemic.	25		3	2	6		.DCE Graeme Struthers
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		5	1	5		.Head of Finance and Property Services (P Welsh)

Risk Title	Risk Description	Original Risk Score	Original Traffic Light Icon
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	
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 (P Welsh)
5	1	5		.Head of Finance and Property Services (P Welsh)



RISK ASSESSMENT METHODOLOGY

RISK MATRIX

LIKELIHOOD	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				

LIKELIHOOD 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 likelihood consider a three year time horizon and use your knowledge and experience of previous issues, both within the council and elsewhere.

IMPACT TABLE

Each risk is scored 1-5 for impact. In assessing impact each column is independent. Use the highest score.

<u>Hazard / Impact of Risk</u>	Personal safety	Property loss or damage	Regulatory, statutory or contractual	Financial loss, penalties, or costs	Impact on service delivery	Personal privacy infringement	Community / environmental	Impact on Reputation
Insignificant 1	Minor injury or discomfort to an individual	Negligible property damage	Breaches contained within the service	Less than £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 in one incident	Minor damage to one property	Breaches reported within the council no external action	£10k to £100k	Minimal disruption to services	Non special category personal information for one individual revealed or lost	Impact on an individual or small group	Contained within service
Significant 3	Major injury or harm to an individual	Significant damage to small building or minor damage to several properties from one source	Adverse comment or censure by government, courts, auditors, or regulators	More than £100k to £500k	Noticeable impact on service performance.	Non special category personal information for several individuals revealed or lost	Impact on a local community	Local social media or press interest
Major 4	Major injury or harm to several people in one incident	Major damage to critical building or serious damage to several properties from one source	Government, court or regulator sanction, including action which impairs our ability to deliver a service	More than £500k to £2m	Serious disruption to service performance	Special category personal information for one individual revealed or lost	Impact on several communities	National social media or press interest
Catastrophic 5	Death of one or more people	Total loss of critical building	Government, court or regulator action resulting in an inability to deliver key services	More than £2m	Non achievement of key corporate objectives	Special category personal information for several individuals revealed or lost	Impact on the whole of West Lothian or permanent damage to site of special scientific interest	Officers and/or members dismissed, sent to prison or forced to resign