

REPORT TO: Audit and Governance Committee

MEETING DATE: 21 September 2021

BY: Chief Executive

SUBJECT: Development Risk Register

1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Development Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Development Risk Register is developed in keeping with the Council's Risk Management Strategy and is a live document, which is reviewed and refreshed on a regular basis, led by the Development Local Risk Working Group (LRWG).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Development Risk Register and in doing so, the Committee is asked to note that:
 - the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
 - the total profile of the Development risk can be borne by the Council at this time in relation to the Council's appetite for risk.
 - although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer term risks for Development and are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Development LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
- High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;
- Medium risk is tolerable with control measures that are cost effective;
- Low risk is broadly acceptable without any further action to prevent or mitigate risk.

3.3 The current Development Risk Register includes 1 High risks, 4 Medium risks and 8 Low Risks. As per the Council’s Risk Strategy only the High risk is being reported to the Committee.

4 POLICY IMPLICATIONS

4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Development LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.

6.2 Personnel - There are no immediate implications.

6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Development Risk Register 2021-22

7.2 Appendix 2 – Risk Matrix 2021

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DESIGNATION	Emergency Planning, Risk and Resilience Officer
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DATE	09 September 2021

Development Risk Register 2021-22

Date reviewed: 9th September 2021

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating			
			L	I	L x I		L	I	L x I			
D1	<p>Businesses and their Resilience during COVID19</p> <p>The closure of businesses and the guidance to stay at home meant that most businesses were heavily impacted and continue to be as social distancing and other measures are put in place.</p> <p>The risk will have a direct impact and substantial indirect impact on the council. Council staff across many departments have been and will continue to be specifically called on for intervention support and advice (Economic Development, Protective Services, Licencing, Transportation, Revenues & Benefits and East Lothian Works have been materially impacted upon).</p> <p>Indirect impacts will include loss of revenue income through business rent and non-domestic rates, increased unemployment and personal and business debt leading to further impacts on council tax and housing rental income.</p> <p>Increased pressure on housing affordability for those suffering loss or detriment will lead to increased pressure on homelessness services and other intervention services within social care.</p> <p>Uncertainty and a wide range of variables and fluctuations of these mean that the severity and duration of economic recession and increased poverty is difficult to predict but in any event recession and poverty increases will adversely impact on all council services and wider partnership service delivery. Other factors, e.g. BREXIT will potentially increase the severity of impacts.</p> <p>The risk will be ongoing and change in response to progression through route map phases, the ongoing success or otherwise of vaccination programmes, and the emergence of new variants of the disease – subsequent returns to local restrictions, lockdowns, individual instruction to close, or loss of capacity due to staff isolation (including within supply chains) will present additional challenges for individual businesses or on a sector by sector / area by area basis. Uncertainty will continue to be high for some time while public confidence in returning to visiting businesses is likely to fluctuate.</p>	<p>The Council has stood up its Recovery and Renewal Working Group through the multi-agency Connected Economy Group (CEG) with 4 sub-groups established – Tourism and Hospitality, Town Centres, Employability, & Rural to further develop and implement the Economy Action Card with partners.</p> <p>Council services and partner agencies are providing in-depth advice and support to businesses affected signposting to sources of funding and identifying approaches and training.</p> <p>Financial support: Throughout the 2nd lockdown, the council delivered 13 different business support grant schemes on behalf of the Scottish Government under the Strategic Framework totalling around £36.4m. Further financial support interventions are being offered through EL Investments and our wider partners like Scottish Enterprise. Rent and rates payment holidays have been made available. Identification of intervention support gaps and lobbying to address. The Scottish and UK Governments are continuing to develop business support interventions, e.g. proposed individual payments to small businesses disrupted by orders to close or due to staff isolation etc. from August 21.</p> <p>Strategic Framework Business Fund, (SFBF) 'extension payments made to Hospitality businesses impacted by Level 1 Restrictions.</p> <p>Additional staffing has also been deployed to service Tourism & Hospitality actions.</p> <p>Focusing information and guidance on the council website with point of contact being Econ Development with a revised update created at the end of June.</p> <p>Information packs and in-depth support to individual businesses to support reopening by Protective Services (based on SG guidance). This, in conjunction with the Spaces For People interventions that are aimed at supporting safe use of public space. It is hoped that this will mitigate future restrictions to movement etc. as a result of increases in cases.</p> <p>Continued support and engagement around growing and enhancing business support infrastructure including new traders associations and connections.</p> <p>Communications strategy established; "Love East Lothian" umbrella messaging with</p>				<p>Continued development of and delivery of the Economy Key Area action card within the Recovery and Renewal Framework. Moving forward through phases from initial re-start and re-opening through the Scottish Government route map towards response & recovery.</p> <p>Additional Council funding of £600k secured for delivering COVID-19 Recovery Grants and a programme of other interventions.</p> <p>The Scottish and UK Governments are continuing to develop business support interventions, e.g. proposed individual payments to small businesses disrupted by orders to close or due to staff isolation etc. from early August 21.</p>				Head of Development	<p>Ongoing throughout COVID19 Response phase and throughout Recovery & Renewal phase in line with the Economy Key Area Action Card.</p> <p>October 2021</p> <p>October 2021</p>	<p>Risk reviewed July 2021 with current score reduced from 20 to 15 and residual score from 16 to 12.</p> <p>New risk created during the response to COVID19 during April 2020 and updated by Head of Development August 2020.</p>

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	<p>The end of the job retention scheme will potentially see significant job losses and increased unemployment.</p> <p>It is important that council services provide a joined-up approach to supporting businesses post-COVID to ensure compliance and also ensure that they can open and generate income as quickly as possible.</p>	<p>campaigns for "Stay Safe, Support Local, Love East Lothian" and "Love East Lothian – We're open for business and doing things differently to help keep you safe"</p> <p>Actively engage with businesses preparing for job matching / re-skilling support. Focus on college training programmes and continued positive destinations for younger people.</p> <p>Continue to monitor changes to national guidance and policy and share this via web and partner networks.</p>										

Original date produced (V1)	6 th May 2014	Overall Rating	
File Name	Development Risk Register	20-25 Very High	
Original Author(s)	Scott Kennedy, Risk Officer	10-19 High	
Current Revision Author(s)	Scott Kennedy, Risk Officer	5 -9 Medium	
		0-4 Low	
Version	Date	Author(s)	
1	06/05/2014	S Kennedy	Former Housing & Environment Risk Register altered to become the Development Risk Register following realignment.
2	28/10/2014	S Kennedy	Testing & Regulation Risks updated
3	November and December 2014	S Kennedy	Economic Development & Strategic Investment Risk Updated along with Planning Risks and Engineering Services & Building Standards Risks
4	January-February 2015	S Kennedy	Trading Standards and Environmental Health Partnership risks refreshed along with Strategic Asset & Capital Plan Management risks. Further refresh of Engineering Services & Building Standards and Economic Development & Strategic Investment Risk Risks.
5	December 2015 – January 2016	S Kennedy	Environmental Health, Economic Development & Strategic Investment, Engineering Standards & Building Services and Planning risks refreshed.
6	February 2016	S Kennedy	Review and refresh by Head of Development.
7	January – February 2017	S Kennedy	All risks reviewed and refreshed by Service Managers and further reviewed by Head of Development and CMT.
8	November 2017	S Kennedy	Community Housing & Homelessness Risks moved from Communities & Partnerships Risk Register, Property Maintenance Risks moved from Infrastructure Risks Register and Protective Services & Trading Standards risks moved to Communities and Partnerships Risk Register. Engineering Services & Building Standards and Strategic Asset & Capital Plan Management moved to Infrastructure Risk Register following Council Service Review.
9	January 2018	S Kennedy	All risks reviewed and refreshed by Service Managers and further reviewed by Head of Development and CMT.

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10	April - May 2019	S Kennedy	All risks reviewed and refreshed by Service Managers for Planning, Community Housing, Property Maintenance and Economic Development. LDP Risks added.												
11	May 2019	S Kennedy	Risk Register updated following review by Head of Service with Brexit Risk combined onto Corporate Risk												
12	July - August 2019	S Kennedy	Further updates made by Risk Owners and then reviewed and updated at Development Team Management Meeting.												
13	July 2020	S Kennedy	Risks reviewed and updated by Service Managers from Property Maintenance, Economic Development, Growth Delivery												
14	July 2020	S Kennedy	Risks reviewed and updated by Service Managers from Housing, Planning and Strategic Investment												
15	August 2020	S Kennedy	Risk to Businesses in relation to COVID added to Risk Register												
16	August 2020	S Kennedy	Full review carried out by Head of Service (Development).												
17	September 2020	S Kennedy	Final review prior to submission to Audit & Governance Committee												
18	April 2021	S Kennedy	Risk Register updated to extract Housing, ED&SI and Property Maintenance Risks to new Housing Risk Register and to include only one Innovation Hub and one Blindwells overall risks as they have their own project Risk Registers.												
19	June 2021	S Kennedy	Updates made to Innovation HUB/EIP, Blindwells, Economic Development and Planning Risks												
20	July 2021	S Kennedy	Further updates made to Economic Development risks												

East Lothian Council Risk Matrix

Likelihood Description

Likelihood of Occurrence	Score	Description
Almost Certain	5	Will undoubtedly happen, possibly frequently >90% chance
Likely	4	Will probably happen, but not a persistent issue >70%
Possible	3	May happen occasionally 30-70%
Unlikely	2	Not expected to happen but is possible <30%
Remote	1	Very unlikely this will ever happen <10%

Impact Description

Impact of Occurrence	Score	Description							
		Impact on Service Objectives	Financial Impact	Impact on People	Impact on Time	Impact on Reputation	Impact on Property	Business Continuity	Legal
Catastrophic	5	Unable to function, inability to fulfill obligations.	Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances)	Single or Multiple fatality within council control, fatal accident enquiry.	Serious - in excess of 2 years to recover pre-event position.	Highly damaging, severe loss of public confidence, Scottish Government or Audit Scotland involved.	Significant disruption to building, facilities or equipment (Loss of building, rebuilding required, temporary accommodation required).	Complete inability to provide service/system, prolonged downtime with no back-up in place.	Catastrophic legal, regulatory, or contractual breach likely to result in substantial fines or other sanctions.
Major	4	Significant impact on service provision.	Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty)	Number of extensive injuries (major permanent harm) to employees, service users or public.	Major - between 1 & 2 years to recover pre-event position.	Major adverse publicity (regional/national), major loss of confidence.	Major disruption to building, facilities or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required).	Significant impact on service provision or loss of service.	Legal, regulatory, or contractual breach, severe impact to Council.
Moderate	3	Service objectives partially achievable.	Significant impact on budgets (can be contained within overall directorate budget)	Serious injury requiring medical treatment to employee, service user or public (semi-permanent harm up to 1yr), council liable.	Considerable - between 6 months and 1 year to recover pre-event position.	Some adverse local publicity, limited damage with legal implications, elected members become involved.	Moderate disruption to building, facilities or equipment (loss of use of building for medium period).	Security support and performance of service/system borderline.	Legal, regulatory, or contractual breach, moderate impact to Council.
Minor	2	Minor impact on service objectives.	Moderate impact on budgets (can be contained within service head's budget)	Lost time due to employee injury or small compensation claim from service user or public (First aid treatment required).	Some - between 2 and 6 months to recover.	Some public embarrassment, no damage to reputation or service users.	Minor disruption to building, facilities or equipment (alternative arrangements in place and covered by insurance).	Reasonable back-up arrangements, minor downtime of service/system.	Legal, regulatory, or contractual breach, minor impact to Council.
Minimal	1	Minimal impact, no service disruption.	Minimal impact on budgets (can be contained within unit's budget)	Minor injury to employee, service user or public.	Minimal - Up to 2 months to recover.	Minor impact to council reputation of no interest to the media (Internal).	Minimal disruption to building, facilities or equipment (alternative arrangements in place).	No operational difficulties, back-up support in place and security level acceptable.	Legal, regulatory, or contractual breach, negligible impact to Council

Risk	Impact				
Likelihood	Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Remote (1)	1	2	3	4	5

Key

Risk	Low	Medium	High	Very High
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